

## Agenda Item D

### **MARIN EMERGENCY RADIO AUTHORITY**

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**DATE:** March 2, 2015  
**TO:** MERA Finance Committee  
**FROM:** Maureen Cassingham, Executive Officer  
**SUBJECT:** **AGENDA ITEM D:** REVIEW OF MERA RESERVE FUNDS BALANCES  
RE: NEXT GEN PROJECT CASH FLOW

**Recommended Action:** Approve a recommendation to the Executive and Governing Boards to fund Next Gen Project Cash Flow for Fiscal Year 15/16 by:

- 1) an initial inter-fund transfer on July 1, 2015 from the MERA Emergency Fund (70037) to the MERA Replacement Fund (70036) in the amount of \$250,000, to be repaid upon receipt of Measure A Parcel Tax Proceeds; and,
- 2) by either a short-term loan or bond financing, of the balance of FY15-16 Project costs.

**Background:** Operations Officer Tackabery has estimated \$3.5M in expenditures in FY15-16 for the Next Gen Project. Given the estimated balance of \$4,700.00 in the Replacement Fund, as of June 30, 2015, MERA has several options or combinations thereof to fund Next Gen Project costs in FY15-16.

As you know, Next Gen costs of \$207,000 in FY14-15 for DPW Staff (\$117,000) and Consultant Services (\$90,000) are funded by the Replacement Fund. These are reimbursable expenses from Measure A, as are the approximately \$800,000 in other Next Gen-related costs. 1<sup>st</sup> installment of parcel tax proceeds, of an estimated \$1.8M, will become available on or after the end of 2015. Estimated annual revenue from Measure A is \$3.6M each fiscal year, beginning in FY15-16 for 20 years.

Possible options to provide initial cash flow include:

- 1) An inter-fund transfer of \$250,000 (for Consultant and DPW staff costs) between MERA's Emergency Fund and MERA's Replacement Fund, to be reimbursed when parcel tax proceeds are available. This would result in nominal interest-earning loss to MERA for the brief term of the "loan." Actual interest earned in FY13-14 on the Emergency Fund Balance of \$505,000 was \$567.

- 2) A short-term parcel tax advance from the County of Marin Treasury. Initial interest costs for the borrowed funds is estimated at 3.5%.
- 3) A short-term private loan, like the current Citizens Bank Note, at an estimated interest rate of 2.7%
- 4) Issuance of Phase I bond financing for FY15-16 in the amount of \$3.5M and Phase II for FY16-17 in the amount of \$15.65M.
- 5) Any combination of the above.

Postponement of phased borrowing for a vendor contract or contracts for as long as feasible will result in interest savings which could be expended on additional sites, enhancing the 17% Project Contingency other Project-related costs.

ATTACHMENTS:

- D-1 Report on MERA Reserve Funds Balances – Update of 3/2/15
- D-2 MERA Reserve Funds Policy