

MARIN EMERGENCY RADIO AUTHORITY

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F.C. 2/18/14 Agenda Item B

MERA Finance Committee Minutes of December 4, 2013 Meeting

Draft: 1/23/14

A. Call to Order

The meeting was called to order by Chair Hymel at 3:37 p.m. on December 4, 2013 in CAO Conference Room 315 at the Marin Civic Center.

Committee Members Present:

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

Committee Members Absent:

Marin Transit	David Rzepinski
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Staff Present:

MERA Executive Officer	Maureen Cassingham
MERA Special Projects Manager	Dave Jeffries
MERA Operations Officer	Craig Tackabery

Guests Present:

Dan Mullen	Indie Politics
Tim Seufert (via phone)	NBS

B. Minutes from October 28, 2013 Finance Committee Meeting

M/S/P Gaffney/Berg to approve the minutes from October 28, 2013 Finance Committee Meeting as presented.

AYES: ALL
NAYS: NONE
Motion carried.

C. Review of County Counsel Confirmation Regarding MERA Proposed Parcel Tax -
Tackabery and Cassingham

Cassingham cited the email from Deputy Counsel Kiernan, dated November 18, 2013.

Hymel said prior to this review, it was anticipated that MERA would place the measure on the ballot for the Next Gen Project. Counsels determined the County would need to put the measure on the ballot on MERA's behalf because it does not have taxing authority. Gaffney said all this was followed by the recent Alameda School District Court ruling requiring uniformity of a parcel tax on all classes of properties. County, MERA and Bond Counsels have since confirmed that G.C. Section 53978 would authorize the County to place a non-uniform parcel tax, as developed in the NBS Study, on the ballot to upgrade MERA's infrastructure for the purpose of providing police and fire services. Non-police and fire service expense could not be paid for with parcel tax proceeds. Tackabery confirmed that the cost of non-police/fire radios is \$2.1M of the \$40M project budget. 19.1% of MERA radios are used by non-fire/police members. Hymel said MERA Bond and Replacement Reserves could possibly fund this part of the project. Tackabery said the \$2.1M could be added back into the contingency.

Berg asked how this new information would affect presentations to the members. Gaffney said use of the Bond or Replacement Reserves to which all members contributed could be approved for non-eligible replacement system costs that benefit us all. This would have to be explained to the members. Likewise, he noted Capital Appreciation Bonds previously discussed to fund additional sites could be considered. Hymel added that other funding sources might be identified for non-police/fire radios. He confirmed with the Committee that non-member, non-police/fire radios would not be backfilled in the project budget. Jeffries said this represents 151 radios on the system.

Note: It was agreed further discussion of this agenda item would continue after Item D.

Item C – continued:

When discussion resumed, Tackabery said there is \$11M in the project budget for new radios, of which \$2.1M represents those for member non-police/fire. He said \$730,000 is the cost for non-member radios or 151 radios. Tackabery clarified there are no MERA pension costs in the budget since MERA contracts for its staffing. Hymel added that no operating costs will be funded by the parcel tax. Gaffney said the parcel tax pays for all capital costs. Pearce expressed concern for reducing the number of towers in the budget if we needed to cut. Gaffney said capitalized interest would be cut before towers. Gaffney noted, if project funding required less in parcel taxes, after bids are received, the rate could be lowered.

Hymel said the Governing Board needs to make several policy decisions with Finance Committee input. Decisions need to be made on the uniformity issue raised with the updated NBS Study and use of G.C. 53978 which funds only police/fire services, use of reserves for non-police/fire radios covering an estimated \$2.1M shortfall which would mean the Reserves would not be available for

the last bond payment or other purposes and non-member radios would not be funded based on current practices. He suggested the Committee continue working on other funding sources beyond reserves to cover the shortfall including through the Reimbursement Resolution and reduction of project costs where possible. He said previously budgeted non-member police/fire radio costs could be allocated to contingency. Jeffries suggested a one-for-one radio swap in Gen II for members as of a date to be determined. Gaffney committed to working with Bond Counsel to revisit police/fire costs.

M/S/P Berg/Gaffney to recommend Governing Board action as follows:

- (1) Approve the use of Government Code Section 53978 which would permit the County Board of Supervisors, on MERA's behalf, to place a parcel tax measure on the November 2014 ballot to upgrade MERA's infrastructure for the purpose of providing police and fire services. A non-uniform tax under this Section prevents significant reduction in estimated tax proceeds that would occur with a uniform tax.*
- (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 member Next Gen System costs.*
- (3) Concur with the Finance Committee's adjustments to the Next Gen System Budget, which eliminates payment for non-member radio costs consistent with current MERA practice and increases the contingency without change to total Project Cost of \$40M.*

AYES: ALL
NAYS: NONE
Motion carried.

