

**Dakota Communications Center
Executive Committee
Meeting Minutes: 05.02.07**

Draft
Subject to Final Committee Approval

Members Present: Tom Lawell – Apple Valley; Craig Ebeling - Burnsville; Tom Hedges - Eagan; Peter Herlofsky Jr. - Farmington; Dave Osberg - Hastings; Joe Lynch - Inver Grove Heights; Steve Mielke – Lakeville;

Members Absent: Brandt Richardson - Dakota County; Jim Danielson - Mendota Heights; Jamie Verbrugge – Rosemount; Stephen King - South St. Paul; Arbon Hairston - West St. Paul;

Alternates Present: Don Gudmundson – Dakota County; Mike Messerich (South St. Paul)

Others Present: Kent Therkelsen - DCC; Diane Lind - DCC; Dennis Feller - City of Lakeville; Lou Breimhurst - Consultant; Jeff Nelson – PSC Alliance; Jay Stassen – DCC Attorney; Jennifer Hildebrandt – DCC

Call the Meeting to Order: Chair Mielke started the meeting at 2:01 p.m.

1. Announcements

2. Additions to the Agenda

Mielke (Lakeville) added a brief update from the negotiations sub-committee to Miscellaneous item number 7.

Consent Agenda

3.

- a. Approve minutes from the April 4th, 2007 Executive Committee meeting.
- b. Approve March, 2007 Paid Claims.
- c. Receive March, 2007 Financial Report.
- d. Receive Minutes from Operations Committees

Discussion: No Discussion.

Action: Motion by Herlofsky (Farmington) to approve the Consent Agenda Items. Second by Lynch (Inver Grove Heights). Motion passed unanimously.

Regular Agenda

4. Telephone Briefing – Receive Report and Recommend Consideration for award.

Discussion:

Therkelsen (DCC) opened the discussions stating that the 9-1-1 and administrative phone system is the third procurement of the Capital Projects work plan and that DCC Staff and PSC Alliance were requesting that the Executive Committee recommend consideration for award by the Board of Directors. Therkelsen continued that the deadline for receipt of proposals was Friday, April 20th at 2:00 pm. Since that time, DCC Staff and PSC Alliance had time to review the proposals, all of which fell within budget. The recommendation letter from PSC Alliance was distributed separate from the Agenda Packet on 5/1/07.

Nelson (PSC Alliance) referred to the letter and then distributed an additional handout that compared two of the proposals received. Nelson clarified that although there were 4 proposals

received, only two of them are compared on the handout. Nelson justified the elimination of Qwest and Black Box Extend in the following statements:

Qwest – the proposal was received after the deadline and after discussions between DCC Staff, Legal Counsel and PSC Alliance the decision was made to uphold the deadline and return Qwest's proposal, unopened.

Black Box Extend - The proposal was not thoroughly executed and had insufficient references. The handout compares the other two proposals: Verizon and Independent Emergency Services (IES).

Nelson (PSC Alliance) walked through the discussions held by DCC Staff and PSC Alliance comparing the two proposals. First of all, it was noted that both proposals stated the equipment would be provided by Plant CML, the 9-1-1 premise equipment provider to the DCC's Burnsville location, with an older generation technology than proposed at the DCC. Nelson (PSC Alliance) commented that IES was a fairly large player out-state and was currently installing equipment of a slightly older generation in the Ramsey County facility. He added that IES quoted costs of \$833,612.68, which was approximately \$105,000.00 cheaper than Verizon but also stated that Verizon was prepared to give a significant discount, which would bring the cost spread down. Nelson also commented that he wasn't convinced that IES costs were correct.

