

MARIN EMERGENCY RADIO AUTHORITY

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FINANCE COMMITTEE MEETING

MINUTES OF FEBRUARY 22, 2018

DRAFT: 3/26/18

Call to Order

The meeting was called to order by Chair Hymel at 3:08 p.m. on February 22, 2018 at the Marin Civic Center – CAO Room 325, San Rafael, California.

Committee Members Present:

County of Marin	Matthew Hymel
Marin County Sheriff	Robert Doyle
Town of Ross	Tom Gaffney

Staff Present:

MERA Executive Officer	Maureen Cassingham
MERA Deputy Executive Officer - Next Gen Project	Dave Jeffries

A. Minutes of November 3, 2017 Finance Committee Meeting

*M/S/P Gaffney/Doyle to approve the minutes from the November 3, 2017
Finance Committee Meeting as presented.*

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

B. Proposed Preliminary FY18-19 Operating, New Project Financing and Revenue Bonds Budgets – Cassingham

Cassingham presented the Budgets, noting the preliminary FY18-19 Operating Budget is \$1,932,154, which represents a 0.4% increase over the prior year's Budget. She reviewed the FY18-19 2007 Citizen Bank Loan Budget, noting the same annual payment established by Governing Board as prior years. The FY18-19 Refunding Revenue Bonds

payment is \$2,125,600, which is slightly higher than prior year, for which there is no discretion. She added that the corrected copy of the Operating Budget with Exhibits was sent on February 20. She said the correction addressed the double counting of NFPD rent of \$2,880. Finally, she said another adjustment is pending with the possible waiver of KWMR rent.

Gaffney noted that calling the final Bond payment early for the 2010 Bonds will save MERA \$80,000 in interest. Cassingham said this has been noted as a suspense item for future action.

M/S/P Gaffney/Doyle to recommend the Proposed Preliminary FY18-19 Budgets to the Executive Board for Operating, New Project Financing and 2010 Refunding Revenue Bonds.

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

C. Update on Next Gen System Project – Jeffries

Jeffries updated his report noting the Federal Engineering (FE) Project Manager replacement with David Mortimer effective March 1. Denis Marin will continue to remotely provide support services to Mortimer.

Hymel confirmed DPW and MERA staff interviewed Mortimer. Jeffries said he was the only candidate proffered by FE and his experience has been working for Harris, which is a Motorola competitor.

Jeffries recapped the Regional Planning Committee (RPC) approval process, which was completed on January 11 with a unanimous vote of support. Frequency Coordination has since approved MERA's application with the FCC granting our licenses for Radio Frequency (RF) on February 16. Microwave licensing is a separate process. Fire Station Alerting (FSA) vendor DCR is working with Hexagon, the County's CAD vendor. FSA should be on track by summer with a separate customer design process similar to Motorola's.

Jeffries reviewed the radio order process, noting the initial order of 33 dual band radios, which includes the free upgrade for agencies with immediate need for replacements. Gaffney confirmed that MERA will pay for these radios, which will be a part of their original allocation. Jeffries said they will be programmed for the current System and reprogrammed for Next Gen. The warranties will be restarted when the new system comes online. In response to Gaffney, Jeffries said MERA will pay for the lower cost radio model and Motorola will pay for the upgrade to dual-band. The 3 agencies who preordered were Novato PD, San Rafael PD and San Rafael Fire.

Jeffries reviewed the second early order scheduled for late Spring. Details are in flux due to strategizing with Motorola about accelerating the Project Schedule, which would involve taking all the mobiles this year as dual-band. Motorola was looking at nearly a year of programming once the new system is live, starting with vehicles. If we install dual-bands now, 8 months could be cut from the Project Schedule. The free dual-band upgrade offer would be included if taken this Summer.

Jeffries said if we proceed with the mobiles as discussed, this could be a 1,200 to 1,300 radio order out of the 3,000. Hymel asked if the members would begin ordering. Jeffries confirmed they could and this would include 1,000 mobiles. Earlier ordering would permit easier paced installation. Hymel asked who is driving the demand for the 1,000 radios. Jeffries said this is not agency-driven, but taking them earlier will shorten the Project Schedule by 8 months, which will save \$800,000 in soft costs due to Project delays.

