

MARIN EMERGENCY RADIO AUTHORITY

c/o Novato Fire Protection District
95 Rowland Way, Novato, CA 94945
PHONE: (415) 878-2690 FAX: (415) 878-2660
WWW.MERAONLINE.ORG

E.B. 1/14/15 Agenda Item A-2

Executive Board

Minutes of November 12, 2014 Meeting

Call to Order:

Draft: 1/7/15

The meeting was called to order by Chair Hymel on November 12, 2014 at 3:30 p.m. in the Heritage Conference Room, Novato Fire Protection District Administration Office, 95 Rowland Way, Novato, CA 94945.

Board Members Present:

County of Marin	Matthew Hymel
Marin County Sheriff	Robert Doyle
City of Novato	Jim Berg
Fire Services	Richard Pearce
Police Departments	Todd Cusimano
Ross Valley Cities/Towns	Debra Stutsman
Southern Marin Cities/Towns	Jim McCann
Special Districts	Bill Hogan

Board Members Absent:

City of San Rafael	Chris Gray
--------------------	------------

Staff Present:

MERA Executive Officer	Maureen Cassingham
MERA General Counsel	Trisha Ortiz
MERA Special Project Manager	Dave Jeffries
MERA Operations Officer	Craig Tackabery
DPW Communications Services Manager	Shelly Nelson
MERA Special Project Administrative Assistant	Alex Anderson
Recording Secretary	Jennifer Schwarz

Guests Present:

Maher Accountancy	John Maher
Marin County Director of Public Works	Raul Rojas

Recognition of:

MERA Special Project Manager	Dave Jeffries
MERA Special Project Admin Assistant	Alex Anderson
NFPD Administrative Assistant/ MERA Recording Secretary	Gretchen Felciano

Before the acknowledgements, Hymel reprised Pearce's remarks that we tried our best in generating awareness of MERA and educating the public on the Next Gen Project and did the right thing for the public and MERA. He said the outcome of the election is close. The greatest importance is that we stay together with our plan to replace the System and be completely open to all Members' input to assure we are doing the right thing. We will focus on Project start-up, next steps and financing. If Plan A is not successful, we will go to Plan B as discussed at the last Finance Committee meeting. He thanked Cusimano and the other leaders around the table for their efforts on behalf of all the Members. He also recognized Cassingham for her work.

Cassingham expressed her heartfelt thanks and recognition of all the efforts that got us to this point. In particular, she recognized Jeffries, who has presented the Next Gen Project twice to all our Members and has been on the forefront of all our public education efforts. He responded to the many email and mailer inquiries, phone calls, media questions and more. She will ask Jeffries to document all the outreach over the years in a report to the MERA Boards, which will memorialize the great volume of work that has been done.

Cassingham further described Jeffries' representation of MERA as so able and poised, characterized by his integrity and patience on the front lines. She further acknowledged the very able work performed by Anderson in providing extensive support for Jeffries at every turn. He masterminded the Member Outreach Newsletter and provided all the behind-the-scenes logistics, much of which goes unseen. She noted his great attention to outreach conference calls, follow-up and extensive revisions to all the educational materials.

Cassingham acknowledged Ortiz and other contributors' instant turnaround on reviews and revisions to outreach content including internet information, newsletters, press releases and surveys. She summarized that all that was accomplished would never have been possible without Jeffries and Anderson.

Cassingham recognized the nearly two years of Felciano's service to MERA in providing administrative support and recording secretary services. She has been a huge help to the Executive Officer with packet distribution, meeting logistics, research and more. Felciano has been promoted to District Human Resources Manager, noting she will be missed by MERA. Cassingham introduced Schwarz as MERA's new Recording Secretary and Administrative Assistant who is already providing a high level of support and doing an excellent job in the transition.

In response to Hymel, Cassingham said she will work with Ortiz on appropriate recognition of Members and Staff at the Governing Board meeting.

A. Election of Executive Board Chair and Vice Chair

Hymel noted the Executive Board membership list and opened the nominations. Cusimano said, given the impending Next Gen System Project, he suggested continuance of Chair Hymel's term for another year. He offered to step down as Vice Chair and recommended one of the City Managers serve in this capacity to give added emphasis to the importance of the work ahead and provide additional connection to our elected officials. He asked McCann if he would serve and he agreed.

M/S/P Cusimano/Doyle to elect Hymel as Chair and McCann as Vice Chair.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

B. Closed Session

Public Employee Performance: Executive Officer Evaluation Pursuant to Government Code – Section 54947.