Nelson (PSC Alliance) stated that he had been having a series of discussions with both Verizon and IES and came to the conclusion that the superior proposal was from Verizon as they just had much more in-depth information and also planned to train 2 full-time staff members specifically on the DCC equipment. Nelson (PSC Alliance) closed his comments stating that in summary, either proposal would satisfy the needs of the DCC. The issue was which agent or rep to work with to execute a contract and implement and maintain the necessary support levels. Herlofsky (Farmington) commented that in the PSC report there was reference to a long-range ownership cost analysis but it was not referred to in the spreadsheet. Nelson (PSC Alliance) acknowledged and stated that the analysis had not been done yet. Osberg (Hastings) referred to Nelson's comment that Verizon seemed to have a slightly superior proposal and asked what the justification was for spending the additional \$105,000 on that proposal. Therkelsen (DCC) responded that one reason was if there was a 9-1-1 equipment failure at 3:00 am, IES requires a 1 hour response time from Hutchinson. Verizon' is located approximately the half the distance away in Mound operate around the clock and would probably be able to respond in a more timely fashion. Gudmundson (Dakota County) asked Lind if Burnsville had good service from IES. Lind (DCC) responded that through history, yes. However, there had been problems with the promptness of getting techs out for service. Lind added that Verizon is staffed 24/7.

Herlofsky (Farmington) asked if Staff was looking for the Executive Committee to make recommendation provided further negotiation with Verizon. Nelson (PSC Alliance) confirmed and added that IES has historically run a very lean organization, which has served them quite well. However, that lean group of techs services systems from the Canada/MN border down to the MN/Iowa border, which makes their support level a bit questionable. Ebeling (Burnsville) commented that if the proposal stated 1 hour delivery of service, DCC Staff should make them prove it given the information Nelson just provided. Ebeling added that he was a bit concerned about accepting a high-bid and that we needed to make sure that IES couldn't provide the service. Nelson (PSC) acknowledged the point but noted that the reason the procurement was advertised as a request for proposal was so the Board and Exec Committee would have more latitude in evaluating and considering the proposals than they would bids.

Mielke (Lakeville) asked Lind if there had been phone failures in Burnsville and if so, how was the responsiveness. Lind (DCC) responded that there really hadn't been system failures but there were individual phone failures. During the day, the failures were responded to promptly but after hours Burnsville had great difficulty in getting response. Stassen (DCC Attorney)

commented that operating under the municipal contract laws the Board may accept the best value, not necessarily the lowest price. Herlofsky (Farmington) commented that if IES just got the Ramsey County project and are vying for the DCC project, they should know that they have to make sure this is done right. Mielke (Lakeville) asked what the options were in awarding the contract to IES but having performance requirements in the contract that would allow for "outs". Nelson (PSC) responded that was a possibility and also pointed out that a significant portion of the installation effort is handled by Plant CML's force. IES has never installed this product before and would be dependant on Plant CML. Breimhurst (Dakota County) asked Nelson if he knew to what extent Verizon would be willing to negotiate. Nelson (PSC Alliance) responded that the original number was approximately \$30,000 lower than proposed. Messerich (South St. Paul) asked about the confidence level in Verizon's performance. Nelson (PSC Alliance) responded that Verizon works with a service team in Mound and is currently supporting the 30-some buildings in the Rosemount public school system. Staff had found the service to be satisfactory. Verizon has a very large percent of E9-1-1 business in Wisconsin. Messerich (South St. Paul) asked if the DCC would be the first Minnesota PSAP customer. Nelson (PSC Alliance) confirmed.

Mielke (Lakeville) asked when DCC Staff needed to bring the recommendation to the Board. Nelson (PSC Alliance) responded that the plan was to bring the recommendation to the Board in at their May meeting, which would mean the Executive Committee would need to make a recommendation at the current meeting.

Therkelsen (DCC) asked Nelson to expand on the relationship between this project and the broader next generation process. Nelson (PSC Alliance) responded that the Next Generation 911 project that the MESB is undertaking has potential equipment components at both PSAPS and interconnecting networks. Nelson continued that currently there was a master agreement with Qwest and that the MESB had released an RFP that seeks quotes for both network services and PSAP equipment. The solicitation was very broad and asked vendors to imagine a solution and offer it in different layers and different sizes. The MESB had been a close partner/ally in our process but had expressed concern that if a contract was awarded it might set the standard for what other metro locations should do and they would like to see the process slowed down. They want to slow the process down. Nelson commented that he did not see that the DCC decision would overly influence future equipment decisions in the Metro system and that he does not think the MESB process will progress in a time frame that allows the DCC to further delay our decision on telephones. Nelson (PSC Alliance) closed stating that the DCC members are not trying to derail the MESB process. Nelson reminded the group that the County had a couple seats on the MESB and that this decision may have some potential implications.

