

MARIN EMERGENCY RADIO AUTHORITY

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F.C. 10/28/13 **Agenda Item B**

MERA Finance Committee **Minutes of July 17, 2013 Meeting**

Draft: 8/23/13

A. Call to Order

The meeting was called to order by Chair Hymel at 4:07 p.m. on July 17, 2013 in Conference Room 315 at the Marin Civic Center.

Committee Members Present:

City of Novato	Jim Berg
Town of Ross	Tom Gaffney
County of Marin	Matthew Hymel
Tiburon Fire Protection District	Richard Pearce
Marin Transit	David Rzepinski

Committee Members Absent:

None

Staff Present:

MERA Executive Officer	Maureen Cassingham
MERA Special Project Manager	David Jeffries
MERA Operations Officer	Craig Tackabery

Guests Present:

Dan Mullen	Indie Politics
Terry Price	Price Campaign Solutions
Tim Seufert	NBS

B. Minutes from May 15, 2013 Finance Committee Meeting

M/S/P Rzepinski/Gaffney to approve the minutes from May 15, 2013 Finance Committee Meeting as presented.

AYES: ALL
NAYS: NONE
Motion carried.

C. Review of MERA Reserve Balances and Reserve Funds Policy

Cassingham summarized her report on Reserve Balances noting the declining projected balance of the Replacement Fund to \$581,229 by June 30, 2014. This Fund has been predominantly used for Strategic Plan implementation expenses. The projected balance will be increased by at least \$100,000 when the Governing Board accepts the Annual Audit and approves the transfer of the Operating Fund balance.

M/S/P Gaffney/Pearce to accept and forward the Report on MERA Reserve Funds Balances to the Executive Board, recommend no changes to the Reserve Funds Policy and direct provision of a Consent Calendar report on Reserve Fund Balances at each Executive Board meeting.

AYES: ALL
NAYS: NONE
Motion carried.

D. Report on Revised Draft – July 2013 NBS Parcel Tax Study

- Review of Parcel Tax Range

Seufert summarized the NBS Parcel Tax Study Report prepared for MERA. It presents a logical, rational, equitable formula resulting in a \$29 annual parcel tax per Single Family Unit. He noted there are approximately 91,000 taxable parcels in Marin of which 81,000 are SFUs. The formula includes a capped graduated tax for business parcels. The average rate for all parcel tax categories is under \$40. The proposed rates raise \$3.6M annually and NBS estimates tax collection and other fees at \$100,000. He said the parcel tax mechanism presented and related code sections are currently under review by County Counsel and MERA General Counsel. If the \$29 rate was deemed applicable for all parcels, the funding generated would be reduced to \$2.6M annually.

After further discussion, Gaffney and Hymel requested that Seufert include in his report that MERA is considering a senior, low-income exemption from the parcel tax.

M/S/P Pearce/Gaffney to recommend Executive Board acceptance of the revised NBS Parcel Tax Study Report for MERA including consideration of a senior, low-income exemption and pending completion of legal review of the methodology.

AYES: ALL
NAYS: NONE
Motion carried.

E. New 700 MHz Emergency Radio System – Revised Project Financing Plan

Gaffney reviewed his four tables which support the proposed plan to finance the new 700 MHz emergency radio system. The project cost estimate of \$40M includes 3,000 radios and four sites. Proposed bond proceeds developed in the NBS Study of \$3.6M per year will fund project costs and financing safeguards including a reserve fund, capitalized interest and issuance costs. Hymel noted the new system's average weighted life of 18 years relative to the proposed 20-year bond term and possible use of the bond reserve to fund the final year.

Gaffney reviewed Table 4 which addresses the use of capital appreciation bonds funded by extending member contributions to cover any additional project costs like sites. Price added that any grants received could reduce the term or project costs. Pearce inquired about the differing project budgets and asked if the \$40M base budget is the final one. Hymel said this is the base budget and if project costs went beyond this, the Governing Board would have to approve them and the extension of member payments to cover them. Pearce said the project line items could also be revisited to reduce costs. Mullen clarified that the proposed project provides for the replacement of existing radios and members would have to buy additional or replacement radios at their own expense as they do now. Jeffries added that members should be setting aside now to address replacement costs.

After discussion under Agenda Item I, the Committee completed their review of Agenda Item E.

M/S/P Gaffney/Berg to recommend Executive Board approval of the Revised Project Financing Plan including a \$40M base project budget funded by a \$29 SFU parcel tax and an average tax of less than \$40 per parcel for all parcel types.

AYES: ALL
NAYS: NONE
Motion carried.

F. Grant-Writing Services Proposal

Tackabery reported on the status of ACA 8 which, if passed, would lower the threshold of voter approval for public safety facilities to 55%. He noted this could be on a future ballot and was working to include public safety communications in the measure language. Hymel and Pearce requested the measure wording to present to the County's Lobbyist and Fire Chiefs' Association.

