

**AGENDA ITEM 7b**



**Approved March 24, 2022**

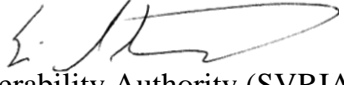
**Motion: Pam Foley, San Jose  
Second: Russ Melton, Cities  
Association**

**AYE: 11  
NO: 0**

Silicon Valley Regional Interoperability Authority

**Silicon Valley Regional Interoperability Authority  
Working Committee Meeting  
March 24, 2022**

**TO:** Board of Directors  
Silicon Valley Regional Interoperability Authority (SVRIA)

**FROM:** Eric Nickel, Executive Director   
Silicon Valley Regional Interoperability Authority (SVRIA)

**SUBJECT:** SVRIA Fiscal Year 2022/2023 Proposed Budget

**RECOMMENDATIONS**

Staff requests that the SVRIA Board of Directors:

1. Adopt the proposed Fiscal Year 2022/2023 (FY22/23) Budget
2. Adopt the roll-over of Reserves and unspent budgeted funds from FY21/22 into the Asset Replacement Reserve. Funds that remain unspent from FY21/22 in Projects & Programs (GL 5282200) be rolled over into the Operating Budget for ongoing projects for FY22/23
3. Provide encumbrance authorization for the Executive Director to have Delegated Authority for FY22/23 as needed and access Reserves for previously budgeted and approved project and contract payments authorized in FY21/22, but not yet billed

**SUMMARY/DISCUSSION**

The proposed FY22/23 Budget is \$5,068,026 (**Attachment A**). The total cost increase from FY21/22 Initial Budget (\$4,711,876) is \$356,150. The proposed budget is less than the FY21/22 Amended Budget (\$5,204,688), but the amended budget included capital and grant funding for the one-time CalOES Site-on-Wheels Project.

Additional agency consoles for FY22/23 are \$139,660. This is billed directly to the SVRIA agencies who added new consoles after the initial system was designed and contracted.

The increase applied to member agency assessments is \$351,796 compared to FY21/22 Initial Budget. Each member and participant agency's proposed assessments are listed in **Attachment B**.

In accordance with the SVRIA Joint Powers Authority Agreement, the Working Committee shall ensure that a budget is prepared timely and by March 31 of each year and shall review and recommend the budget to the Board for approval. The Working Committee reviewed the proposed budget at their March 14, 2022 meeting. After evaluation and discussion, the committee unanimously voted to recommend budget approval to the Board of Directors.

This year's budget reflects the continued fiscal constraints facing our member and participant agencies. The sensitivity around the impacts of COVID-related revenue reductions are the primary drivers of a mostly status quo budget.

The primary increases in the SVRIA budget are due to contractually agreed-to long-term service contracts, supporting Board direction on funding the capital asset replacement program fund, cybersecurity to ensure the integrity of the Silicon Valley Regional Communications System (SVRCS), and increased insurance costs. Cost reductions are in the area of contract staffing and professional services.

The proposed budget for FY22/23 is attached for your discussion and recommendation to the Board of Directors for adoption. The budget highlights include:

1. Cybersecurity Assessment and Protection: An initial allocation of \$300,000 is proposed for cybersecurity assessment and protection. SVRIA staff continues to gather additional technical details to establish a request for proposals (RFP) for specialized services.
2. Contract Maintenance: Representing \$3,348,990 (68%) of the total budget, this funds long-term service contracts for:
  - a. 24/7/365 infrastructure monitoring and notification of outages or performance issues
  - b. System upgrade assurance on hardware and software
  - c. Extended warranties on system hardware
  - d. Quarterly cybersecurity software upgrades and patching
  - e. Annual preventative maintenance, routine and emergency maintenance of the radio and microwave systems.
3. Battery Replacement Program: Proposal funds the ongoing backup battery replacement program. The backup batteries ensure uninterrupted power to operate the radio and microwave equipment in the event of power outages. Batteries reach the end of their useful lives in five to ten years depending upon use.
4. Insurance Premiums: Updated coverage for system infrastructure to reflect the appropriate values insured. This includes expanded cybersecurity coverage and new coverage for the grant-funded site-on-wheels.

5. Office Expense and Business Travel: Office expenses have been reduced to reflect actual costs and remote work due to COVID and the reduced staff in the office. Business Travel has been eliminated for the second year.
6. Professional and Specialized Services: Proposal includes reductions in contracted staffing for administrative support services. The Executive Director and Budget and Administrative Analyst continue to be funded as does the contract with the County Controller's Office for banking and invoice services. No other contracted support staff are planned for FY22/23.
7. Operating and Asset Replacement Reserves: Proposal continues the Board's previous directives to provide \$500K in reserve funding to support future capital replacement of critical radio system infrastructure and an operating reserve for unanticipated expenses.