Hymel deferred this item until after discussion of Consent Calendar Item 1.

C. Consent Calendar

All matters on the Consent Calendar are to be approved with one motion unless a Member of the Executive Board or the public requests that a separate action be taken on a specific item.

- 1) Report from Executive Officer Work Plan Committee:
 - a) 2014 Executive Officer Work Plan Update
 - b) Recap of Executive Officer Work Hours
 - c) Proposed CY2015 Agreement for Management and Administrative Services with Regional Government Services (RGS) for Executive Officer
 - d) Proposed 2015 Executive Officer Work Plan
- 2) 2014 Annual Progress Report on Authority Operations and Activities
- 3) Minutes from September 10, 2014 Executive Board Regular Meeting
- 4) FY13-14 Draft Audited Financial Statements and Auditors' Report – Maher Accountancy
- 5) Bi-Monthly Report on MERA Reserve Funds Balances
- 6) Report #22 on Strategic Plan Implementation
- 7) MERA Community Presentations – Update (Jeffries)
- 8) Report on Forbes Reservoir Utilities Undergrounding Project

9) Report on Bodega/Bay Hill Tower and Site Leases

Pearce requested separate action on Item 1. Maher is present to discuss Item 4 and Cassingham requested Item 9 be pulled.

M/S/P Cusimano/McCann to approve Consent Calendar Items 2, 3, 5, 6, 7 and 8 as presented.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

Pearce elaborated on Item 1 regarding the Work Plan Committee's input to the 2014 and 2015 Plans and discussions. He noted all the tasks undertaken and remarkable work done which has gone above and beyond the call of duty. He referred to Work Hours Recap and average hours worked versus what is compensated. The proposal is to continue compensated hours at 25 at least through the first quarter of 2015 to understand the workload impacts of the Next Gen Project. He cited the proposed CY2015 RGS contract which will implement this proposal.

Hymel added the Finance Committee discussed that any Plan B Next Gen Project startup costs in this fiscal year be funded by Reserves versus disrupting member agency budgets midyear for this funding. He said the Executive Officer Work Plan Committee could review initial MERA Next Gen staffing needs and costs along with DPW staff requirements.

M/S/P Pearce/Cusimano to accept the CY2015 Executive Officer's Work Plan and extend Executive Officer compensated work hours at 25 average per week through the first quarter of 2015.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

Hymel introduced Maher, asking him to summarize Item 4, the FY13-14 Draft Audit. Cassingham distributed the draft Auditor Opinion. Maher said it cites what an audit is, the responsibilities of the Auditor, Management's preparation of the Financial Statements by Hom and Cassingham and the Auditors' unqualified opinion of those Statements.

Maher cited Page 3 of Management's Discussion and Analysis noting the Authority's net position decreased by \$1,744,000 due to depreciation of \$3.3M. He cited the Budget Summary as being at or near the plan and all was kept within Board authorizations.

Page 4 is a recap of the Balance Sheet. Maher pointed out 2014 and 2013 Capital Assets reflect the shortened depreciation lives of most of the equipment. By the end of 2018, the electronics will be fully depreciated. The statement of net position Unrestricted will become a negative

equity position with debt being more than the book value of assets. This is not a reflection of market values but cost being extended over useful life.

Maher highlighted Page 17 and 18 Bond and Note Payables, over the remaining life of those debts as scheduled. He said, in general, there was only one small minor adjustment and MERA is in good shape with excellent documentation. MERA's investments are in good order with the Trustee. Hymel said the Finance Committee discussed MERA going into a negative position and the significant value of our Towers, but as assets, do not represent a big dollar amount.

M/S/P Doyle/Berg to recommend Governing Board acceptance of MERA's Audited Financial Statements and Auditors' Report for FY13-14 as presented.

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

Cassingham asked to provide additional information on Item 9: Report on Bodega/Bay Hill Tower and Site Leases. Should Incline Partners be identified as the Tower owner, they have plans to have MERA temporarily relocate and construct a new tower which will be 20 feet taller to accommodate MERA and other subleasees. She said related MERA costs were unknown at this point and she will monitor and report out accordingly. Until proof of ownership is established, MERA's efforts and costs will be kept to a minimum regarding a new tower project. Hymel asked when the ownership ambiguity arose. Cassingham said this issue arose with the expiration of Crown Castle's site sublease on July 31, 2014 and ongoing dispute over tower ownership between the parties since MERA's original sublease in 2002. She said the party that owns the tower owns MERA's equipment. She will keep the MERA Boards updated.