D. Review of Parcel Tax Range – NBS Parcel Tax Study – Revised Redline 11/1/13

Seufert said the NBS Parcel Tax Study was revisited based on the Alameda Schools court case and discussion of uniform and non-uniform parcel tax authority. A \$29 uniform tax for MERA for all parcels would result in a reduction in annual proceeds from \$3.6M to \$2.6M. Gaffney said MERA is on solid ground with a non-uniform tax under G.C. 53978. He will talk to Bond Counsel regarding the provision that permits 10% ancillary use from a parcel tax and whether it applies to a non-uniform rate under 53978.

M/S/P Gaffney/Berg to accept the redline revisions to the NBS Parcel Tax Study dated 11/1/13 and reissuance of same dated 12/4/13 without redlines.

AYES: ALL
NAYS: NONE
Motion carried.

Pearce asked about re-polling in the event of significant external events affecting police and fire.

Jeffries noted this would have to be done before the ballot measure was approved by the BOS with information back to the members.

E. Review of Next Generation Project - Tackabery and Cassingham

- Budget and O & M Costs
- Revised Project Financing Plan (E.B. 7/24/13)
- MERA User Agencies Radios

The Committee reviewed Feasibility Study Appendices on Estimated Project Costs, Operating and Maintenance Cost Projections, Capital Cost Projections and Capital and Debt Cost Projections. The review reflected discussion under Item C. Hymel requested deletion of the use of the bond reserve in Appendix J. The Committee agreed by consensus to reduction of the project contingency from 25% to 15%. The SUA was briefly discussed as an operating cost option that presumably extends system life. Tackabery and Gaffney will work on revising and synchronizing the Financing Plan Tables as discussed.

On projected Operating Costs, Hymel said if reserves are used for non-police/fire project costs, they will not be available to smooth increased member operating contributions. He noted there may be other opportunities to address increased operating costs like non-member system users becoming members and adding new members. Pearce asked about Tackabery's confidence level with the project budget. Tackabery said it reflects the latest cost information and a contingency, also noting the decision not to engage an AECOM update but to update in-house. Pearce asked about Appendix C, listing DPW patches to low-band and whether that could give access to users if they wanted to keep costs down. Jeffries said this would shift higher operating costs to members. Pearce noted the 35% increase in Gen II O&M between 2016-17 and 2019-20 and the added effect of the SUA option which increases the percentage to 60%. Hymel said the new sites and their related costs are contributing factors along with the new EOF to the O & M increase.

Mullen and Gaffney discussed the O & M cost presentation with Hymel noting this should be shared with the City Managers so they can prepare accordingly. He said capital costs drop-off will more than offset the estimated increase in O & M.

F. Update on MERA and Schools - Tackabery

Tackabery summarized the two meetings with MCOE's Burke and McCann. The County currently provides maintenance, charged for on an hourly basis, for their 800 MHz which allows MCOE to talk with the 19 Districts. This system is 30 years old and needs work. Each District has its own system to talk with their schools.

Gaffney asked what the Schools want from MERA. Tackabery reviewed the options discussed in these meetings, including migrating their network to other existing non-MERA networks, use of cell

phones with Push to Talk, joining MERA and enhancing their current Network. The cost estimate for the enhanced Network is \$150,000. He said MCOE asked for costs of MERA membership. Although at this point, MCOE does not know what it wants from MERA. Tackabery said an enhanced system could be tied to our base station and one MERA radio could be issued for mutual aid.

Gaffney said MCOE could contract with MERA for its services versus becoming a MERA member. Hymel said a cost estimate could be provided based on the number of radios needed, which would be purchased by the Schools, plus a charge for the corresponding percentage of MERA's O & M. Tackabery said what is unknown is whether MCOE needs 1 radio, 19 radios for the District or 119 radios for the schools or some other allocation. Hymel said at \$4-\$5K per radio, and if a limited number is needed, there should be nominal operating costs which would be subject to negotiation later based on how they are utilized. Gaffney said we need to clarify use of radios on buses which would be like Transit District use.

Hymel summarized that we need to understand MCOE's scope of use, for example, if daily like Transit or only during major events. MCOE would also have to determine what all the Districts want and present that to MERA. They should start with the number of radios needed, then depending on scope of use, we can review O&M costs based on what is fair and equitable. With Gen II, there would be no capital costs, but non-members would still pay for their radios. Hymel added that the schools might benefit from the new system which is another option for them to participate in MERA later on. In all, the Schools already benefit from the 911 System.

G. Open Time for Items Not on Agenda

None.

H. Adjournment

The meeting was adjourned at 5:29 p.m.

Respectfully submitted by,

Maureen Cassingham
MERA Executive Officer