Action: Motion by Herlofsky (Farmington) to eliminate Black Box Extend from the process and to direct Staff to continue to negotiate with both IES and Verizon and then let Staff bring findings to the Board of Directors' May meeting at which time the decision could be made. Second by Gudmundson (Dakota County)

Further Discussion:

Osberg (Hastings) asked if the motion should include a cap and questioned the need for a \$1,000,000 cap. Therkelsen (DCC) responded that the bids were up to \$938,000 for 21 workstations and as discussed in the previous two procurements, direction had been given to negotiate with vendors to allow for up to 23 stations within the allocated budget. Mielke (Lakeville) asked if Staff had any idea what the cost would be per station. Nelson (PSC Alliance) responded that \$40,000 was used on a budgetary basis. Nelson added that it may be possible to get a 2nd or 3rd year warranty extended within the \$1,000,000 amount and that Staff and PSC Alliance were trying to get the best long-term equipment solutions and warranties possible. Lynch (Inver Grove Heights) referred back to the motion and asked what the DCC would gain from negotiating with IES. Nelson (PSC Alliance) validated the question stating that

if the DCC required an increase in the service level he was skeptical the price would decrease. Nelson added that he didn't feel the Verizon proposal would drop to meet the cost IES proposed. Gudmundson (Dakota County) asked if DCC Staff had spoken with Ramsey County about what they based their decision on. Nelson (PSC Alliance) confirmed and stated that Ramsey County actually solicited bids opposed to proposals last year. Ramsey commented that they felt they were perhaps constrained by their internal purchasing process and ultimately purchased equipment that is not next generation capable. Ramsey added that they had been satisfied with installation efforts so far. Lawell (Apple Valley) suggested continuing to work with IES to see who can deliver the better service. If IES could not deliver the 1 hour service, they could then be eliminated. Mielke (Lakeville) suggested bringing a stronger recommendation to the board. Recommend IES but if they cannot provide the service as stated, let them prove themselves wrong and THEN go with Verizon. Mielke continued that the \$100,000 difference without proof of inability to perform would be hard to quantify. Ebeling (Burnsville) agreed stating the motion would be to award the contract to IES contingent on their demonstration to the total satisfaction of DCC staff that they can meet the response time as stated in the RFP and absent that, award to Verizon. Mielke (Lakeville) added that the recommendation should also support the additional 2 stations.

Amended Action: Motion by Herlofsky (Farmington) that due to reasons given in the staff report recommend to eliminate Black Box Extend from the comparisons. Also, recommend IES be awarded the Telephone Equipment contract subject to the ability of meeting specifications and standards expected, allowing for 2 additional stations not to exceed \$1,000,000.00. Absent those specifications and standards, recommend awarding the Telephone Equipment contract to Verizon, allowing for 2 additional stations not to exceed \$1,000,000. Second by Lynch (Inver Grove Heights). Motion passed unanimously.

5. Receive 2008 – 2009 Budget Proposal and Provide Direction to Staff.

Discussion:

Mielke (Lakeville) started the discussion reminding the group that this is the first round of the budget and that the last budget had 13 versions. Mielke added that he had heard from a couple of committee members who had voiced concerns. He reminded that no recommendation was needed until June and this meeting was for the Committee to learn, identify concerns and send Staff back for additional analysis.

Therkelsen (DCC) referred to a slide presentation prepared for today's discussion. Therkelsen noted that many resource issues were more clear for this budget than they were for the last budget but that Staff had still not been operational in the center, which required basing the 2008 budget on many assumptions. Therkelsen closed stating that the end goal was to present a budget that provides the resources desired and needed to the Board of Directors in July with a recommendation by the Executive Committee.

Mielke (Lakeville) suggested going through the budget piece by piece to try and understand the 4 funds.

