

MARIN EMERGENCY RADIO AUTHORITY

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DRAFT: 1/23/17

MERA Finance Committee **Minutes of December 14, 2016 Meeting**

Call to Order

The meeting was called to order by Chair Hymel at 3:00 p.m. on December 14, 2016 in the Cavallero Room, Novato Fire Protection District Administration Office, 95 Rowland Way, Novato, California.

Committee Members Present:

County of Marin	Matthew Hymel
Marin County Sheriff	Robert Doyle
Town of Ross	Tom Gaffney
Town of Corte Madera	Todd Cusimano
Tiburon Fire Protection District	Richard Pearce

Staff Present:

MERA Executive Officer	Maureen Cassingham
MERA Deputy Executive Officer/ Next Gen Project	Dave Jeffries

Guests Present:

Federal Engineering	Rajit Jhaver
Federal Engineering	Bob Simmons

A. Minutes of October 31, 2016 Finance Committee Meeting

M/S/P Cusimano/Pearce to approve the minutes from October 31, 2016 Finance Committee Meeting as presented.

AYES: ALL
NAYS: NONE
ABSTENTIONS: NONE
Motion carried.

B. Report on Next Gen System Project Negotiations – (Jeffries and Echols)

Jeffries presented his informational report updating the Committee on Motorola's latest proposal and the Negotiating Team's comments. The list of open questions is down to six, so we are getting close. The financials will follow once the proposal is finalized. He noted the contract terms and conditions have been shared with MERA General and County Counsels for review and comment.

Jeffries said once the pricing sheets are in hand, they will be shared with the Committee's Advisory Board for their input on the Project Budget and financing sources. One issue requiring additional research is Fire Station Alerting (FSA). Mach Alerting is a primary option; however, another vendor is also under review. This, however, will not affect the contract or Project schedule. At worst case, FSA would become a preidentified change order with cost estimates.

Jeffries added that the Puget Sound contract with Motorola will also be reviewed by MERA and County Counsels once in hand. It was developed by Puget in-house with emphasis on the sequencing of the various other agreements associated with the contract along with their emphasis on Puget's interest over Motorola's. He added that Motorola can block the release of any proprietary information but the contract itself should be a public document. Cassingham, in response to Pearce, confirmed she and Ortiz have discussed the general approach to reviewing the documents and that her detailed review will commence on December 16. Jeffries added that the County's Standard Agreement was part of the Project RFP and Motorola has presented its comments on it. Echols said the County's contract would prevail over Motorola's if there were disputes. He added that there are 3 sets of documents that must be reviewed and ordered in precedence.

Hymel said, at the last Finance Committee meeting, the Committee discussed the importance of developing a comprehensive Project Budget that, in addition to the Motorola contract, addresses all Project costs over the useful life of the System and beyond versus the core Project contract. Beyond the estimated Motorola core contract of, say, \$40M, is another \$13-14M in parcel taxes for System use. He said we must address the other costs associated with extending System useful life and future System needs.

Echols, in response to Hymel, confirmed the Motorola contract will include the \$9M System Upgrade Agreement (SUA) cost, taking us up to 15 years' useful life. Hymel said we need to look at costs involved in extending System life to 20 years consistent with the term of the Bonds. He asked for the technical staff to brainstorm all System cost categories and quantify same to identify future expenses, such as new towers and equipment replacement. Cassingham said radio replacement should also be quantified. Pearce added that sufficiency of the Project contingency should be revisited. Hymel said having, for example, a radio replacement estimate acknowledges what might be a \$10M cost in year 10 of the Project. He added that recognizing all these cost categories over the life of the Project will likely be very close to the parcel tax collected.

Jeffries said there may be some options such as pre-payment of the SUA for a discount or postponement of payment until year 4 of the Project that could affect initial Project costs. Jeffries and Cassingham will present the 20-year Project Budget for a Finance Committee review likely in January. Other costs to be included would be site development and CEQA. Hymel said the Project Budget should also include an equipment replacement sinking fund if the parcel tax can fund it.

Jeffries said, in the past, the Committee has discussed continuance of the Gen 1 member Debt Service as an option to address replacement costs. Hymel said a sinking fund will help address system replacement after 20 years and we should identify all possible funding sources to create it.

