

MARIN EMERGENCY RADIO AUTHORITY

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

DRAFT: 4/25/11

MERA FINANCE COMMITTEE

MINUTES OF APRIL 6, 2011, MEETING

A. Call to Order

The meeting was called to order by Cassingham at 3:32 p.m. on April 6, 2011, in the Heritage Conference Room at the Novato Fire Protection District Administration Office, 95 Rowland Way, Novato, CA.

Committee Members Present:

City of Belvedere	George Rodericks
County of Marin	Matthew Hymel
Marin County Transit District	David Rzepinski
Town of Ross	Tom Gaffney

Staff Present:

MERA Executive Officer	Maureen Cassingham
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B. Appointment of Chair

M/S/P Gaffney/Rodericks to elect Hymel as Chair.

AYES: All
NAYS: None
Motion carried.

M/S/P Hymel/Rzepinski to elect Gaffney as Vice Chair.

AYES: All
NAYS: None
Motion carried.

C. Strategic Plan Subcommittee Merger with Finance Committee

Cassingham reported that on March 2, 2011, the Sustainability Subcommittee recommended merging with the Finance Committee for greater efficiency. On March 9, 2011, the Executive Committee approved the merger which allows the entire Finance Committee, with the addition of Board Member Rodericks, to work on the short and long-term funding plans for current projects and system replacement. Hymel said the

merge also addressed the considerable overlap between the two groups. Cassingham said Kreins will continue on the Finance Committee but will not be able to attend regularly due to his commitments with the Outreach Subcommittee, Executive Committee and Board.

D. Minutes from March 2, 2011, Sustainability Subcommittee Meeting

M/S/P Rodericks/Rzepinski to accept the minutes from the March 2, 2011, meeting as presented.

AYES: All
NAYS: None
Motion carried.

E. Short-Term Funding Plan for Current NERA Projects – Next Steps

Cassingham summarized the short-term funding plan projects identified on pages 46 and 47 of the Strategic Plan. The first of those is the relocation of NERA's prime site to the new County EOF or interface with same if NERA remains at the Civic Center. Cost of relocation is estimated at \$5M or more depending on the site and interface is estimated at \$500,000 or more. This may be a more time-sensitive decision since the project is moving forward. Another project is the Tiburon Coverage project at the Martha Property at an estimated cost of \$2M-\$4M. If the property can be obtained as a land-use requirement, NERA would still incur construction costs. Mansourian just updated the Tomales Coverage Project construction costs as \$1.5M versus the \$2M stated in the Strategic Plan. A feasibility study, environmental review, community feedback, draft easement and access agreements with the property owners have been completed and the project is awaiting funding. Finally, there is a need for new operational frequencies estimated at \$250,000 for licensing and coordination, which would precede system replacement. Cassingham said current projects total costs range between \$10M-\$12M.

On March 9, the Executive Committee supported Mansourian's submission of a UASI grant application for \$1.2M to the Board of Supervisors for a 700 MHz conventional interoperability solution. Mansourian said the chances of receiving the grant are very good given how far ahead NERA is in comparison with other applicants. If funded, this project is the first step towards a 700 MHz system without committing ourselves to that technology. Any long-term funding plan would likely include an array of resources, including grants.

Rzepinski inquired about a Federal deadline to comply with 700 MHz. He attended an MTC meeting this morning where it was noted that transit agencies in the region had to be in compliance by 2013. At issue is transit agencies' commitment of funding to meet these requirements. Rzepinski asked if membership in NERA or receipt of UASI grant monies could be leveraged as funding. Marin Transit has an April 15 deadline to plan for and identify funding for this. Marin Transit will make the case that they are part of NERA, which should hold them in good stead. If MTC is pursuing funding, this could

be helpful to MERA. MTC is formulating their long-term plans with a 2035 threshold and has several pending requests for Bay Area agencies.

Cassingham said if the UASI grant is funded and it makes us interoperable with outside mutual aid agencies, this might make us compliant.

Rodericks clarified that the deadline is to commit to planning for 700 MHz versus becoming 700 MHz. Rzepinski said MTC's understanding is that there is a Federal deadline of January 2013. Hymel said he hadn't heard of this deadline and that there is no way we could be on a 700 MHz platform in three years. Cassingham said she would follow up with Mansourian to clarify what is going on.

