

MARIN EMERGENCY RADIO AUTHORITY

c/o Novato Fire Protection District

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E.B. 1/8/14 AGENDA ITEM A-2

Executive Board

Minutes of November 13, 2013 Meeting

Call to Order:

The meeting was called to order by Chair Hymel on November 13, 2013 at 3:34 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 San Rafael	Chris Gray
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

Staff Present:

MERA Executive Officer	Maureen Cassingham
MERA Operations Officer	Craig Tackabery
MERA Special Project Manager	Dave Jeffries
MERA General Counsel	Tricia Ortiz
County Communications Engineer	Richard Chuck
Recording Secretary	Gretchen Felciano

Guests Present:

County Counsel's Office	Ed Kiernan
Indie Politics	Dan Mullen
Maher Accountancy	John Maher

Closed Session

Public Employee Performance – Executive Officer Evaluation

Pursuant to Government Code – Section 54947, the Chair asked if any member wanted a Closed Session. None was requested.

B. 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) 2013 Executive Officer Work Plan Update
 - b) Proposed Amendment No. 8 to Agreement for Professional Services with Regional Government Services Authority (RGS) – Executive Officer
 - c) Proposed 2014 Executive Officer Work Plan
- 2) 2013 Annual Progress Report on Authority Operations and Activities
- 3) Minutes from September 11, 2013, Executive Board Regular Meeting
- 4) FY12-13 Draft Audited Financial Statements and Auditors' Report – Maher Accountancy
- 5) Bi-monthly Report on MERA Reserve Funds Balances
- 6) Report on Bay Hill Site Subleases
- 7) Report #15 on Strategic Plan Implementation

Hymel noted that Items 1 and 4 would be removed for separate action.

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

AYES: All
NAYS: None
Motion carried.

Pearce summarized the Report from the Executive Officer Work Plan Committee and the Committee's recommendation of Amendment 8 to the RGS Agreement as presented and the Proposed 2014 E.O. Work Plan. He also noted their review of the progress on the 2013 Work Plan. Pearce and Gray thanked Cassingham for the last year of service.

M/S/P Gray/Cusimano to recommend Governing Board approval of Item 2 – Amendment No. 8, to the Agreement for Professional Services Between MERA and RGS and the Proposed 2014 Executive Officer's Work Plan.

AYES: All
NAYS: None
Motion carried.

Cassingham introduced Auditor Maher who summarized the FY12-13 Audited Financial Statements and Auditors' Report. He noted this draft addresses System depreciation which began in 2005 when the System went into service. Depreciable life was projected at 20 years. In this draft, the life of the asset was shortened to be fully depreciated by the end of 2018. In several years there will be a net deficit fund balance which is not significant from a cash-flow perspective. Leaving depreciation at the old rate, the replacement year would have a big charge-off.

Pearce asked about a 40-year lifespan for the towers. Maher said identifiable tower costs were under \$100,000, some of which may have been included in the backbone costs. Gray confirmed with Maher that equipment was purchased over several years up to 2004/2005, so the use of 2005

is artificial. Maher said depreciation is not a valuation but recognition of an expense. He said it is likely portions of the system will be in use with the new system; however, he had no breakdown for this. Gray and Maher noted current system life was estimated at 20 years with 22-year financing suggesting extended life. More engineering information could disclose original purchase costs which could identify if components could operate substantially beyond 2018.

Hymel said the question is what will be re-used with Next Gen and the values, noting the intention to extend the towers and lease sites. Hymel said what wasn't known at the Finance Committee meeting was the \$25-30K estimated tower value. He confirmed that depreciation would be until 2018, when Next Gen is expected to come online. Maher added that one other matter was discussed by the Finance Committee, which was accelerated compliance by one year with GASB on Bond financing costs being charged to expense and removed from the balance sheet as a prior period adjustment.

M/S/P Pearce/Gray to recommend Governing Board acceptance of Item 4, Draft FY12-13 Audited Financial Statements and Auditors' Report as presented.

AYES: All
NAYS: None
Motion carried.

C. Executive Officer's Report (Cassingham)

1) Proposed Memorandum of Understanding By and Between MERA and the County of Marin in Support of the Next Generation Radio System

Cassingham summarized her report on the proposed MOU, noting it is a non-binding pledge of support for MERA's Next Gen System that does not commit MERA or the County to the Project. General Counsel Ortiz and the County Counsel's Office jointly developed the document. Cassingham and Ortiz clarified that MERA would take the lead in preparing the proposed ordinance, establishing the parcel tax and ballot question. Duration of the MOU is two years subsequent to Board of Supervisors approval. MERA Governing Board consideration would be scheduled at their December meeting.