Operating – The main biggest question relates to staffing. Certainly the fiscally conservative approach is to assume no staffing reductions in 2008 or 2009. Mielke (Lakeville) asked Staff to clarify why DCC staffing numbers wouldn't decrease. Therkelsen (DCC) responded that there were two different factors that contributed to the difficulty in budgeting for decreased numbers.

- 1) Recognition that we should be able to provide the service in a facility that has not been operated previously. What will the requirements of the scheduling be?

- 2) Budgeting for voluntary attrition. Staff is confident there will be vacancies in the non-supervisory ranks that if unfilled would lower the budget. Mielke (Lakeville) suggested that could potentially cause higher overtime.

Ebeling (Burnsville) commented that he applauded how close the 2007 budget came to actual considering none of the members had ever done this before. Ebeling asked if the "normal attrition" policy adopted by the Board was still realistic given the decision of the dispatchers to organize for collective bargaining. Lawell (Apple Valley) noted that in the negotiating group meeting that took place on May 1st keeping as much management trust through an innovative bargaining approach was the preferred starting point for the DCC negotiating team. Mielke (Lakeville) asked if it was reasonable to consider the fund balance would cover if natural attrition didn't occur as opposed to budgeting as if there would be no attrition.

Feller (Fiscal Agent) directed the group to the budget layout as presented in the packet. 70% of costs are personnel and that the information was presented from highest to lowest expenditures. After personnel, 3 of the 4 line items were fixed. Once below that, the expenditures were much smaller and less likely to fluctuate. Feller questioned how a fund balance would get used and recommended a 1-month working balance, which would provide a cushion. Feller noted that DCC Staff did a very in-depth analysis of the personnel piece. Staff noticed that overtime was extremely high due to current conversions and anticipated training needs. In 2008 overtime should drop to almost ½ the 2007 levels. Feller acknowledged that the most difficult piece of the personnel portion of the budget was trying to work with the PTO. Staff tried to make an educated guess on how much employees would increase their PTO bank over the year and how much employees would cash-out. Staff can't afford to guess too high or too low. This led to the creation of a separate cushion fund.

Feller (Fiscal Agent) assured that there are two primary areas that members can look to see improvement. Staffing numbers and estimated liability on PTO. Mielke (Lakeville) asked if Feller felt comfortable lowering the personnel and fund balance numbers. Feller acknowledged. Ebeling (Burnsville) asked for clarification that the salary costs listed did not include any assumed raises. Feller confirmed, stating that a contingency amount was included for potential increases in personnel costs. Mielke (Lakeville) noted that maybe there was a way to restate the budget to show the transitional costs, such as was done a year ago, which might be helpful to emphasize the necessary investment for starting an operation of this size and complexity. Ebeling (Burnsville) commented that the fundamental plan was that staff would be reduced. Osberg (Hastings) asked why the budget wasn't reflecting decreased staffing. Therkeisen (DCC) responded that the information could be separated out and the transitional could be identified. He also agreed that the DCC should be able to carry out its work under one roof with fewer people than required under 5 roofs. The dilemma was the stated voluntary attrition and budgeting for it. Herlofsky (Farmington) complimented that this is a great position to be in both as individual cities and jointly. The budget is safe and there is room to improve. Hedges (Eagan) noted that one thing that might be helpful, because the councils will ask for it, is to show the allocation for the DCC for 2008 and what that number would look like if the dispatchers were to stay at their current location? It would be good that that argument is stated the same at all council chambers because that is an obvious question that should be answered similarly across the board. Therkelsen (DCC) responded that this type of information could be presented as part of the final package for the Board.

Mielke (Lakeville) referred to page 4 of the budget. He noted that transitional costs should be noted up front. Herlofsky (Farmington) referred to page 12, asked about the large reduction in professional services from the budget presented a year ago. Mielke (Lakeville) requested Staff revisit the Telephone costs as they are significantly higher than anticipated. Lind (DCC) briefly explained the reasoning behind the calculations.

