

MARIN EMERGENCY RADIO AUTHORITY

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DATE: April 28, 2021
TO: MERA Governing Board
FROM: Maureen Cassingham, Executive Officer
SUBJECT: AGENDA ITEM B-7: PROPOSED MERA NEW SYSTEM REPLACEMENT FUND

Recommended Action: Discuss and provide direction to Staff regarding creation of a new MERA System Replacement Fund to offset increased Next Gen operating costs, extend the Next Gen System and partially fund a Gen 3 System.

Background: Based on public polling and receipt of other public inputs preceding the placement of Measure A on the November 2014 Ballot, the MERA Finance Committee and MERA Boards commenced discussions about the need for a Replacement Fund post NGP Implementation and funding for same.

In 2019, prior to the early retirement of MERA's 2010 Refunding Revenue Bonds, the Committee and Boards reviewed possible continuation of Member Debt Service contributions of \$2.125M in whole or part, as a source of new Replacement Fund funding. Three scenarios were presented at the September 11, 2019 Finance Committee meeting for full-system replacement costs, partial system replacement costs and/or offset for increased member operating costs for the Next Gen System.

A Finance Subcommittee of Hymel and Gaffney re-presented Scenario B to the Committee as a whole on December 2, 2019. The Committee supported this scenario to assure stable budgets for the Member agencies and partial funding for System replacement. With 2010 Bonds Debt Service retirement, Members could fund a new Replacement Fund and still experience \$1.1M total annual savings to their budgets. Attached is Scenario B for your information and review.

Due to COVID exigencies and related member revenue impacts, action on the original Scenario B was postponed and recently revisited by the Finance Committee along with a presentation to the Marin Managers' Association, which supported the expanded iteration of Scenario B for the proposed new Replacement Fund. Fire District Member Executives declined support due to reallocation of Debt Service savings, with remaining Special District Executives input pending.

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Per MERA liaison to MMA, Vice President Cusimano, transitioning to a new replacement fund as debt service commitments are terminated creates a unique opportunity to better ensure stable prospective budgets for member agencies and partial funding of system replacement extension while allowing member agencies to still realize overall MERA budget savings of approximately 25 percent relative to current year appropriations. This is according to the attached Schedule of 2020 and 2021 Member Agency payments and new Replacement Fund allocations prepared by Finance Committee Chair Hymel and County Assistant Administrator Officer Eilerman.

The proposed funding of a new Replacement Fund will require Governing Board approval of member allocations and approval of creation of the new Fund. Past practice has been Governing Board action only on Annual Operating and Debt Service Budgets. The existing Replacement Fund has been indirectly funded by MERA Members contributions with Governing Board authorized transfers of year-ending Operating Fund balances to address current System replacement needs.

This said, Governing Board Members may need to consult with their respective agencies prior to voting for authorization to commit to these proposed new allocations.

ATTACHMENTS:

B-7a Includes:

Original Draft Funding Scenario B MERA New System Replacement Fund -
Prepared by MERA Finance Subcommittee Hymel and Gaffney

MERA Member Agency Contributions Fund 70030 - Operating Fund 2021/2022
Prepared and Revised by Hymel and Eilerman

MERA 2010 Bonds Annual Service Payment Calculation Sheet –
Paid to U.S. Bank 8/1/2020