
MERA Project Oversight Committee

New 700MHz Emergency Radio System – Project Financing Plan

July 10, 2013

Four tables are attached for discussion at the POC meeting on July 10 at 3:00pm in Room 410B of the Marin County Civic Center.

Table 1 shows the current project cost estimates. Costs are based on purchase of 3,000 radios and total \$40,000,000. A contingency allowance of \$9.875 million is included.

Table 2 summarizes the information developed in the NBS Parcel Tax Study. A \$29 parcel tax on single family residences and proportional charges to other user types generates estimated annual revenues of over \$3.6 million. This amount would be used to fund project capital costs.

Table 3 shows an estimated bond issue required to fund \$40 million of project costs. Bond proceeds would include funding a reserve fund, capitalized interest, and issuance costs. Annual debt service is estimated at \$3.53 million assuming a 20-year bond term and an interest rate of 4.5%.

Table 4 shows a suggested plan for financing projects above the amounts included in Table 1. These additional projects would provide additional radio signal coverage for certain areas in the County. The suggested plan would be to continue the current level of member agency payments used to retire the 2010 Refunding Bonds and the Project Note. These current annual payments total about \$2,330,000 and extend to FY 2020 in full and reduced amounts in 2021 and 2022. Bond service for the 2010 Refunding Bonds is collected in the year ahead of the actual payment, so the 2021 bond service is funded in 2020. The suggested plan assumes that much of the 2022 debt service is funded by the existing reserve fund of about \$1,700,000.

The suggested plan assumes that zero interest bonds are sold during FY 2018 sufficient to fund an additional \$8 million in project costs. Initially, no payments would be made on the bonds, but interest would accrue and would add to the amount required for repayment. FY 2021 Refunding Bond service is collected during FY 2020 and FY 2022 bond service would be funded from the \$1.7 million bond reserve plus a share of the ongoing annual debt service payment from the member agencies. Remaining annual debt service revenues would be used to pay down the zero interest bonds.

The table shows that the initial offering of zero interest bonds could be retired within seven years. Thereafter, the annual revenues could be used to fund additional projects on a pay-as-you-go basis.

ATTACHMENT: Finance Tables with NBS Parcels – Tables 1- 4