M/S/P McCann/Berg to receive and file the Report on Bodega/Bay Hill Tower and Site Leases.

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

D. Executive Officer's Report (Cassingham)

1. Recommendations from Finance Committee Re:
Next Gen System Project Implementation
 - a) Initial Project Implementation Schedule, Cash Flow, Bond Financing Plan and Member Apportionment Formula:
 - 1) Implementation Schedule
 - 2) FY2014/15 Next Generation System Project Cash Flow Needs Forecast (Tackabery)
 - 3) Bond Financing Plan
 - 4) Member Apportionment Formula

- b) Policy for Gen III Replacement Reserve
- c) System Upgrade Agreement (SUA) for Gen II System
- d) Appointment of New Standing Committee for Project Oversight
- e) Review of MERA Contract Staffing for Next Gen Project by Executive Officer Work Plan Committee
- f) Contract and Budget for RFP Development and Other Initial Next Gen Project Services
- g) Development of Policy Regarding New Members and Non-Member and Mutual-Aid MERA System Users

Cassingham presented the 10 recommendations from the Finance Committee for the systematic implementation of Next Gen Project by the Governing Board.

- 1) Proceed with initiation of Next Gen Project Implementation, including development of an RFP to select a third-party consultant to update the AECOM Report Implementation Schedule and generate a Next Gen Project vendor RFP, to be funded by MERA Reserves for the remainder of FY14-15.
- 2) Absent a parcel tax, approve Plan B Next Gen Bond Financing Plan for the Project as described in the December 11, 2013 Next Gen Feasibility Study, beginning FY15-16 using member revenues with interest-only smoothing, at an annual estimated cost of \$3.6M for 20 years.
- 3) Assemble a Finance Team (Financial Advisor, Bond Counsel, Underwriters, MERA General Counsel, Disclosure Counsel, etc.) for the issuance of bonds and development of pledge documentation, in the absence of a parcel tax, for member approval prior to issuance on or about FY15-16.

Hymel clarified the pledge documentation as being by individual Member resolutions to fund debt financing over 20 years, similar to Member commitment to debt financing for the current system. McCann clarified with Hymel that this is consistent with Recommendation 2 and that Member resolutions would confirm Member funding of 20-year debt versus an initial 1-year agreement to initiate the Project. Cassingham confirmed with Bond Counsel that this could be accomplished with new pledges or an amendment to the Operating Agreement for the current system.

- 4) Approve continued use of the Lando Formula as set forth in the MERA Joint Powers Agreement for apportionment of Next Gen System Project costs.
- 5) Absent a parcel tax, eliminate funding for a Gen III Replacement Reserve.
- 6) Include in the vendor RFP a bid option for a System Upgrade Agreement (SUA) for the Next Gen System, which will extend useful System life with software upgrades every two years.
- 7) Direct development of a restructured Scope of Work for and appoint a Project Oversight Committee using the current Project Oversight Committee composition, which heretofore

has been focused on outreach, as a basis for membership supplemented by members with technical expertise.

- 8) Approve MERA staffing via a contract with RGS for Next Gen Project-related administrative and technical interface and support at an estimated cost of \$80,000 from January 1 – June 30, 2015, to be paid from the Replacement Reserve. The proposed scope of work for the Executive Officer and retitled Special Project Manager will be presented to the Executive Board for approval in January.

Cassingham said there has been discussion of also developing a revised scope of work for the DPW team regarding their roles with the Next Gen Project to establish clear responsibilities.

- 9) Approve refunding the 2007 New Project Note as part of the Next Gen System Project Financing Plan.
- 10) Refer development of a policy regarding new members and non-mutual aid System users to the Project Oversight Committee and Executive Board for future Governing Board action.

Cassingham noted the staff report attachments, specifically the memo from the Operations Officer on the initial Implementation cash flow needs, tasks and costs for the balance of FY14-15. She said attachment D-1a would be updated for consistency with the latest Audited Financial Statements and the interregnum costs between Gen I and Gen II financing. Finally, the Governing Board would need to clarify that the JPA apportionment formula for backbone costs would be used for cost apportionment for the Next Gen System.

