

C. Discussion of System Upgrade Agreement (SUA) for Gen II System

Pearce expressed concern over the \$450,000 annual estimated amount for the SUA. Cassingham said the excerpts from the DPW Feasibility Study on the SUA option and costs Pearce referred to were included in the agenda packet to initiate this discussion. SUA cost would be a member operating cost. Hymel referenced Doyle's analogy of the SUA to a vehicle extended warranty. Tackabery said a closer analogy would be a software upgrade to the latest version to ensure compatibility. He said an SUA is not a warranty for breakage. It keeps you current with the latest technology. Berg asked about hardware failure once it is not supported by the vendor, which is where we are now. Hymel asked if neighboring public agencies having these systems are funding SUAs. Nelson said Alameda, Contra Costa and San Francisco are doing it. She said upgrading along the way will lower the costs of the next steps. Gaffney asked if the system lives of other agencies had been checked. Nelson said others are projecting 15-20-year system life which is consistent with the estimate in the Next Gen Feasibility Study. Pearce said third-party input on the RFP regarding system life should help clarify all this. Hymel said continued debt service as an SUA funding source should assure Members they don't have to dig deeper for funding this as an operating cost.

Pearce asked if we would proceed with the Project RFP right after the election. Hymel said we are on a two-path scenario. Pearce sees December as a possible fork in the road. Hymel continues to assume we will go forward with Next Gen in December no matter what. The Governing Board would be presented with a financing smoothing scenario without a parcel tax. If successful, we will look at Member continuing current debt service to cover increased operating and SUA and a reserve for Gen II. Gaffney added consideration of another election as an option. Hymel was dubious about success of this. Other tax measures in 2016 could make this problematic.