Cassingham said the deadline for the development of the short and long-term funding plans is 12 to 18 months from the December 2010 adoption of the Strategic Plan or not later than July, 2012. The work of the Finance Committee will be very important to the work of the Outreach Subcommittee as it designs the community education campaign. Public affairs consultants have been engaged by the Subcommittee to develop internal and external communications strategies. The timing of community messaging needs to synch up with funding recommendations.

Gaffney recommended that there be one financing plan that includes both short and long-term projects. He said we need to identify our operating and capital costs and sources of revenue. We may want to consider parcel charges for operating costs along with other alternatives. He said it is important to identify the magnitude of the costs and the timing. He recommended development of an outline report with bullet points and tables that are easily understood. He will produce a draft that the Committee can add to. From the alternatives, the Committee can make rank-order recommendations. He said it would be helpful to the success of a ballot measure to show we are going after grants and using other public agencies as resources or partners.

Cassingham said one of the Strategic Plan's directions was to expand internal and external partnerships which could result in more resources. She mentioned hospitals and ambulance services as examples. Gaffney cited water and sewer districts as having secure revenues. He said these districts, along with sanitary districts, might want to buy into MERA. Cassingham said, while the buy-in formula is Board policy, the Board recently declined to charge two sanitary districts for the use of our Forbes Hill site. Gaffney and Cassingham commented that we may want to revisit this going forward. Rzepinski said capacity and coverage issues may preclude MERA from selling more services. Cassingham said the five new frequencies might give us the capacity to do so, but this would have to be confirmed by Mansourian. Hymel said it depends on the kind of usage by new members and that capacity can become an issue in a major event. Gaffney said water districts could be possible members. Hymel said MMWD is a MERA member. Gaffney said MMWD has a \$75-per-parcel charge which is collected with the property tax. \$45 and below is a viable parcel tax. MERA could generate significant funding at the \$30 range. A two-step procedure of a public hearing and mailed notices would be required. If less than 50% protest, an election is held.

Cassingham recapped MERA's current reserves as a baseline for available funds. The New Project Note Fund balance is \$1,122,000, Replacement Fund balance is \$928,000 and Emergency Fund balance is \$500,000 as of April 30, 2011, for a total of \$2,550,000. Hymel said, in terms of short-term funding needs, it is fairly unlikely MERA would move the prime site for the existing system given we are talking about the next gen system. A better estimate of cost for this is \$500,000 to \$1M since we would probably not replace the old technology as it nears the end of its useful life. He said the prime site is at the Civic Center which is built to office space seismic standards. In the long term, it makes sense for the prime site to be in a public safety building. With a new generation system in 7 to 10 years, it does not make sense to buy a new prime site for the old technology. The new technology should be housed in the essential public safety building. Rodericks asked if MERA would incur costs with the new EOF to house its prime site. Hymel said this would be the \$5M estimate for connection and housing. Hymel said the connection to the new EOF, whether it is on the Civic Center Campus or at the Marin Commons which is farther away, will cost \$500,000 to \$1M. He said this is MERA's decision and there is a certain risk in not relocating. The new EOF is two to four years away. Hymel clarified that the next gen system is 7 to 10 years away, so MERA would be buying a new platform at \$5M for a very short period of time.

Gaffney inquired about the current coverage issues and their costs. He said that MERA members have all been in this together. Densely populated areas have been easier to serve than less densely populated areas. Cassingham said that the March 2, 2011, Ops Group meeting notes stated the next gen system will address the current coverage and capacity issues. Hymel said Mansourian should be invited to the next Finance Committee meeting. For example, he could respond to whether the investment in Tomales would have lasting value or just for the next 5 to 7 years. Gaffney said we have just saved \$4M on connecting the current prime site to the new EOF and possibly another \$4M on current coverage projects if addressed by 700 MHz. Rzepinski said while 700 MHz may solve these problems, there may be more towers required and other issues. Hymel said the Tiburon tower site would be valuable to have even if it is not used. However, if 700 MHz requires more sites, the Tiburon property is the best one for Southern Marin. Mansourian's input is needed to better understand these issues. Regarding Tomales, Hymel said this is largely a County Fire issue which has been pending while other coverage issues have been addressed. The Committee needs to hear from Mansourian if the long-term new system has relevance to the short-term needs and whether it is necessary to do both. Gaffney said we also need to determine if operating costs will increase with the new system or whatever we do in the short-term.