Pearce asked about the timing of this given the pending legal review of the parcel tax mechanism. Cassingham clarified that if MERA could be the taxing authority, this MOU would have no effect, but if the County takes the lead, this MOU would be operative. Any legal clarifications will be incorporated in the iteration presented to the Governing Board.

M/S/P Stutsman/McCann to recommend MERA Governing Board approval of the Proposed Memorandum of Understanding by and between the Marin Emergency Radio Authority and County of Marin in Support of the Next Generation Radio System with the correction of "Central Marin Police Authority".

AYES: All
NAYS: None
Motion carried.

- 2) Overview of Outreach Presentations (Jeffries)
- C2-A Round One Presentations
 - C2-B Round Two Presentations

Jeffries summarized that all presentations have been completed, with the final three scheduled by December 4. Including professional associations, in addition to MERA member governing boards, feedback has been received from over 200 people. Many questions were responded to at the time of the presentations while some answers are under development and will be addressed in Round Two. His report categorizes and lists questions encountered to date. Noteworthy were concerns about funding issues. Overall, presentations are going well.

Preparation of Round Two presentations is underway and subject to change based on Committee and Board decisions. The plan is to return to the members and provide updated information responses to pending questions and seek resolutions of support for MERA's Next Gen Project. Presentations to the Managers' and Chiefs' Associations will begin in late January followed by the member agencies. Jeffries also asked for Executive Board support for creating a Citizens Oversight Committee as defined by the POC Subcommittee in his Round Two Report. This Committee would review the collection and expenditure of proposed parcel tax revenues. Hymel said polling showed increased voter support with a Citizens Oversight Committee.

M/S/P Gray/Pearce to receive and file Reports on Round One and Two Presentations and support creation of the proposed Citizens Oversight Committee as described in Report Two.

AYES: All
NAYS: None
Motion carried.

McCann asked about Jeffries' sense of the support from the various member councils. He said some were very supportive while some individual members had questions. All agreed with the need for the project and the importance of voter support for funding it.

- 3) MERA Project Oversight Committee – Recommendations for 2014 –
Next Generation System Outreach Plan (Mullen/Price)

Cassingham introduced Mullen who summarized the Project Oversight Committee's recommendations for revising the 2014 Outreach Plan, based on consultants' input. The primary change is to accelerate public interaction, in person and online, parallel with Round Two member presentations. Mullen said, based on recent campaign experiences, starting public interaction earlier like through social media, will be more beneficial to the Project. He said segments of the public want to be involved earlier in the process versus after decision are made. Out of Round One, Jeffries received requests for presentation to community organizations, clubs and other leadership groups, sooner versus later. This will permit us to address issues as they arise versus after the fact.

Pearce inquired about the revised FY13-14 Outreach Budget in the report, noting projected savings of \$41,000. Mullen said this reflects all the work being done by Jeffries, Anderson and Cassingham, which reduces consultant expense. Pearce acknowledged all the staff effort going into outreach and this Project.

M/S/P Gray/Pearce to recommend Governing approval of accelerating public interaction in parallel with Round Two Member Presentations as outlined in the revised Outreach Plan.

AYES: All
NAYS: None
Motion carried.

- 4) Report from Executive Board Subcommittee – NFPD Request for Executive Board Seat
Cassingham presented the staff report on the Subcommittee's actions to date on NFPD's request. She noted there has been outreach by the members of the Subcommittee to NFPD Board and staff members. This matter has been submitted to the County Fire Chiefs' Association for their review at an upcoming meeting.

Pearce noted that representation of the Fire Services by NFPD on the Executive Board appears to be the best solution. An update will be presented to the Executive Board on January 8, 2014.

M/S/P Cusimano/Berg to accept the Report from the Subcommittee.

AYES: All
NAYS: None
Motion carried.

- 5) MERA Finance Committee Recommendation – Investment of MERA Bond Reserve
Cassingham presented the staff report on this, noting that the \$1,885,828 reserve investment in FNMA matures on December 11, 2013 and the current yield of 2.85%. Since maturity occurs between this meeting and that of the Governing Board, authorization is requested of Board Member Gaffney and the Executive Officer to reinvest the Reserve in the highest-yielding investment option per MERA Board policy. Hymel confirmed the interest rate will be considerably lower than the current rate.

M/S/P Pearce/Cusimano to confirm authorization of Gaffney and Cassingham to invest the MERA Bond Reserve in the highest-yielding option in accordance with MERA Policy.

AYES: All
NAYS: None
Motion carried.

