

MARIN EMERGENCY RADIO AUTHORITY

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FINANCE COMMITTEE MEETING

MINUTES OF MARCH 11, 2020

Call to Order

The meeting was called to order by Chair Hymel at 2:31 p.m. on March 11, 2020 at the Novato Fire Protection District Office, Cavallero Room – 95 Rowland Way – Novato, CA

Committee Members Present:

County of Marin	Matthew Hymel
Marin County Sheriff	Robert Doyle
Town of Ross	Tom Gaffney
Central Marin Police Authority	Michael Norton

Committee Members Absent:

Town of Tiburon

Staff Present:

MERA Executive Officer	Maureen Cassingham
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- A. Minutes of December 2, 2019 Finance Committee Meeting
M/S/P Gaffney/Norton to approve the minutes from December 2, 2019, Meeting of Finance Committee as presented.
- AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.
- B. Update on Next Gen System Project and Budget – (Jeffries)
Cassingham presented Jeffries' report, noting MERA is continuing to participate in Customer Design Review (CDR) with Motorola. Federal Engineering (FE) Project Manager Mortimer is taking the lead in document review. Bi-weekly staff Project calls are continuing, along with bi-weekly Project meetings with Motorola. The Governing Board approved a contract in February with AECOM for third party review of CDR Documents to assist the Project Oversight Committee (POC) with their technical review of them. In turn, the POC will recommend Governing Board action on the CDR package. AECOM's review began on March 2 to fast-track the review process.

Cassingham reported on AECOM's site visit scheduled for the week of March 23 for a formal kick-off meeting, including interviews with MERA and DPW representatives. If travel is restricted, these interviews will be done by teleconference or video conference. The AECOM costs of \$192K have been reflected in the Project Budget to be funded from Unappropriated Project Reserve. Jeffries' report also includes January Point Reyes Light Article which is the latest print media coverage of the Project. Cassingham distributed copies of the February Project Update, which were provided to the Governing Board. In response to Gaffney, Norton confirmed he distributes the monthly Project updates to all Law Enforcement Chiefs.

Cassingham confirmed for Gaffney that completion of Motorola Customer Design Review would trigger a 10% milestone payment calculated on the Base Contract. This payment is \$1.7M. Cassingham reiterated the criticality of Design accuracy which informs the Construction Phase. She added Mortimer and Klock have spent extensive time on review and resubmittal of Design Documents back to Motorola for revision. The latest Project Budget also reflects updated paid expenditures through November 30, 2019. Expenditures are updated approximately every quarter.

C. Proposed Preliminary FY20-21 Operating, 2007 Note - New Project Financing and 2010 Refunding Revenue Bonds Budgets

Cassingham presented the Preliminary Proposed Budgets noting a 5.1% increase in Operating expenses and nearly flat changes to the Note and Bonds Budgets. Operating increases reflect cost-of-living adjustments in County Contracts and Site Leases. Member contribution schedules, after approval by the Executive Board, will be distributed by March 20 to facilitate Member Agencies FY20-21 Budgeting. Invoicing will occur after June 1 with Governing Board approval on May 13. Operating and Note payments are due after July 1.

Cassingham reported that 2010 Bond Debt Service will be billed by U.S. Bank with payments due by August 1. She added that this will be the last member Debt Service payment, as the Governing Board approved early Bond retirement for interest savings.

Gaffney asked about the decrease in Operating expenses in 2010-11. Cassingham said this reflected the decrease in Contingency and review of contract service costs. Cassingham added this Proposed Budget reflects a holding of the line, given there is not a lot of discretion over baked-in Contract increases. Any projected Operating Budget adjustments will be presented at the June 24 Governing Board meeting, including updated Imaging Project and TCM Transition costs, which will be covered by Contingency.

Norton asked about site lease cost increases every year. Cassingham said these Annual CPI adjustments were negotiated years ago with many of the leases, some of which will be renegotiated with the Next Gen Project. She distinguished publicly-owned site lease adjustments versus privately-owned, over which there is much less control. There may be lease increases with Next Gen, which may be offset with site decommissions. Hymel

noted that current and new Next Gen sites are critical to system design, leaving even less control over lease costs.

Norton inquired about the PG&E site utility cost increases. Cassingham said there has been an average 10% annual increase the last few years. She clarified that these are primarily rate increases versus set increases. Leases with private site owners, including utilities, are billed by the owners. Norton asked if these increases reflected more utility usage. Cassingham said they did not, but some increases reflected the move to Marin Clean Energy. In response to Gaffney, she said the Contingency increase is in part due to address unknown Next Gen site lease increases.

Gaffney asked about including Next Gen Project Fund balances in future reporting. Cassingham said this can be added to Fund Balance reporting going forward.

M/S/P Norton/Gaffney recommend the Proposed Preliminary FY20-21 MERA Operating New Project Financing and 2010 Revenue Bonds Budgets as presented.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

D. Other Information Items.

Cassingham reported Gaffney and Hymel have updated three Funding Option Scenarios to address Gen 3 System set-aside and/or offset increased Next Gen Project Operating Costs. These scenarios, which were previously discussed by the Committee last September and December, will be presented to the Marin Managers for input on March 26. Next step will be to present these scenarios to the Executive and Governing Boards. Hymel asked Cassingham to update the scenario operating cost projects and present them to the Managers. Since she cannot attend, Hymel suggested Cusimano and Gaffney coordinate to review these options on March 26. Hymel noted the Committee's previous support of Scenario B and that B be provided to the Managers.

E. Open Time for Items Not on Agenda
None.

F. Adjournment
The meeting was adjourned at 2:51 p.m.

Respectfully submitted by:

Maureen Cassingham
MERA Executive Officer
and Secretary