When the FY21/22 budget was adopted, the Executive Director was given delegated authority to access the Operating Reserves and make any movement necessary between line items when it was time to make previously approved payments for change orders, and system continuity. The Executive Director is seeking the same delegated authority for FY22/23, as needed, primarily to complete the Site-on-Wheels project. With any significant transfer from the Operating Reserves, the Executive Director will communicate details to the Working Committee and the Board and produce a follow-up report documenting the expenditure.

Consistent with the adoption of the FY22/23 budget and continued need to access project funds that remain unspent from FY21/22, staff is requesting any balance in Projects & Programs (GL 5282200) be rolled over into the Operating Budget. The current budget report as of March 12, 2022 is attached for review (**Attachment C**).

The Reserve Fund Policy was adopted by the Board of Directors in June 2020. In FY21/22 the annual funding allocation increased to \$500K and will remain at that amount unless modified by the Board. This fund sets aside money for the capital replacement of the radio system. The current insured value of the assets and infrastructure is \$49 million.

Staff is seeking authority for any unspent funds from the FY22/23 budget be rolled over and placed into Operating Reserve Budget. Unspent funds will not be known until after the closing of the Fiscal Year in June 2022. This will be reported to the Board after the books have been closed on FY 21/22.

Two items that staff recently discussed with the Working Committee and Board are not included in the proposed budget. Staff continues to work with Motorola and our member agencies to understand the scope and cost of migrating to multi-key radio security and over-the-air-rekeying technology. Staff has briefed the Working Committee and Board on the matter, and the Board directed the Executive Director to obtain pricing and long-term repayment options from Motorola. This is a significant upgrade and cost for our public safety members. The total JPA and individual agency cost to implement this project could exceed \$20 million. Once the pricing and payment terms are proposed, staff will bring the item forward.

The second item not included in the budget is potential new revenue. Staff is currently working on a fee study project for SVRIA-related cost recovery for time and equipment to support the Emergency Responder Radio Coverage Systems (ERRCS) program. ERRCS provide in-building radio coverage in large commercial, industrial and high density residential buildings. Staff previously provided a study session to the Board on the impacts and cost recovery opportunities for this program.

Under Proposition 218, the fee must be fair and reasonable, directly linked to actual costs incurred, and supported by an objective fee study. If the new fee is adopted by the Board at a later date this year, this added cost recovery will increase SVRIA's revenue while paying for an SVRIA cost. Once the fee study is completed, staff will bring it to the Working Committee and Board of Directors for input and approval. Annual cost recovery is estimated to be in the \$20K to \$50K range. Any cost recovery would offset member and participant payments to the JPA.

The FY23/24, 24/25 and 25/26 budget estimates in the attachments are provided for reference only and should not be relied upon as they may increase due to factors described above and unknown future financial requirements.

### **FISCAL IMPACT**

The proposed FY22/23 budget will be funded almost entirely through Member and Participant User Fees. The budget is a balanced proposal in that the anticipated revenues equal the anticipated expenditures.

### **ATTACHMENTS**

- A.** FY22/23 Proposed Budget Spreadsheet
- B.** FY22/23 Proposed Member Agency Assessment Spreadsheet
- C.** SVRIA Current Budget Report as of March 12, 2022
- D.** PowerPoint Presentation – Proposed FY22/23 Budget Presentation

