

**MARIN EMERGENCY RADIO AUTHORITY**

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**DATE:** December 11, 2013  
**TO:** MERA Governing Board  
**FROM:** Maureen Cassingham, Executive Officer  
**SUBJECT:** AGENDA ITEM **C-4**: REPORT FROM FINANCE COMMITTEE ON PARCEL TAX  
AND NEXT GEN PROJECT BUDGET/FINANCING PLAN

**Recommended Action:**

- (1) Approve the use of Government Code Section 53978 which would permit the Marin County Board of Supervisors, on MERA's behalf, to place a parcel tax measure on the ballot November 2014 to upgrade MERA's infrastructure for the purpose of providing police and fire services.
- (2) Approve the revised Project Financing Plan which utilizes Parcel Tax revenues to pay for Police and Fire Services portion of the Next Gen System and MERA Reserves for non-police/fire Next Gen System costs.
- (3) Concur with the Finance Committee's adjustments to the Next Gen System Budget (included in the Feasibility Study Agenda Item D-1), which eliminates payments for non-member mutual aid partner radio costs consistent with current MERA practice, and increases the contingency without change to total Project Cost of \$40M.

**Background:** The Finance Committee met on December 4 to consider County Counsel, MERA Bond Counsel and MERA General Counsel review of the proposed NBS Parcel Tax Study mechanism. Earlier this year, a county-wide polling showed increased voter support for a lower parcel tax for the Next Gen System like the proposed annual \$29/S.F.U. in the NBS Report.

Legal Counsels determined that while some General law parcel tax powers require uniformity, an alternative tax power, per Government Code Section 53978, does not require uniformity. This alternate is specific to funding police and fire services only.

Based on recent successful legal challenges to non-uniform school district parcel taxes (i.e. different charges for different classes of property), the Committee recommends use of a non-uniform tax as permitted under Government Code Section 53978 as noted in the NBS Parcel Tax Study dated 12-4-13 (see attached). Use of a uniform tax would reduce parcel tax proceeds from \$3.6M/year to \$2.6M/year, resulting in a funding gap for the Project Capital costs that would fall to MERA members. However, use of a non-uniform tax has a lesser consequence of not covering non-police/fire use of the Next Gen System.

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It is estimated that \$38M of Next Gen Project costs can be attributed to police/fire services only. This leaves up to \$2M of the Project to be funded by other sources. Alternative sources identified by the Committee for non-police/fire costs of the Next Gen System are the current Bond Reserve (est. \$1.8M) and Replacement Fund, which would be replenished by parcel tax proceeds for Project planning costs (est. \$1M). Both sources are derived from member contributions over the years. It is recognized that if the current Bond Reserve is used for this shortfall, it cannot be used for the final Bond payment or for smoothing an operating cost increase for the Next Gen System.

The Finance Committee also reviewed and recommended changes to the Next Gen Project Budget included in the MERA Next Generation Radio System Implementation Feasibility Study, which do not affect the Project total of \$40M. They include elimination of funding of non-member mutual aid partner radio costs and increasing the Project contingency by the same amount.

Finally, the Committee recommended future consideration of other opportunities to increase Gen II operating revenues including adding new members, transitioning mutual aid members to full-member status and other options.

### ATTACHMENTS:

C-4a NBS Parcel Tax Study – dated: 12/4/13

C-4b Staff Report on Revised Project Financing Plan and  
MERA Project Finance Tables with NBS Parcels – dated: 12-11-13 (Gaffney)