Hymel expressed concern about taking radios too soon. Jeffries said they would be installed and in use, not in storage. Hymel said it would be better to order at member request versus MERA being held accountable if not utilized. Jeffries said waiting would reduce Project timeline savings. He added that the proposal would have all the radios come in this Summer followed by installation over time. The intention is when the new system comes online, the transfer of the radios from the old System to the new could be accomplished in a day versus working on both systems for a year. Unlike the current System, where radios were warehoused until the System was ready, these new radios will be put into use right away.

Hymel expressed concern for agencies taking the first round of radios feeling like they lost useful life if the system doesn't happen in 2 years. In response to Gaffney, Jeffries confirmed that the delivery would include every mobile, or about 1,000 radios. He added that the difference for the schedule is that mobile installations are very time consumptive. Members would have a choice of taking dual bands this Summer or taking delivery at the end. Warranties for mobiles and portables taken this year will be restarted when the Project is completed. In reference to service life, even with the warranties, the 12-year portable service life would be started now, not then. He added that programming strategies are currently being reviewed that would eliminate the need for technicians to work on individual radios.

In response to Hymel, Jeffries clarified that of the 3,000 radios, 1,000 are mobiles, but some agencies may choose to replace portables now. If we choose not to take mobiles now, the Summer portable order will be smaller. Hymel said he remains concerned for agencies taking early delivery, that they will have shorter radio useful life. Jeffries said he is hoping to present this significant change in radio delivery in greater detail to the Governing Board at their March meeting. Gaffney said getting the towers is the critical path which will allow more than enough time to install mobiles. He said we may be missing 2 towers for several years.

Jeffries clarified that whenever the towers are completed, Motorola is projecting another year to install mobiles. Motorola's offer of free dual-bands expires this Summer, which is \$500 per radio, or the \$500,000 discount offered in the Contract. Gaffney said he remains skeptical. Jeffries said his Governing Board's Staff Report on this continues to be updated as more details are confirmed to present the most informed proposal to them in March. Gaffney said this would have to include a Project Schedule and the new sites.

Jeffries reviewed the sites we are reusing, plus 2 sites required for RPC approval, one of which is new and the other is existing. Hymel said we are trying to identify which sites could take more time. Jeffries discussed individual sites like the existing Sonoma Mountain Site, which will be downgraded to microwave. Over The Air (OTA) is on the Mt. Burdell Site, above Novato, which is not surrounded by residents. While it is new to us, it is an existing television broadcasting site. Coyote Peak is at the Marin County Office of Education (MCOE) Camp, which is new for us, but has old 800 MHz equipment above Walker Creek.

Jeffries noted the new Tomales Site, which is on private land and Pt. Reyes, which is an existing site, will be reused. Muir Beach is a new site intended to be co-located with their new Fire Station. San Rafael sites are existing and will be reused. With Mill Valley, we are looking at an MMWD water tank with the existing Mill Valley City Hall Site as backup. He noted a meeting with City and DPW staff earlier today and requests for additional information. If MERA stays at City Hall, a 30- to 40-foot antenna will be needed. Mill Valley requested alternate sites be studied. Mt. Tiburon site will be reused. Wolfback is a new site, but is an existing RF site.

Hymel asked if there was a site that could stop us from going live. We need to strategize sites that have risk and have a backup plan to permit us to go live. This would also allow us to better know the timeline for when to take radio delivery. Ideally, we need to be in a position where a given site does not stop us from going forward. Gaffney noted we have yet to begin the CEQA process, which Jeffries said this will take 12 to 14 months start to finish. This said, Jeffries said taking the discount is ultimately a Governing Board decision that must be made in March to take delivery by the June deadline.

Hymel said the Governing Board's decision must be made on in-depth analysis and vetting of the radio delivery options before the March meeting. Jeffries said this is underway at the staff level as well as assessment of related updates from Motorola as they come in. Gaffney asked for a diagram of CEQA start dates in relation to radio delivery dates. Jeffries said there have been numerous draft schedules from Motorola with no final schedule at this point. The latest version shows a 4-month shortened timeline due to abbreviated RPC approval. Advanced vehicle installations would reduce the schedule by another 8 months, which brings us to mid-2020.

Hymel agreed with advanced vehicle installations, but said we need to know when that start date is to inform the delivery of the other radios. Hymel said Gaffney is needing to

know what would happen if a tower site was delayed and the impacts on radio delivery timing. A backup option to site delays will inform a different timeline. Jeffries, in response to Gaffney, said he will ask Motorola for a one-month extension of the June delivery discount to fully vet ordering timing.