**Agenda Item 7b: Attachment A**

**FY 22/23 Proposed Budget Spreadsheet**

GLA Budget Line Items	FY21/22	FY21/22 Amended 1/27/2022	FY22/23	FY23/24*	FY24/25*	FY25/26*
5255100 Professional & Specialized Serv - Contract Executive Director/Analyst/Admin Support/Auditor/Co. Controller	\$361,023	\$361,023	\$342,227	\$381,000	\$381,000	\$381,000
5220100 Insurance Premiums	\$160,000	\$160,000	\$194,310	\$197,384	\$207,253	\$217,616
5231000 Contract Maintenance-Communication: Motorola Services (infrastructure); and SUAll combined moving forward 7/1/19	\$2,235,860	\$2,235,860	\$2,328,169	\$2,374,716	\$2,417,904	\$2,463,219
5231000 Contract Maintenance-Communication: County COMM Contract	\$531,547	\$531,547	\$558,124	\$586,030	\$615,332	\$646,098
5231000 Contract Maintenance : AVIAT ECOMM Contract	\$507,140	\$507,140	\$461,036	\$461,036	\$607,244	\$619,368
5245100 Memberships, Dues and Fees	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500
5250100 Office Expenses	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
5255600 IT External Services (WebSite, Office 365, DropBox)	\$11,000	\$11,000	\$6,000	\$11,000	\$11,000	\$11,000
5255800 Legal Expenses	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
5270100 Site Leases	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
5270100 Utilities	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
5270100 Site Security	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
5282200 Projects & Programs	\$111,000	\$603,812	\$330,000	\$376,000	\$376,000	\$376,000
5285800 Business Travel	\$0	\$0	\$0	\$2,500	\$2,500	\$2,500
5350100 Miscellaneous Expenses (Battery Replacement)	\$50,000	\$50,000	\$100,000	\$50,000	\$50,000	\$50,000
5350300 Operating Expense	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
5350400 Services and Supplies	\$2,500	\$2,500	\$2,000	\$2,500	\$2,500	\$2,500
5701000 Addition to Reserves - Operating Reserves	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
5701000 Addition to Reserves - Asset Replacement	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
<b>Sub-Total For Billable Agency Percentage</b>	<b>\$4,576,570</b>	<b>\$5,069,382</b>	<b>\$4,928,366</b>	<b>\$5,048,666</b>	<b>\$5,277,233</b>	<b>\$5,375,801</b>
Motorola - Agency Additional Consoles	\$135,306	\$135,306	\$139,660	\$140,770	\$143,623	\$146,557
<b>Total Budget</b>	<b>\$4,711,876</b>	<b>\$5,204,688</b>	<b>\$5,068,026</b>	<b>\$5,189,436</b>	<b>\$5,420,856</b>	<b>\$5,522,358</b>

\*Future budget estimates are provided for reference only and may increase due to unexpected or unplanned for expenses or programs.

**Agenda Item 7b: Attachment B  
FY 22/23 Proposed Member Agency Assessment Spreadsheet**

Agency	User Count		Operations and Maintenance (FY21/22)	Operations and Maintenance (FY22/23)	Operations and Maintenance (FY23/24)*	Operations and Maintenance (FY24/25)*	Operations and Maintenance (FY25/26)*
San Jose	3,250	28.60%	\$ 1,308,742	\$ 1,409,344	\$ 1,443,745	\$ 1,509,107	\$ 1,537,295
Santa Clara County	2,550	22.44%	1,026,859	1,105,793	1,132,785	1,184,069	1,206,185
VTA	1,500	13.20%	604,035	650,466	666,344	696,511	709,521
Santa Clara	911	8.02%	366,850	395,050	404,693	423,014	430,916
Palo Alto	735	6.47%	295,977	318,728	326,509	341,290	347,665
Sunnyvale	509	4.48%	204,969	220,725	226,113	236,349	240,764
Mountain View	325	2.86%	130,874	140,934	144,375	150,911	153,729
Gilroy	310	2.73%	124,834	134,430	137,711	143,946	146,634
Milpitas	292	2.57%	117,585	126,624	129,715	135,588	138,120
Campbell	125	1.10%	50,336	54,206	55,529	58,043	59,127
Valley Water	200	1.76%	80,538	86,729	88,846	92,868	94,603
Los Gatos	142	1.25%	57,182	61,577	63,081	65,936	67,168
Morgan Hill	185	1.63%	74,498	80,224	82,182	85,903	87,508
Los Altos	90	0.79%	36,242	39,028	39,981	41,791	42,571
San Jose State	101	0.89%	40,672	43,798	44,867	46,898	47,774
EVC/SICC	31	0.27%	12,483	13,443	13,771	14,395	14,663
Foothill/DAC	34	0.30%	13,691	14,744	15,104	15,788	16,082
West Valley/Mission	30	0.26%	12,081	13,009	13,327	13,930	14,190
South County Fire	45	0.40%	18,121	19,514	19,990	20,895	21,286
<b>Subscriber Unit Count</b>	<b>11,365</b>	<b>100.00%</b>					
	11,365		\$ 4,576,570	\$ 4,928,366	\$ 5,048,666	\$ 5,277,233	\$ 5,375,801
<b>Sub-Total for Billable Agency Percentage</b>			<b>\$ 4,576,570</b>	<b>\$ 4,928,366</b>	<b>\$ 5,048,666</b>	<b>\$ 5,277,233</b>	<b>\$ 5,375,801</b>

Agency Add Consoles							
Los Gatos			\$ 3,600	\$ 3,675	\$ 3,752	\$ 3,833	\$ 3,915
San Jose			43,182	44,086	45,016	45,975	46,962
SJSU			11,392	11,638	11,891	12,152	12,420
Santa Clara Co. Corrections			34,943	35,507	36,086	36,680	37,290
VTA			29,085	29,691	30,315	30,957	31,618
Evergreen College			13,104	13,402	13,710	14,026	14,352
Mountain View				1,661	1,672	1,683	1,694
Total Add'l console cost			135,306	139,660	142,442	145,306	148,251
<b>Budget Total</b>			<b>\$4,711,876</b>	<b>\$5,068,026</b>	<b>\$5,191,108</b>	<b>\$5,422,539</b>	<b>\$5,524,052</b>