Cusimano asked for clarification of Recommendation 2 as to the FY15-16 effective date of new debt service. Hymel said we need to separate Member contributions to new capital beginning in FY15-16 from current operating costs, realizing new O&M will come on line later. Cusimano said Members would need to know the immediate fiscal impacts for the Next Gen Project beginning with Next Gen debt service. Hymel said in the absence of a parcel tax, we are trying to minimize member impacts with interest only financing initially. McCann clarified that Member financing would be needed in FY15-16 since vendor selection and contract would occur the summer of 2015 requiring a committed source of funds to pay for all the Implementation.

Pearce noted the very specific AECOM timeline for implementing the Project and the need to update it. He also asked for more depth to the Operations Officer's Report including more detail on Project oversight, a more clear picture of activities, costs and timeline for the balance of FY14-15 both for current projects and Next Gen tasks, detailed responsibilities for MERA and the County regarding the Project and role of the Oversight Committee for presentation to the Governing Board. Hymel suggested a meeting of Pearce, Tackabery and him before the Governing Board meeting to clarify all this. Pearce further addressed the need to clarify MERA's decision points over the

Project, what MERA is paying for, including Chuck's services for current and Next Gen System responsibilities. Hymel said we will need to clarify additional MERA costs to begin implementation not already in MERA's budgets for administrative oversight and the Project itself between now and next FY. We will need funds for the Vendor RFP consultant when we contract. This is what needs to be clarified for the Governing Board.

Pearce said MERA committed a significant amount of Reserves for Next Gen Implementation as a centerpiece of strategic planning, which now may not be reimbursed for cash flow. Cusimano asked for background on the Lando Formula recommendation. Hymel said, while not everyone likes the formula, it is the established one and we should stay with it for the time being. Other Finance Committee discussions beyond this Formula included, with the absence of a parcel tax, rescoping the Project by having members buy their own radios and reconsidering additional sites. Both issues have been key to Project support as presented. The Committee felt that changing the Formula would be potentially disruptive to longstanding cost apportionment.

Hymel said the MERA Governing Board will, absent a parcel tax, need to initiate a vendor RFP subject to member concurrence via pledges prior to June 2015. He discussed the importance of the Project Oversight Committee's scope of work to ensure on-time and within budget Project performance. Jeffries said this could be a natural transition for the POC members from outreach to implementation oversight by adding members with technical expertise. McCann said we may need to circle back with the Members with another presentation on Next Gen without a parcel tax. He noted Cusimano and Chu's recent presentation to the City Managers' Association and non-recognition of issues associated with Plan B. It may be necessary to circle back with them in December to go over what Plan B implications are and what possible variations of B may be. Jeffries added the Managers' Association does not represent all 25 agencies.

Hymel posed what it will take for the Governing Board to give the green light for the RFP. In December, the Governing Board would need to approve the uses of Reserves to fund the RFP subject to Member pledges between now and June 30. Not proceeding with the RFP in early 2015 runs the risk of System performance issues. Pearce concurred we need member buy-in early on. Hymel said it may take another round of presentations to achieve this long-term commitment. Jeffries noted that the extent of member buy-in could affect RFP development. Cusimano added that Governing Board attendance needs to include elected officials as well as Managers to fully understand Plan B issues. Pearce said if it takes six months to get member commitment, this would push development of the RFP out beyond June, which would create other delays in the Project timeline.

Hymel said we will need Governing Board Member agreement at the December meeting to go back to their agencies for commitments to funding the Project. McCann asked if there was any flexibility in the Project timeline. Hymel said we are already exposed to complete loss of vendor support by our 2018 completion date. Cassingham said MERA would not have the resources for another ballot measure. Hymel reminded that the Board of Supervisors supported MERA's timing in 2014 over other measures. He said all this should be discussed with the Members along with Plan B costs. Pearce summarized that

using Reserves for RFP development while securing member support over the next six months is consistent with what needs to be done versus waiting six months to get underway. Rojas concurred noting DPW's estimate of \$200,000 for DPW staff time and a consultant refresh of the RFP is a reasonable risk of resources which will also allow an opportunity to revisit Project costs and development of a menu of choices on how the Project might be implemented for presentation to the Governing Board. Discussion ensued as to the likelihood of success of Measure A with Cusimano stating it is statistically possible based on absentee ballot trends.

M/S/P Cusimano/Pearce to recommend the Governing Board approval of the Finance Committee's recommendations, as presented, which permit initial Next Gen Project Implementation, absent a Parcel Tax, subject to obtaining Member funding commitments by June 30, 2015 to finance the balance of the Project.

