

# **MARIN EMERGENCY RADIO AUTHORITY**

c/o Town of Corte Madera  
300 Tamalpais Drive, Corte Madera, CA 94925  
PHONE: (415) 927-5050  
WWW.MERAONLINE.ORG

## **FINANCE COMMITTEE MEETING**

### **MINUTES OF MARCH 10, 2021**

**DRAFT: 6/21/21**

#### **Call to Order**

The meeting was called to order by Chair Hymel at 11:32 a.m. on March 10, 2021, via Videoconference.

#### **Committee Members Present:**

County of Marin	Matthew Hymel
Marin County Sheriff	Jamie Scardina (Designee)
Town of Ross	Tom Gaffney
Central Marin Police Authority	Michael Norton

#### **Committee Members Absent:**

Town of Tiburon

#### **Staff Present:**

MERA Executive Officer	Maureen Cassingham
MERA Deputy Executive Officer – Next Gen Project	Dave Jeffries
Recording Secretary	Lorena Barrera

#### **Guests:**

County of Marin	Dan Eilerman
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#### A. **Minutes of February 17, 2021 Finance Committee Meeting**

*M/S/P Gaffney/Scardina to approve the minutes from February 17, 2021, Finance Committee Meeting as presented.*

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

B. Proposed FY19-20 Audited Financial Statements and Management Letter –  
(Cassingham – Recommendation)

Cassingham reported the FY19-20 Audit needs more time for completion due to invoicing challenges, uncashed checks to vendors and vendor staff delays. She proposed to present the Audit directly to the Governing Board at their March 24 meeting in order to meet the EMMA posting deadline unless the Finance Committee chooses to have a meeting prior to that date. She said a quorum of the Finance Committee is represented at the Governing Board so those members will receive it along with the Governing Board as soon as it is available and can comment at that meeting.

The Board accepted this proposal and asked that the Executive Officer use her discretion if there is something significant that requiring the Finance Committee review prior to the Governing Board meeting.

C. Proposed PRELIMINARY FY21-22 MERA Operating and New Project Financing  
(2007 Note) Budgets – (Cassingham – Recommendation)

Cassingham noted that the 2010 Refunding Revenue Bonds were retired on July 14, 2020. She presented the two Budgets for the Committee's consideration – the Fiscal Year 21-22 Operating Fund Budget and New Project Debt Service (2007 Project Note), as detailed in the staff report.

Cassingham said the Committees and Boards were previously advised of an increase in the Fund 70030 Operating Budget beginning this year due to existing site lease negotiations and new sites being leased along with an increase in the Utilities line item. This resulted in a 14.2% increase over prior year or approximately \$298,000. She noted that the 2007 Project Note will be retired on February 15, 2022.

Cassingham explained timing of the early review of this Preliminary FY21-22 Budget is in response to member requests for additional advance notice of any changes in their MERA costs, to assist them in preparing their Budgets.

Hymel said members anticipated Operating costs to increase and Debt Service payments being retired, which results in some leveling of total MERA payments. Cassingham said members will no longer be invoiced for the 2010 Bonds. Hymel said there had been some discussion about using savings for a Replacement Fund and to deal with cost increases going forward. He said at one point, a 50/50 share of savings and set aside had been discussed and asked if that issue had been resolved. Cassingham said the issue had been postponed due to COVID impacts on member budgets. He said it would be helpful to present the FY21-22 increase along with the Debt Service decrease, showing that while the Operating Budget is increasing by \$300,000, member Debt Service is being reduced by \$2M+. Cassingham said at such time the Replacement Fund is presented to the Governing Board, this will be reported accordingly.

Gaffney said there were prior discussions about some of the \$2.1M for a replacement fund. He said if it isn't done this year, members will allocate savings elsewhere.

Hymel said member agencies will still see a significant savings from Debt Service retirement. It may be the right time to offer a 30% savings with creation of a Replacement Fund instead of a 50% savings. Cassingham said this could be revisited at the Governing Board meeting. Hymel said it will be helpful to show the total of member contributions to MERA under Option A and Option B. He added most Board Members will want to know the cost impacts to their member agencies and savings which may make them more amenable to creating the Replacement Fund. Gaffney suggested showing the Bond Refunding Budget for 2020/21 in the column on the second page, with totals, as suggested by Hymel. Cassingham said that can be included in the staff report for the March 24 meeting.

Gaffney said he noticed that Sonoma Mt. rent is up significantly. Cassingham said there have been ongoing negotiations over the past nearly 2 years. She said the original rent was established in 2003 so a considerable increase was to be expected. She said the County of Sonoma uses a State schedule for telecommunication facilities rents with a discount for MERA's public safety emergency radio purposes at their site. Gaffney said he was confident MERA negotiated as best as possible and just noting the increase. Cassingham said with regard to site rents, in FY23/24 there will be a significant offset to the increased rents from the three decommissioned sites. She projected by FY23/24 total site rents will reflect about \$24K to \$25K increase over current rents.

