

**MARIN EMERGENCY RADIO AUTHORITY**

c/o Novato Fire Protection District

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[WWW.MERAONLINE.ORG](http://WWW.MERAONLINE.ORG)

**DATE:** June 15, 2017

**TO:** MERA Finance and Next Gen Project Oversight Committees

**FROM:** Dave Jeffries, Deputy Executive Officer for the Next Gen Project

**SUBJECT:** AGENDA ITEM F: Review of Updated Draft of Next Gen Project Budget, Funding Sources, Project Milestones and Cash Flow Schedule

Recommended Action: Review, discuss and accept report.

Background:

As the MERA Next Gen project moves through the Customer Design Review process, we are receiving additional and updated information that clarifies fiscal impacts of the Next Gen project on MERA financing. The attachments are intended to support a discussion by the committees and the development of fiscal recommendations to support the Next Gen project.

1. Next Gen Project Budget Overview – This is an on-going draft document that focuses on the majority of the Next Gen project that is funded by the Measure A Parcel Tax. While some of these expenses are now fixed, others are a best estimate and will be further refined as more information becomes available.
2. Funding Sources – A review of the various sources of funding for the Next Gen project, including Measure A and other funds. Some portions of the project are not eligible for Measure A funding.
3. Project Milestones and Cash Flow Schedule – An overview of the Motorola payment milestones, dates and projected amounts.

**ATTACHMENTS:**

Next Gen Project Budget Overview – Table 1 and Table 2

Cash Flow Schedule – Table 3

Project Milestones (5/11/17)

**DRAFT**

**Table 1**  
**Marin Emergency Radio Authority**  
**Next Gen Project**  
**MERA Next Gen Project Cost**

Item	Amount	Notes	Source
1 Motorola	24,420,000	Includes estimated applicable discounts	Motorola
3 Fire Station Alert	1,200,000	Estimate - Pre-Planned Change Order to Motorola (Update expected 06/07/17)	Motorola
4 Site Construction	3,000,000	Estimate	Motorola
5 Site Acquisition	7,000,000	Estimate - Site Acquisition, environmental, etc.	DPW
6 Federal Eng	355,000	Phase I Contract	DPW
7 Federal Eng	989,000	Phase II Contract	DPW
8 Marin DPW	2,000,000	County staff - Feasibility, planning, implementation agreement	MERA
9 Marin DPW	25,000	Non-staff expenses - Licensing, Permits, Frequency Coordination	DPW
10 RGS	795,000	MERA Staff - <b>thru 6/2019</b>	MERA
11 MERA Legal	225,000	Next Gen Project related Legal Expenses <b>thru 06/2019</b>	MERA
12 Fees	560,000	Administrative Fees, Audits, Parcel Tax Admin, Surety, etc <b>thru 06/2019</b>	MERA
13 Indie Politics	397,000	MERA Outreach and Public Education	MERA
14 Other Capital Cost	<u>30,000</u>	Dollar Hill (FY16/17)	MERA
- Subtotal	40,996,000		
15 Contingency	<u>8,199,200</u>		
- Total	\$49,195,200	20% of Items 1-12	Calculation
<b>Future Projects</b>			
2 Motorola	\$9,920,000	Year 4-15 Maintenance and SUA II costs ( <b>Payable annually 1/12 per year</b> )	Motorola
16 Longevity	Pending	Future Optional System Features and Related Engineering and Installation, non-radio equip replacement, Future Addl Sites, Back Up Prime Site	TBD

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**Table 2**

**Marin Emergency Radio Authority**

**Next Gen Project**

**Currently Available Capital**

<b>DRAFT</b>	<b>Current Capital Funding</b>
Bond Proceeds	\$33,000,000
Surety Proceeds	2,000,000
Replacement Fund*	100,000
Parcel Taxes	<u>2,400,000</u>
Available Capital	\$37,500,000