- 6) Proposed MERA Surplus Property Policy and Procedures
• Request for Approval of Disposition of Certain MERA Assets

Cassingham stated the need for this policy and procedures was triggered by approval of the Bay Hill Site replacement generator. There is now a need to dispose of the original backup generator. Tackabery said County staff will salvage any reusable parts and recycle the remains and deliver the rest to the landfill. This policy and procedure will guide future replacement of other equipment. Cassingham said the County Purchasing Officer will likely work as the Operations Officer's designee in disposing of the property on MERA's behalf. Pearce confirmed the priority of disposition would be to the greatest benefit to MERA. Tackabery said cost/benefit utilization of DPW staff would be a factor.

M/S/P McCann/Gray to approve the Proposed MERA Surplus Property Policy and Procedures as presented and disposition of the old Bay Hill back-up generator as described.

AYES: All
NAYS: None
Motion carried.

- 7) Other Information Items
Cassingham noted her upcoming distribution of MERA General Counsel's opinion on activities of MERA Officials, Volunteers and Staff concerning ballot measures.

D. Operations Report (Tackabery)

- 1) Proposed Next Generation System Feasibility Study – 700 MHz Technology
- Next Gen System Operating/Maintenance Cost Estimate

Tackabery outlined the Study which was presented in draft at the July 24 meeting. It collects all the work done to date on the Study including a summary of \$6M grants received for the Next Gen Project. The DELTAWRX coverage analysis is attached and the coverage options are ranked. A system upgrade option is included which addresses planned system life. Alameda County has a 10-year agreement for system upgrade with their vendor. Every two years, the vendor provides a complete hardware and software upgrade which has proven to be very cost effective. McCann asked how this works. Tackabery said this is a 10-year agreement with Motorola, in Alameda County's case, where an annual fee pays for a system upgrade to the latest hardware and software standards. At the end of 10 years, you virtually have a new system. Berg asked if this would adhere to any FCC changes. Tackabery said this will be checked. Doyle asked how the fee is established. Tackabery confirmed it is a percentage of the total contract estimate for MERA's Next Gen System or \$450,000 per year. This is included as a below-the-line operating cost. Doyle asked if we would be better off setting this aside internally. Tackabery said what the vendor offered would be analyzed for the best ROI.

Pearce said the \$450,000 in Appendix H would increase the projected current system FY15-16 Operating Budget over the Next Gen Budget by 60% which without the SUA, operating costs from Gen I to II, would increase by 36%. Hymel said the SUA should be characterized as an option. Cassingham said the SUA should be an operating expense, not capital cost. McCann says the SUA answers questions being asked about funding system longevity.

Tackabery said the Next Gen budget was revisited based on updated microwave costs from the new EOF. The budget is still \$40M with a 15% contingency. The recommended project is 700 MHz, P-25 Phase 2 System with a target completion date of 2018. He recommends the Executive Board accept this and recommend it to the Governing Board. Pearce confirmed the original contingency as 25%. Tackabery said the reduction is due to updated project cost estimates and increased microwave bids from the EOF.

M/S/P Doyle/Gray to recommend Governing Board acceptance of the 700 MHz Next Generation System Feasibility Study as presented.

AYES: All
NAYS: None
Motion carried.

Gray complemented the document and its historical presentation. Tackabery said it is a repository of all the data collected on this over time, including peer exchange with Alameda County. Hymel asked if a System has a 10-year useful life after a 10-year SUA. Tackabery said that the Study notes that the industry historically develops new platforms every 6-7 years, then has a manufacturing run for 9-10 years and supports the systems for 5 years. Hymel said this would be part of the analysis of the annual \$450,000 cost to extend the system's useful life.

Pearce reiterated his concern over the contingency reduction with so many project unknowns. Tackabery said the budget was an estimate and cost depends on the bids. If they are higher than estimated, we would look to grants and member contributions to fund the difference or reduce the Project scope. Hymel said the constant is the limit the public is willing to spend. Doyle said a vendor cannot guarantee with a SUA that we will have a system that is operative for another 10 years. Hymel said an analysis would compare a sinking fund to the upgrade agreement in extending system life.

- 2) Update on County Counsel Review of Proposed Parcel Tax Mechanism
Tackabery summarized the work of County and MERA General and Bond Counsels' work to date on reviewing the NBS Property Tax Mechanism. Kiernan discussed the use of Government Code Section 53978 which permits a non-uniform parcel tax for police/fire services and a formation of a Community Facilities District which, while providing for broader project users, is more complicated, expensive and possibly stigmatic with voters. Tackabery said a special meeting of the Finance Committee should be convened to review these options in greater detail. Kiernan said other Government Code Sections have been successfully challenged on the uniformity issue. Hymel said what MERA is considering is various parcel tax rates for different classes of property like residential at \$29, apartments at \$20, etc. If our parcel tax was uniform, we would lose about \$10M in funding.