Tackabery said he and his DPW team were working to identify the best firms and writers to assist MERA in seeking competitive grants. He noted the County's success to date with formula grants, noting a grant for the new switch for MERA's current Motorola system. Jeffries confirmed the goal of \$5M in grants for the replacement project. Hymel added that, with grants, MERA may be able to expand services or reduce reliance on a parcel tax. Gaffney said MERA could charge less than the \$29/SFU if grants were received. Price suggested possible revision to the ballot measure to read "a maximum of \$29/SFU."

Tackabery said some grants may require a local match. Gaffney said bond proceeds might be used for this purpose. Tackabery said he will continue to work on grant writing sources and update the Committee accordingly.

G. Marin Emergency Radio Authority-Next Generation Radio System Implementation – Feasibility Study

Tackabery summarized the Study noting background on MERA's existing radio system, the need for a unified approach to County-wide radio communications behind it and how the current system is aging and there is reduced Motorola support. He discussed the County's volunteer fire department paging system and recommended inclusion of it as an option in the RFP for the Next Gen System. The Study also includes a Federal Legislation Summary touching on Federal narrow-banding requirements and the requirement to vacate the T-band spectrum in 2021. He referred members to the three attachments to the Study including the AECOM System Design Report with four design options, CSI Engineering Report on Licensing Potential which render Options B and C in the AECOM Report as likely infeasible and the proposed System RFP. The panel that reviewed the AECOM Report and bids received from the RFP recommended a County-wide 700 MHz P25 Phase 2 System. Since funding was not available, a new RFP will be issued upon passage of the parcel tax.

Tackabery reviewed the Planned System Life noting typical lifespans are 15-20 years. However, some system components like radios have shorter lives than tower sites which have much longer lives. He touched on the Bay RICS Project and other agency transitions to 700MHz. He presented estimated project costs and alternative coverage options.

Tackabery said he will align Study project costs with the revised budget provided to Gaffney for financing and review of System life estimates. Cassingham requested deletion of the final sentence of the existing System indebtedness section. He said he has contacted AECOM on updating their 3-year-old project cost estimates, reviewing their four options given changes in Federal requirements and system life estimates. He expects their cost estimate and timeline by Monday. Gaffney asked for clarification on various component life spans which may generate longer total System life. Hymel said the 20-year financing needs to be in the range of planned life.

M/S/P Gaffney/Rzepinski to present the MERA Next Generation System Implementation Draft Feasibility Study to the Executive Board with input provided by the Finance Committee at today's meeting.

AYES: ALL
NAYS: NONE
Motion carried.

H. Next Generation System Project Budget

Discussion of this item occurred under Agenda Items E and G.

I. Report on Coverage Options (Agenda reordered at the Committee's request to Confirm Project Base Budget)

- Site Recommendations and Costs

Tackabery summarized his report to the Executive Board on the Operational Issues Work Group's efforts to help prioritize and rank new sites to improve coverage. He reviewed the ranking criteria including call volume, improving coverage to areas where private property would be paying a parcel tax, areas having sites that can be quickly added and areas having the possibility of partnerships. Areas with viable work-arounds received a lower priority.

Tackabery said the Ops Group recommended, as the top four sites Tomales, Martha, Wolfback and Muir/Stinson. After discussing the possible differing costs of each site, the Committee accepted the Report as presented, agreed with the four prioritized sites and confirmed funding was available for four sites in the \$40M Base Budget.

J. Report on Pension Cost Funding: Next Gen System Project

Cassingham summarized the report on possible language for the proposed ballot measure regarding the use of tax proceeds and staff costs. Gaffney emphasized the importance of distinguishing between capital versus operating costs. Berg and Pearce discussed the capital project budget line item of \$2.2M over five years for DPW staff support. Gaffney and Hymel noted these costs, if necessary, could be paid by reimbursements to the Replacement Fund. Jeffries said MERA has no pension obligations. Hymel added that MERA has no pension liability. It was agreed that Gaffney's clarifying language be amended to "The funds generated by this measure can only be spent for capital purposes. By law, it cannot be spent for operating purposes".

K. Overview of Outreach Presentations/PPT

Jeffries provided a summary of the PowerPoint presentation and versions with and without the video for the MMA and Joint Chiefs' Meetings on July 18. He reviewed his presenter's script noting the entire presentation is 20 minutes in length. Tackabery will be present at the Managers meeting for technical back-up.

Jeffries said Anderson will start calendaring member agency presentations after the BOS Workshop. He said the Workshop will be preceded by a pre-meeting with Hymel and County Fire Chief Weber.

L. Report on Current and Proposed Bond Terms

Cassingham and Gaffney said the last payment on the current bonds is August 2020. A decision must be made by the Governing Board on the use of the reserve prior to the retirement of the Bonds. It was agreed that MERA wait on taking action on the use of the reserve until after the November 2014 election.

M. Other Information Items

None.

N. Open Time for Items Not on Agenda

None.

O. Adjournment

The meeting was adjourned at 5:42 p.m.