



MARIN EMERGENCY RADIO AUTHORITY
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Finance Committee
Minutes of January 18, 2023 Regular Meeting

Call to Order and Introductions

The teleconferenced regular meeting was called to order by Vice Chair Tom Gaffney on January 18 2023, at 2:11 p.m. Lorena Barrera called roll.

Executive Board Members

Representing	Representative	Present	Absent	Late Arrival
County of Marin	Matthew Hymel		X	
Marin County Sheriff	Jaimie Scardina	X		
Town of Ross	Tom Gaffney	X		
Central Marin Police Authority	Michael Norton		X	
Town of Tiburon	Greg Chanis		X	

<u>Other MERA Members Present</u>	President Vice President	Rich Pearce Todd Cusimano
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<u>Staff Present:</u>	MERA Executive Officer MERA Deputy Executive Officer, Next Gen Project Recording Secretary	Heather Plamondon Dave Jeffries Lorena Barrera
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<u>Guests Present</u>	Dave Alvey	Maze & Associates
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- A. Approval of Minutes from March 9th, 2022. (No Minutes from August 4th, 2022. There was no Quorum, so the time was used for informal discussion only. No Action Taken)

Member Gaffney noted for the record that in the March 9th meeting there was a discussion about the need for additional funding to finish the project, likely a bank loan or similar line of credit.

MOTION: M/S/C (Gaffney/Scardina) to approve minutes from January 18th Finance Committee Regular Meeting. **Roll call vote** Ayes: All, Noes: None, Abstain: Hymel, Norton, Chanis

- B. FY2022 Audit Presentation (David Alvey, MAZE)

David Alvey introduced himself to the board as MAZE & Associates' Audit Partner for MERA's Independent External Audit. His role is to audit financial statements annually and render an opinion. Mr. Alvey presented his findings in a slideshow for the board, first making note of the fact that his

firm is completely independent of MERA, and was able to give an unmodified and “Clean” opinion with all considered auditing standards practiced in the USA. He explains the impact of the new accounting pronouncement GASB 87, including the new lease liability and intangible right to use assets, as well as the new lease footnote disclosure.

Financial Highlights noted:

- Net position increased by \$2.1 million
- Total capital Asset additions of \$11.5 million
- Member service payments decreased by \$2 million
 - 2010 Bonds paid off in FY 20/21

Memorandum on Internal Control and Required Communication:

- Material Weakness: None
- Significant Deficiency: None
- Other Matters: Upcoming GASB Pronouncements

Required Communication:

- No disagreements with management
- No issues with accounting estimate and assumptions
- No reason to believe the scope was limited
- No second opinion

David Alvey then opened questions to the board, none needed.

MOTION: M/S/C (Scardina/Gaffney) to refer audit as a consent calendar item on the governing board agenda with the support of the MERA President and Vice President. **Roll call vote** Ayes: All, Noes: None, Abstain: Hymel, Norton, Chanis

C. Discuss Next Gen System Project Budget and Cash Flow (Plamondon/Gaffney)

Member Plamondon began the discussion on the project budget and cash flow, starting by presenting a draft of the Financial Plan for years 2023-2025. She notes what she believes to be current costs owed of \$32,280,000 from the start of the project to date, and explains to the board where these dollars have come from with respect to each contractor MERA has partnered with, including Motorola, AECOM, Fidato, and Federal Engineering. She also went over projected costs for the coming years 2023 (\$16,823,000), 2024 (\$11,608,000) and 2025 (\$3,849,000) , as well as the system upgrade agreement to begin approximately in 2028 (\$9,640,000). She compared these current and projected costs to the available capital funds, noting the remainder of the 2016 Bond Proceeds, Fund 38 Parcel Charges, Replacement Fund 36, Extra funds with Bank Trustee, and the Emergency fund, with a total of \$22,500,000 to use for capital financing. Member Gaffney explains that the committee has been talking about a necessary “bridge load” to cover the difference in upcoming costs vs. available assets. He continues with explaining the projection of Capital Revenues and Expenses, noting that MERA will need to borrow approximately \$7.6 million. He notes that a new debt charge of \$200,000 annually through a new line of bank credit would help meet the upcoming financial needs. The board continued discussing the specifics of these numbers, addressing the possibility of increasing the amount of replacement funding to meet needs. Member Plamondon brings up the potential of a “user fee” for member agencies to generate additional revenue, noting this model was used for another project she worked on previously. The board expressed that though increased costs are never popular, the parties involved will understand the need considering the state of the project. It was agreed that information from this financial plan would be presented to the governing board at their upcoming meeting. Additionally, Member Gaffney would reach out to banks to be considered for additional credit.

D. Discuss Operating Budget Planning for FY 24 (Plamondon)

Member Plamondon went over the document detailing the operating budget, noting that the format and presentation are still being tweaked to be useful/easily legible for the board. She notes that

insurance costs have increased dramatically due to doubling the number of sites requiring coverage. Also notes that billing for county contracts happens on a low frequency and thus does not appear in the reporting yet. Suggests we switch to a services-rendered billing system to better capture the costs incurred throughout the year. Also suggests that all non-capital expenses be moved to the operating budget to get a better read on the distribution of expenses. Member Gaffney requests that decimals (cents) be removed from the budget to improve legibility. Also notes that some line items on the document are remnants of prior versions and will be reconciled/cleaned up going forward.

- E. Other Information Items - none
- F. Open Time for Items Not on Agenda – none
- G. Adjournment

The meeting was adjourned at 3:19PM

Recording can be accessed on the Agendas and Minutes Page at: <http://www.meraonline.org>