Jeffries clarified that Motorola will reset the 3-year radio warranty timeline on Project acceptance. Hymel said the radios are affected by both warranty and useful life. Jeffries said a March Governing Board decision would permit the time needed to develop and submit the radio order by June. Motorola is okay with the discount if all the mobiles are taken by June, allowing for some portable orders as well. Gaffney confirmed the \$500,000 system equipment discount was in the Motorola Contract and the dual-band free-upgrade of \$500,000 was separate. Jeffries added that taking the mobiles early will save 8 months on the schedule and related expenses. He reminded that radio installation cannot begin early unless they are dual-band since they will have to work on both Systems.

Hymel inquired about the Committee's role in vetting the discounts and ordering issues before the Governing Board meeting. After some discussion, the Committee agreed on a vetting meeting including Hymel, Gaffney, Jeffries, Klock and Cassingham to review a staff report draft, followed by a Project Oversight Committee meeting to also vet in detail and make recommendations to the Governing Board. A possible POC meeting date might be the week of March 19. The POC composition includes Finance Committee representation.

Hymel requested a Project cash flow budget based on Measure A net proceeds after debt service and interest, expenses to date and projected expenses through acceptance. This will help to inform whether discounts are worth it. Jeffries added another technology factor affecting costs that will permit radio reprogramming with reduced technician involvement. Hymel said it may be possible, as Gaffney suggested, that more end-of-year discounts may be offered by Motorola. Gaffney added that a nailed-down schedule is critical to analyzing discounts, realizing there are still so many Project unknowns.

Gaffney confirmed there are budgeted amounts for CEQA, site acquisition and development. Jeffries said the Phase II CEQA WRA and JRA contracts are on the February 27 Board of Supervisors Agenda. Gaffney reiterated the need to work with total net proceeds and the upfront cash flow needs for Project expenses. Each year delay is another \$1.2M retained. Jeffries noted that the change orders currently being contemplated, such as over-the-air programming and site readiness, have not been included in the budget. Gaffney confirmed the site readiness change order would come from the Motorola Contract contingency. Longer life portable batteries could also be a change order.

Gaffney reiterated he would rather wait on the dual-bands until the schedule works. Hymel inquired about the possible need for another debt issuance, which would better be informed timing-wise by a firm Project Schedule and cash flow analysis. Gaffney added

that this would add to interest expense. Hymel stressed the importance of a premeeting before the Project Oversight Committee to have a better understanding of the facts. Gaffney said, based on the information we have now, this can't be done so Motorola needs to be pressed to provide more schedule and cost details and give us another month to develop our recommendations.

Hymel said we need a backup plan if there are delays with CEQA and the effect on the go-live date. Earlier delivery of radios may not be as good of a decision. If we can't answer affirmatively that the new system can be functional if there are CEQA delays, then foregoing the discount may be appropriate. He supports, however, the concept of preloading the mobiles to shorten the schedule. Jeffries will produce a draft in early-March for the smaller group review and comment.

Cassingham will gather the cash flow data for Gaffney's review. Gaffney needs expenditures to date along with Measure A income. Jeffries said he will work on a March 21 POC meeting and the smaller group can meet on March 19 or 20. Gaffney said Motorola postponing the discount decision deadline by one month would be very helpful. In response to Hymel, Jeffries confirmed that Klock and Marin have been receiving his draft discount analyses along with reviews of the wireless options for programming. There are long-term operational savings from some of these options from reduced technician programming time. He reminded the Committee that Motorola's SS1 and transcoder options took months to vet, only to find out they were unworkable.

D. Other Information Items

Cassingham announced the resignations of Pearce and Cusimano from the Finance Committee. Letters were received on January 9 and 11, respectively, from those members. Appointments will be scheduled for the March 11 Executive Board meeting. In response to Hymel, Cassingham said no interest has been expressed to date, but past appointments have been made from Executive Board ranks. After some discussion, the Committee agreed to stay with the same number of members, which is 5.

E. Open Time for Items Not on Agenda

None.

F. Adjournment

The meeting was adjourned at 4:06 p.m.

Respectfully submitted by:

Maureen Cassingham
MERA Executive Officer
and Secretary