Page 5 – Fund Balance – Feller (Fiscal Agent) noted that this was full funding of the PTO balance. Lawell (Apple Valley) asked if that isn't a requirement. Feller confirmed that it was a requirement for 2 reasons: 1) cushion 2) account for liabilities.

Gudmundson (Dakota County) referred back to the Personnel portion of the budget stating that 51 was an arbitrary number that was picked out of a hat, so Staff should stay away from assuming that is the correct number. Ebeling (Burnsville) agreed and said that at one point he remembered 44 FTE. He added that it was important the pressure be kept on because this has to be brought back to the councils and they won't be looking at how this is going to compare. They will be looking at the increase.

Schedule - Therkelsen (DCC) requested that the Committee entertain the idea of adding a second meeting in June. Feller (Fiscal Agent) agreed stating that this would be only the 2nd budget the Board had seen and by getting it to the board in July, it would allow for one additional meeting to visit any last minute concerns. Friday, June 22nd from 10:00 am to 12:00 pm in the Regent Room of Apple Valley City Hall, immediately following the Manager's meeting.

Action: No Action.

6. Director's Report.

Discussion:

Therkelsen (DCC) informed the Committee that DCC Staff is working with PSC Alliance to finalize agreements with Xybix and Motorola. The LOGIS implementation is proceeding and Apple Valley and Burnsville will be going live in the middle to end of May.

Action: No action. Update only.

7. Miscellaneous

a. Report from the Labor Negotiations Sub-Committee

Discussion:

Lawell (Apple Valley) reported that the Labor Negotiations Sub-Committee met earlier in the week to discuss bargaining and negotiations of the first contract. The sub-committee is made up of Steve Mielke (Lakeville), Tom Lawell (Apple Valley), Dave Osberg (Hastings), John Roszak (Labor Attorney). Also participating were DCC Staff members Kent Therkelsen, Diane Lind and Jennifer Hildebrandt.

Lawell (Apple Valley) reported that DCC Staff had email acknowledgement from the union rep that the DCC benefits package was pretty good and that Roszak commented that the goal now was to figure out how to build on the package without reverting back to traditional negotiating methods. Lawell (Apple Valley) continued that the sub-committee wasn't sure if that meant position-based bargaining or a more collaborative route such as interest-based bargaining. The sub-committee did decide to send a letter out to Union Reps and Stewards inviting them to meet and discuss how to approach the bargaining. The sub-committee was not sure how LELS would view the invitation but the DCC would desire to have the contract in place by the time the doors open at the new facility. The HR Managers Group was going to be meeting on Friday, May 4th and will be asked for their input. Mielke (Lakeville) added that it is important to the HR group's thoughts on how to proceed with negotiations. We can't lose sight of the background work this group did. Osberg (Hastings) added that it is almost like a 3-party negotiation: Union, Dispatchers, DCC. Lawell (Apple Valley) commented that he had time to talk to his HR Manager and she questioned if it was a good idea to negotiate while the dispatchers are all in different locations or if it would be better to negotiate after consolidating. Mielke (Lakeville) closed the update stating that if the direction is a more traditional method of negotiating the negotiating team will have to be selected at that time.

b. Therkelsen (DCC) updated that he recently met with Jeff Nelson, Diane Lind and BJ Battig to start mapping out implementation into the center once operational. It is very complex. Mielke (Lakeville) commented that he would like to see a report advising how the implementation will work.

Herlofsky (Farmington) commented that the weekly report is a great way for him to keep his council updated on the project. He asked if it would be possible for the report to be distributed late Thursday or early Friday so Committee members could get it out to their councils before the weekend.

Breimhurst (Dakota County Contractor) updated that the 9 sites are complete and that microwave is in the 30 day burn cycle. Motorola has installed in 7 sites and they are about 1 month ahead of schedule.

8. Adjournment

Action: Motion by Hedges (Eagan) to adjourn the meeting. Second by Osberg (Hastings). Motion passed unanimously. Meeting adjourned at 3:46 pm.

Next Regular Meeting:

Wednesday, June 6th

2:00 pm – 4:00 pm

Apple Valley Regent Room