Hymel noted the increased maintenance costs for the Next Gen System need to be quantified along with funding sources such as continuing Gen I member Debt Service. Jeffries said this is a good time to start this conversation since members may already be counting on savings from retired Debt Service in 2020. Echols said with Next Gen, there will be several co-located sites not utilized, such as Forbes Reservoir. Conventional resources, however, will still need to be operated at those sites.

Pearce asked if staff is comfortable with the coverage as presented or if there will still need to be additional sites. Jeffries said the coverage mapping is consistent with what we have currently, plus picking up a few of the areas we have had trouble with. That said, it is not 100% coverage of Marin. Jeffries, in response to Pearce, confirmed in-building coverage was better now that Dollar Hill was added back in. Audio quality is also better. He said the original idea was to replace and enhance the System.

Gaffney asked if there will be an increase in O & M costs. Cassingham said this was estimated in the DPW Feasibility Study. Jeffries said that estimate was based on the current System plus four new sites, which is not the case anymore. Echols cautioned that some of the old sites will still be used, but differently. Jeffries said, for example, Sonoma Mountain will no longer be needed for MERA but microwave may need to be maintained there for CLAMARS.

Hymel said we will need clarification about using the parcel tax for creating a replacement sinking fund. Gaffney said the parcel tax was to be used for capital only. He added that this expense category should be for extension or life cycle, not replacement. Hymel said if the parcel tax is used for replacement radios, the members could contribute in lieu to a sinking fund if the parcel tax cannot be used for this purpose.

Hymel confirmed that when the Motorola contract is presented to the Governing Board, the 20-year total System Project Budget should accompany it. He said even cost ranges for the Budget categories at this point would be acceptable. Pearce agreed we, at minimum, need placeholder budget categories and costs that can be fine-tuned over time.

C. Appointment of Ad Hoc Advisory Board to Provide Input to Motorola Negotiating Team – (Jeffries and Echols)

Jeffries said the Negotiating Team is requesting the appointment of two Finance Committee Members to provide input to the Team on Next Gen Project costs and vendor contract before it is presented to the Governing Board. Pearce offered to participate, as did Gaffney. Hymel asked whether two or three members are needed. Jeffries said two members would keep the Advisory Board under the Committee quorum.

M/S/P Doyle/Cusimano to appoint Pearce and Gaffney to the Ad Hoc Advisory Board to provide input to the Negotiating Team.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried

Jeffries said he will make the latest proposal and pricing sheets available to the Advisory Board once received from Motorola. Gaffney asked about Motorola financing options. Jeffries said those references were in Motorola's proposal, which can be discussed.

D. Other Information Items

Hymel said after talking with Cassingham about this, he is seeking Committee input on the Measure A parcel tax in the case where a property owner owns 2 parcels but will not be developing one of them. In cases when a parcel can't be combined because they are on a boundary that doesn't permit them to be combined, they must pay for each parcel.

Hymel said the Measure A Ordinance allows the Board of Supervisors to permit other exemptions. He added that the Board of Supervisors have waived other taxes like Library taxes in such cases. The requestors want the Measure A tax to be waived in the same manner. He said there are probably less than 5 of these cases where requestors have asked to combine their parcels but are not allowed to.

Hymel said 2 of these cases are coming to the Board of Supervisors. Cassingham said the MERA Governing Board decided some time ago not to administer the Measure A tax on an ad hoc basis but on each APN per the Ordinance. Hymel said citizens have been told that the County has the right to change this. His Board is saying if they waive for the Library, why can't they waive for this? Cassingham said she can place this matter on the Governing Board agenda since no action can be taken today as this is not an agenda item.

Gaffney said the Marin Art and Garden Center is 5 parcels. The Town of Ross agreed to combine them, but because they appear on 2 County parcel maps, the maps needed to be amended. Hymel said if you advise him that the Board of Supervisors cannot legally waive the Measure A tax, he will accept that and present that finding to his Board. His Board feels

this is a fairness issue in that the property owner wants to combine parcels but is not permitted to do so.

Gaffney, on another item, noted MERA sold its bonds at 2.5% and now they would sell at 3.5%. He credited Hymel with advising us to sell when we did.

E. Open Time for Items Not on Agenda:

None.

F. Adjournment

The meeting was adjourned at 3:34 p.m.

Respectfully submitted by:

Maureen Cassingham
MERA Executive Officer
and Secretary