F. Long-Term Funding Plan for MERA System Replacement – Next Steps

Hymel said a \$25 parcel tax for 120,000 parcels in Marin would generate \$3M per year. We will need to confirm the number of parcels. Hymel noted the Governance Work Group showed interest in a parcel tax which would require proof that MERA exhausted other funding alternatives. He senses MERA will need at least three funding sources like grant funds, a parcel tax and existing member agency funds. An assumption needs to be made as to the proportion of those sources to the total new system cost. Also, an assessment needs to be made on the voters' willingness to pay, plus a two-thirds vote is

required. Hymel raised the question about whether the members would continue their current financial support or not. Gaffney said only 50%+ of the vote is needed for a parcel tax or a property-related charge, which involves a two-step process of a public hearing and election. Gaffney supports having the members pay for operating costs and the parcel tax pay for capital. He said we also need to decide on whether to include a statement that not less than 85% of the tax will be used for purposes other than capital. This is dependent on how much funding we will need. The public affairs consultants will be able to advise on the dollar amount of the tax voters will support. Hymel clarified with Gaffney that he is considering that this is a property-related charge like the Ross Valley flood fee. Gaffney said this would be done on a one vote per parcel basis. With a two-thirds vote, we could consider G.O. bonds or a general tax. Gaffney clarified that schools do General Obligation bonds and parcel taxes. Hymel said G.O.s cannot be used by schools for enhancements. Gaffney said we should consider both. Rzepinski asked about the impact of Prop 26 limits on fees. Gaffney said it may not apply and that these are legal questions where we will need advice. Hymel said we should, at this point, assume a two-thirds vote is required. This is not insurmountable for public safety provided the amount per parcel is reasonable and their questions were answered. Gaffney said we should address what voters want to know. Cassingham said the ambassadors for a measure would be, in addition to police and fire, the elected officials from member agency governing bodies.

Rzepinski said with Measure B there was an advocacy group that operated autonomously to support it. Considerable effort was made to address in advance any opposition. He noted timing of the measure was very important. Hymel said the Committee needs to make recommendations on the proportion of the resources that will be applied to the \$50M cost of the replacement system, such as from grants and member agency contributions. Gaffney said a fact sheet should be developed regarding the resources to assure clear and consistent communications with the voters. Rodericks asked if the measure timeline was 2016. Hymel said it would be ideal to do the timing and development with grant funds.

Hymel said next steps should include Mansourian's input on resources and timing. Gaffney will develop some summary tables on projects and costs. Cassingham said the public affairs consultants should be asked for input at some point. Rodericks said police and fire need to be out front with any public relations initiatives for a successful measure. Rzepinski said Measure B, which added another \$10 on the vehicle registration fee, received 58% of the vote when 50% was needed.

Gaffney said payoff of the 2010 bonds in 10 years should be built into any financing plan along with the possible loss of members when existing debt is paid off. He said a parcel tax could pay for some current system overlapping costs. Hymel said it could also cover new system start-up costs. Gaffney said the tax could be implemented on a graduated basis to address these matters.

G. Preliminary FY 11-12 Operating Budget

Cassingham characterized the preliminary operating budget for next fiscal year as flat

against last year's. The budget will be presented to the Executive Committee on May 11 and to the Board on May 18. As for Site Rentals and Leases, she said the increase in 2011-12 reflected individual lease agreement escalators that vary from 0% to 5%+. Average utility increases are projected from 2% to 2½. Gaffney inquired about the need for County Communication Engineer expense. Hymel said these services were necessary for day-to-day system operations and Chuck was the contractor qualified to provide them. Hymel confirmed that any unexpended operating funds are transferred, per Board policy, to the Replacement Fund.

Hymel requested Cassingham send out preliminary 2011-12 MERA budget information to the members as soon as possible, subject to MERA Board approval in May, to assist them with budget development.

H. Other Information Items

None.

I. Open Time for Items Not on Agenda

None.

J. Adjournment

The meeting was adjourned at 4:40 p.m. Cassingham will poll the Committee for the week of May 23 for the next meeting.