Hymel said the original preferred option was for MERA to issue a tax on its own which has been determined as impermissible. With the County issuing under 53978, a court validation would be sought before debt is issued. Kiernan added non-police/fire services project costs, which should be 15% or less, could be covered by other funding sources. Bond Counsel believes that all the infrastructure costs which are the bulk of the project budget would be for police/fire services and could be financed by 53978. The Finance Committee would review other funding sources. Hymel said it's likely only non-police/fire member radios would have to be funded by other sources like reserves.

Ortiz described the Mello-Roos CFD process as formation of a county-wide district with MERA as the legislative body. Mullen asked about the formation timeline which requires special meetings, resolutions, public hearings, etc. Hymel said 53978 should be our primary approach. Hogan clarified that police/fire services pertain to public safety response and the 911 System. Tackabery said system usage and radios breakdown can be used to determine the percentage of non-safety. Cassingham said system usage

information was provided to Bond Counsel and approximately 85% is police/fire. Police/fire financial contributions to the system are 87.6%. Hymel added that the only project cost that is not police/fire is the radios used by non-police/fire. Tackabery said project budget radio costs are \$11M, 15% of which is \$1.6M. Hymel said funding sources would be needed to cover the \$1.6M. In response to Berg, Ortiz clarified that the Code generally defines what police/fire services cover. She clarified there has been no challenge at this point to the definition. Jeffries clarified that Rangers were classified as police, so they were covered.

Cassingham said the Finance Committee and Executive Board need a comprehensive report on all this, including legal direction on project costs and other funding sources. Hymel confirmed consensus of the Board to explore 53978 over the CFD. Pearce wanted a clear breakdown of the non-safety component presented to the Finance Committee. Chuck will break out the non-safety radios for the Committee. He will need a public safety definition like for Humane, Probation, etc.

3) Proposal for Grant-Writing Services

Tackabery discussed grants received to date, pending applications and pursuit of additional external funding for the Next Gen Project. A consultant has been identified to help us pursue grants. Challenges included identification of a sponsor for each grant and local match. Also, many agencies have their own needs for grants which has us sometimes competing with ourselves. MERA has limited matching without a parcel tax. Pearce noted the often quick turnaround time for developing applications. He recommended forming a grants workgroup of member representatives to advise MERA on these opportunities. Doyle added that the timing of the use of grant funds is limited and funds cannot be banked. Hymel discussed the active pursuits of grants, post parcel tax, when MERA has leverage and match. We have already achieved \$6M in grants and we are still working on UASI and more. Pearce added funding agencies focus differs each year.

Hymel inquired about the estimated budget of \$45,000 for consultant and DPW staff time to apply for grants. Cassingham confirmed the Replacement Reserve could be used for this purpose. Pearce preferred to not use funds at this time but monitor opportunities for the right match for Next Gen and its timing and recommended the use of resources at those times.

M/S/P Cusimano/Pearce to form a Grants Workgroup with key representatives to recommend Next Gen grant opportunities and allocations as needed.

AYES: All
NAYS: None
Motion carried.

4) Request for Waiver of Radio Moratorium

- Marin Humane Society

Tackabery summarized the request noting the Ops Group recommendation to approve. As a non-member agency, the Society would pay for its radio and programming costs.

M/S/P Stutsman/Gray to approve the Marin Humane Society's request for waiver of MERA's Radio Moratorium for one additional radio.

AYES: All
NAYS: None
Motion carried.

5) Status/Work Statistics Reports (Chuck)

Tackabery said in addition to the standard reports, a member and non-member user report has been added. Chuck said usage is based on actual air time. Raw data from the new system brain can be presented in different formats as requested.

6) Other Information Items

Tackabery noted that MERA Ops will be updating training materials and the trained trainers list over the next year.

The Martha Project and tower site goes to the Board of Supervisors on December 3.

The 2013 Fire Code contains a complete rewrite for in-building radio coverage. Fire Marshals and Building Officials will be working together on implementation.

The Pt. Reyes generator has been installed. The Bay Hill generator will be installed shortly and building improvements are underway.

E. Open Time for Items Not on Agenda

None.

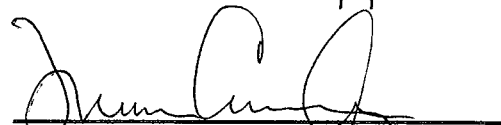
F. Adjournment

The meeting was adjourned at 5:09 p.m.

NEXT:

MERA Executive Board Meeting
Wednesday - January 8, 2014

Respectfully submitted *Approved*


Maureen Cassingham, Executive Officer