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

2. Report #2 from Ad Hoc Subcommittee on Citizens Oversight Committee (COC) and Proposed Bylaws.

Cassingham summarized the Report which reflects prior Executive Board input and Proposed COC Bylaws. She suggested Executive Board action be predicated on parcel tax passage. The Bylaws are modeled after those of the Transportation Authority of Marin and do not reflect vetting by MERA's General Counsel.

M/S/P Pearce/Cusimano to recommend Governing Board approval of Report #2 from the Ad Hoc Subcommittee on Citizens Oversight Committee and Proposed Bylaws subject to passage of Measure A.

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

3) Proposed Tomales Telecommunication Facility Project

- a) Resolution of Necessity Re: MALT Agricultural Conservation Easement
- b) Amendment of Deed of Agricultural Conservation Easement and Development Rights by Marin Agricultural Trust and MERA and MALT Settlement Agreement.
- c) Parks Family Communications Site Lease Agreement
- d) Verizon Access Road Maintenance Agreement

Cassingham said the proposed Resolution, Deed Amendment and Agreements were the next steps in proceeding with the Tomales Project. Initial funding for this future MERA

Tower Site was approved by the Governing Board in FY09-10. Tackabery and the DPW team have expended significant time and effort to date in advancing the Project to this point. In order for MERA to use the site, MALT has requested a Settlement from MERA and Resolution of Necessity to modify use of the easement for a future tower site along with certain use restrictions. Subsequent to Resolution adoption, action of the Parks Trust site lease would follow along with the Verizon Access Road Maintenance Agreement. Final negotiations of these agreements are pending upon approval in concept. Financial considerations include a one-time \$13,100 payment to MALT, an \$850 monthly lease payment to the Parks Trust for 10 years, a \$25,000 road construction payment to Verizon and ongoing 50% share of access road maintenance. She emphasized that all payments are contingent upon issuance of a building permit for the project.

Cassingham said Tackabery has taken the lead in the development of these documents along with assistance from MERA General Counsel and County Real Estate Division. Hymel added that this site is part of the extended coverage with the Next Gen Project and has been worked on since 2009. Cassingham confirmed that site lease costs would be covered in the Operating Budget while any one-time payments would be made from the Replacement Reserve at such time building permits are issued. McCann said, if this Next Gen Site is affected by any re-scoping of the Project, will these agreements tie our hands. Hymel said no; however, if additional sites are reconsidered, this may affect member support of the Project, which is intended to address coverage issues. Tackabery said this site has taken a lot of time owing to its complexity of parties and more. Environmental review and permitting are now done and these approvals are the next steps. There is no expense to MERA until a building permit is pulled and these actions only give MERA the option to proceed.

M/S/P Pearce/Berg to recommend Governing Board approval of Resolution of Necessity Re: MALT Agricultural Conservation Easement and Amendment of MALT Easement Deed and Settlement Agreement with MALT, Parks Family Communications Site Lease Agreement and Verizon Access Road Maintenance Agreement in concept and subsequent to completion of substantive negotiations between MERA and the parties.

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

- 4) Marin LAFCO Notice of Review – Draft Legislative Proposal on JPAs and LAFCOs
Cassingham summarized her staff report seeking Executive Board input on proposed legislation to establish a formal relationship and reporting requirements between JPAs and LAFCOs. Deadline for comments is November 28, 2014. After some discussion, it was agreed that MERA not take a position on this proposal and defer to its member agencies to do so if they chose. McCann said LAFCOs already have the power to conduct municipal services reviews. Stutsman added that a central repository for information on JPAs could be beneficial.

5) Other Information Items

None.

E. Operations Reports (Tackabery)

1. Proposed Revisions to Additional Radio Policy and Procedures

Tackabery presented the Ops Group's review of the suggested changes to this Policy and Procedures as requested by the Executive Board on September 10, 2014. Changes include that non-member agency requests for radios be accompanied by a letter of sponsorship from a MERA Member along with minor revisions to the section on training. Pearce asked about including a requirement of a dual-band capable radios. Jeffries said a dual-band operable requirement would add to radio cost. Hymel said we could act on the proposed amendments and direct the dual-band language be presented at the next meeting.

M/S/P Cusimano/McCann to approve the Revisions to the Additional Radios Policy and Procedures as presented.

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

2. Other Information Items

None.

F. Open Time for Items Not On Agenda

None.

G. Adjournment

The meeting was adjourned at 4:58 p.m.

Respectfully submitted,

Maureen Cassingham
Executive Officer and Secretary

NEXT: MERA Executive Board Regular Meeting
Wednesday, January 14, 2015