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**Agenda Item 7b: Attachment C SVRIA Current Budget Report as of March 12, 2022**

GLA	ACCOUNT DESCRIPTION	Original Budget	Budget Modifications & Carryover	Amended Budget (+/-)	EncBudRoll	YTD Actual	Parked	Encumbrance	Available Budget
4301100	Interest Deposits								\$ -
4813050	Revenue from Members		\$ -						\$ -
	<b>Total Revenue</b>					\$ -			\$ -
5220100	Insurance Premiums	\$ 160,000.00		\$ 160,000.00		\$ 154,252.90			\$ 5,747.10
5231000	Contract Maintenance	\$ 3,274,547.00		\$ 3,274,547.00		\$ 3,075,782.86			\$ 198,764.14
5245100	Membership Dues & Fees	\$ 14,500.00		\$ 14,500.00		\$ 1,556.00			\$ 12,944.00
5250100	Office Expense	\$ 2,000.00		\$ 2,000.00		\$ 787.00			\$ 1,213.00
5255100	Professional & Specialized Services	\$ 361,023.00		\$ 361,023.00		\$ 162,206.19			\$ 198,816.81
5255500	Contract Services			\$ -		\$ -			\$ -
5255600	DP Services - External	\$ 11,000.00		\$ 11,000.00		\$ -			\$ 11,000.00
5255800	Legal Expenses	\$ 65,000.00		\$ 65,000.00		\$ 18,318.50			\$ 46,681.50
5270100	Bldg & Improvements	\$ 15,000.00		\$ 15,000.00		\$ 2,248.00			\$ 12,752.00
5282200	Projects & Programs	\$ 246,306.00	\$ 509,413.85	\$ 755,719.85		\$ 29,975.00		\$ 382,800.77	\$ 342,944.08
5285800	Business Travel			\$ -		\$ -			\$ -
5350100	Misc Expenses	\$ 50,000.00		\$ 50,000.00		\$ 14,501.46		\$ 26,236.33	\$ 9,262.21
5350300	Misc. Operating Expenses	\$ 10,000.00		\$ 10,000.00		\$ -			\$ 10,000.00
5350400	Services & Supplies	\$ 2,500.00		\$ 2,500.00		\$ -			\$ 2,500.00
	<b>Total Expense</b>	<b>\$ 4,211,876.00</b>	<b>\$ 509,413.85</b>	<b>\$ 4,721,289.85</b>	<b>\$ -</b>	<b>\$ 3,459,627.91</b>	<b>\$ -</b>	<b>\$ 409,037.10</b>	<b>\$ 852,624.84</b>
	Addition to Revenues	\$ 500,000.00		\$ 500,000.00					
5570000	Depreciation Expense					\$ 376,245.61			\$ 376,245.61
	<b>Total Budget</b>	<b>\$ 4,711,876.00</b>	<b>\$ 509,413.85</b>	<b>\$ 5,221,289.85</b>	<b>\$ -</b>	<b>\$ 3,835,873.52</b>	<b>\$ -</b>	<b>\$ 409,037.10</b>	

**Roll Call Vote:**

Chair Mike Wasserman Santa Clara County Supervisor	Representing the County of Santa Clara	AYE
Vice Chair Laurie Smith Santa Clara County Sheriff	Representing the County of Santa Clara	AYE
Lydia Kou City of Palo Alto Vice Mayor	Representing the Northwest Cities of Palo Alto, Mountain View and Los Altos	AYE
Hung Wei City of Cupertino Council Member	Representing SW Cities of Campbell, Cupertino, Monte Sereno, Saratoga, and Los Gatos	AYE
Russ Melton City of Sunnyvale Council Member	Santa Clara Cities Association Selection	AYE
Pam Foley City of San Jose Council Member	Representing the City of San Jose	AYE
Chappie Jones City of San Jose Vice Mayor	Representing the City of San Jose	AYE
Peter Leroe-Munoz City of Gilroy Mayor Pro Tempore	Representing the South County Cities of Gilroy and Morgan Hill	AYE
Rich Constantine City of Morgan Hill Mayor	Representing VTA	AYE
Richard Bertalan VTA, Chief Information Technology Officer	Representing VTA	AYE
Karen Hardy City of Santa Clara Council Member	Representing the Central Cities of Milpitas, Santa Clara, and Sunnyvale	AYE