Hymel suggested presenting two options – Option A being the total of A+B+C showing the increase and net savings and Option B being the creation of a replacement fund used to offset future increases with member agency contributions being flat for the foreseeable future. Gaffney agreed and said this is a good time to do it.

*M/S/P Gaffney/Scardina to approve the Proposed Preliminary FY21-22 MERA Operating and New Project Financing (2007 Note) Budgets, and present the Proposed Replacement Fund Funding Options, as recommended by the Finance Committee.  
Roll call followed.*

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

D. Finance Subcommittee Report on Next Gen Project Revised Budget –  
(Jeffries – Recommendation)

Jeffries shared the revised Project Budget. He said he met with the Finance Subcommittee, of Gaffney and Eilerman, on February 25 and March 4 to develop an updated Budget Summary and a Non-Public Safety Radios Next Gen Budget Summary. They reviewed Motorola Contract costs and Contract Change Order expenses, as detailed in the staff report. He noted that he adjusted the original contract total because the Motorola cost sheet included a \$1M discount if they had taken all the radios in 2017, which was not done. He recalculated all of the sales tax at 9% for consistency because the change orders had a 9% San Rafael sales tax instead of the original 8.45% Novato sales tax.

Jeffries shared a graphic showing the change orders categorized by System, SUA, PS Radios and Non-PS Radios. He reviewed the revised Budget Summary, explaining the adjustments made. He noted some savings of approximately \$300K have already been identified but they will wait until Bid Package #1 and #1A bids are awarded for actual savings. He said Bid Package #1 came in under the Engineer's estimate and Package #1A is on the street now. He noted Park Rangers, Probation Officers and District Attorney Investigators radios were moved into the Public Safety line item. He will confer with MERA General Counsel to be sure this is appropriate. He added Non-Safety 8000 Series mobiles were initially agreed to so that all radios could be installed before cutover. There would be a savings of approximately \$140,000 if Non-Safety radios were in the 6000 series, but this would require installation at and after cutover. He noted he also considered going back to the original mobile radio 4000 Series; however, he was recently informed those radios will not work with the Next Gen radio management system. All those radios would need to be programmed by the radio techs without over-the-air wi-fi programming. He will continue to explore other options to bring Non-Safety radio costs down as the current cost estimate of \$4M+ would deplete the current System Replacement Fund, leaving no funding for Gen I replacement equipment.

Gaffney said proposed Replacement Fund monies, in addition to purposes already discussed, could be used for Non-Safety radios. Jeffries said he expects Non-Public Safety Radio costs would be invoiced late Q-1 or Q-2, 2023 so there is time to identify funding sources.

Jeffries thanked Eilerman and Gaffney for their help. Eilerman said the table is an improvement and will help the members better understand the various Budget categories.

Jeffries said for the Governing Board, he will probably include the current Budget, what the proposed changes are and the variances.

Hymel said options regarding replacement of the Non-Public Safety radios are still being researched. Jeffries said Fire radio installations will be completed before cutover. Law will also be done before cutover since both these disciplines are challenging and he would like to keep them on one system as much as possible and not on two systems at once. He said he will need to talk to Motorola about what this will look like. Hymel said he will update the Replacement Fund spreadsheet to reflect what has been discussed.

*M/S/P Norton/Gaffney to approve moving the Replacement Fund discussion forward to the Governing Board.*

AYES: All  
NAYS: None  
ABSTENTIONS: None  
Motion carried by roll call vote.

E. Finance Subcommittee Report on Next Gen Project Cash Flow Needs – (Jeffries – Recommendation)

Jeffries said this item should be removed from the Agenda and postponed for consideration at the next meeting. He has been working with Gaffney and it needs more fine tuning now that the Next Gen Project Budget has been updated.

F. Report on Reinvestment of Measure A 2016 Bond Proceeds – (Cassingham – Recommendation)

Cassingham said, based on the upcoming expiration (March 31, 2021) of the Guaranteed Investment Contract with Bayerische Landesbank for the 2016 Bond proceeds, she and Gaffney had a discussion with Financial Advisors Sperry Capital on March 5 regarding the best options for reinvesting the proceeds, as detailed in the staff report. Gaffney added that they wanted an uncomplicated option for the Funds, noting a number of agencies use LAIF and it is very safe.

Staff recommended that MERA obtain Governing Board approval of a resolution establishing a MERA LAIF Trustee Bond Account at their March 24, 2021, meeting.

*M/S/P Gaffney/Scardina to request the Governing Board approve the Resolution establishing a MERA LAIF Trustee Bond Account.*

AYES: All  
NAYS: None  
ABSTENTIONS: None  
Motion carried by roll call vote.

G. Other Information Items.

None.

H. Open Time for Items Not on Agenda

None.

I. Adjournment

The meeting was adjourned at 12:12 p.m.

Respectfully submitted by:

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Maureen Cassingham  
MERA Executive Officer  
and Secretary