\* - \$1.1M in fund - retain \$1.0M for emergencies



Table 3

Marin Emergency Radio Authority  
Next Gen Project  
Capital Cash Flow

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	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Beginning Capital Funds	\$37,500,000	\$37,590,000	\$20,834,000	\$4,059,000	\$300,000	\$2,400,000	\$2,360,000	\$2,320,000
<b>Revenues</b>								
Note Project Financing	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000			
2010 Bond Payments	2,125,000	2,125,000	2,125,000	2,125,000	2,125,000			
<b>New Funding</b>			5,400,000					
Parcel Taxes (net)	3,550,000	3,550,000	3,550,000	3,550,000	3,550,000	3,550,000	3,550,000	3,550,000
Total Revenues	\$5,900,000	\$5,900,000	\$11,300,000	\$5,900,000	\$5,900,000	\$3,550,000	\$3,550,000	\$3,550,000
<b>MIRA Next Gen Capital Cost</b>								
<b>Item</b>	<b>Amount</b>							
Motorola	\$24,739,000	\$9,739,000	\$14,000,000	\$1,000,000				
Fire Station Alert	1,000,000		500,000	500,000				
Site Construction	3,000,000	2,000,000	1,000,000					
Site Acquisition	7,000,000	2,000,000	3,000,000	2,000,000				
Federal Eng	355,000							
Federal Eng	989,000	400,000	500,000	89,000				
Marin DPW	2,000,000	700,000	600,000	400,000				
Marin DPW	25,000	25,000						
RGS	795,000	300,000	300,000					
MIRA Legal	225,000	80,000	90,000					
Fees	560,000	200,000	150,000	90,000				
Indie Politics	397,000	197,000	200,000					
Other Capital Cost	30,000	30,000						
Contingency (15%)								
Maintenance and SUA II	6,170,000	2,350,000	3,100,000	570,000				
<b>Next Gen Capital Cost</b>	<b>\$47,285,000</b>	<b>\$18,021,000</b>	<b>\$23,440,000</b>	<b>\$4,649,000</b>	<b>\$840,000</b>	<b>\$840,000</b>	<b>\$840,000</b>	<b>\$840,000</b>
2007 Project Note	210,000	210,000	210,000	210,000	210,000			
2010 Refunding Bonds	2,125,000	2,125,000	2,125,000	2,050,000				
<b>New Funding (15 years, 3%)</b>				450,000	450,000	450,000	450,000	450,000
<b>2016 Revenue Bonds</b>				2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Subtotal Debt Service	\$4,635,000	\$4,635,000	\$4,635,000	\$5,010,000	\$2,960,000	\$2,750,000	\$2,750,000	\$2,750,000
Total Capital Expenses	\$5,810,000	\$22,656,000	\$28,075,000	\$9,659,000	\$3,800,000	\$3,590,000	\$3,590,000	\$3,590,000
Net Capital Revenues	\$90,000	-\$16,756,000	-\$16,775,000	-\$3,759,000	\$2,100,000	-\$40,000	-\$40,000	-\$40,000
Ending Balance	\$37,590,000	\$20,834,000	\$4,059,000	\$300,000	\$2,400,000	\$2,360,000	\$2,320,000	\$2,280,000

**Marin Emergency Radio Authority – Tentative Motorola Payment Milestones**

Version Date: 05/11/17

Payment	Description	%	\$	Taxes 8.75%	Taxes 9 %	Estimated Completion Date
	<b>Services &amp; Infrastructure</b>					
# 1	Completion of Kick Off Meeting	10%	\$1,715,362.21	0	0	Completed
# 2	Completion of Customer Design Review	10%	\$1,715,362.21	0	0	Q3 2017
# 3	Shipment of FNE from Staging	45%	7,719,129.95	\$1,435,342	\$1,476,351.76	Q4 2017
# 4	Completion of Installations (12 sites at \$357,367.13 each)	25%	\$4,288,405.53	0	0	Q3 2018
# 5	System Acceptance or Beneficial Use	5%	\$857,681.11	0	0	Q4 2018
# 6	Final Acceptance	5%	\$857,681.11	0	0	Q1 2019
	Total:	100%	\$17,153,622.12			
<b>OTHER</b>	<b>Subscriber Equipment</b>	If received in 2017	\$6,910,215.80	\$604,643.87	\$621,919.42	Q4 2017
		If received after 2017	\$7,410,215.80			
<b>OTHER</b>	<b>Post-Warranty / SUA</b>	Years 4-15	\$8,059,070.77 (Annual payments – TBD)	(TBD) Only part is taxable	(TBD)	

**Comments:**

- 1) Dates based on current project schedule. An updated schedule will be available after the Customer Design Review.
- 2) Following the Customer Design Review, some of the nearer dates should be defined as months rather than quarters.
- 3) Any project schedule may be subject to unplanned changes and delays.
- 4) This does not include the costs of Fire Station Alerting or any other future change orders.
- 5) Subscriber equipment is billed 100% upon shipment.
- 6) The Post-warranty and SUA payments are paid across a 12-year period, starting in year 4.
- 7) The taxable portion of the post-warranty / SUA payments are TBD.

**DRAFT – Subject to change**

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