



P25 System Financing and Cost Allocation Update

July 19, 2019



Interagency Finance meetings

Meetings were held with Budget and finance representatives from a number of WCRCS agencies.

- Results - Attendees Requested:
 - Updates to reflect paid and to-be-paid milestone payments.
 - The numbers have now been updated to reflect payments
 - Updates to include lump sum payment amounts
 - Updates for lump sums are now included
 - Various comments on the P25 Interlocal related to payments
 - Adjustment of Infrastructure payments annually
 - Pre-payment amounts should be fixed and not adjusted in the future
 - Utilization of reserve fund for default

- Washoe County will schedule and host another meeting with Finance and Budget representatives in September.



Financing Details

Project Costs

- Total project cost is \$26,537,511
- Washoe will prepay \$291,824 to cover half of the Dispatch Equipment and Services (without Microwave)
- Washoe and JOC have made / will make Milestone Payments in FY19 and FY20 totaling \$1,559,225 to cover a portion of System Equipment
- Subscriber Equipment and Services (radios) cost of \$10,960,587 will be paid by user agencies
- Net cost of \$13,725,875 to be financed

Item	Cost
System Equipment	7,224,616
Deployment Services	1,945,849
Additional Equipment and Services Discount	(4,592,982)
Greenfield Sites Price	2,675,478
Microwave Equipment, Software, and Licensing	2,236,646
Dispatch Equipment and Services (without Microwave)	583,648
Subscriber Equipment and Services	10,960,587
Extended Warranty Support	707,092
System Civils Allowance	4,796,578
Total Project Cost	\$26,537,511
½ of Dispatch Equipment and Services (without Microwave) Prepaid by Washoe County	(291,824)
Milestone Payments from Washoe County and JOC	(1,559,225)
Subscriber Equipment and Services (Not Financed)	(10,960,587)
Total Financed	\$13,725,875



Financing Details

Debt Service

- Various project components have different useful lives, ranging from 5 to 15 years
- Debt service structured to amortize project components within their respective useful lives
- Debt service wrapped to achieve level aggregate annual payments over life of the financing

Fiscal Year	5-yr Useful Life	7-yr Useful Life	15-Yr Useful Life	Aggregate Debt Service
2021	295,333	445,067	433,333	1,173,733
2022	292,600	453,200	432,000	1,177,800
2023	292,600	449,600	438,400	1,180,600
2024	292,200	450,600	434,400	1,177,200
2025	296,400	446,000	435,400	1,177,800
2026		741,000	436,200	1,177,200
2027		743,600	436,800	1,180,400
2028			1,177,200	1,177,200
2029			1,177,800	1,177,800
2030			1,177,000	1,177,000
2031			1,179,800	1,179,800
2032			1,176,000	1,176,000
2033			1,175,800	1,175,800
2034			1,179,000	1,179,000
2035			1,180,400	1,180,400
Total				\$17,667,733



Financing Details

Cost Allocation: Active Radios vs. LIDs

- Cost allocation for system O&M is being shifted from Active Radios to LIDs
- Total Operations budget is divided by the total number of LIDs on WCRCS system
 - Provides the per-radio cost to be multiplied by agency radio (LID) counts
 - Simpler to track and less variance year-to-year
- Debt service also proposed to be allocated based on LIDs
- Cost shares for most user agencies are similar under both methodologies based on FY 2019 data

Washoe County Regional Communications System Comparison FY 2019 vs. FY 2020 without NDOT	Active Radio Count		Active Share	LID Count	LID Share
	FY 2019	FY 2020		FY 2020	
	Nevada Air National Guard	27.0	30.0	0.7%	32.0
Reno-Tahoe Airport Authority	262.5	281.5	6.3%	292.5	5.6%
Drug Enforcement Administration	23.0	17.0	0.4%	26.0	0.5%
Federal Bureau of Investigations	22.0	26.0	0.6%	29.0	0.6%
Incline Village General Improvement District	3.0	3.0	0.1%	4.0	0.1%
North Lake Tahoe Fire Protection District	82.5	92.5	2.1%	108.0	2.1%
Carson City Fire Department	2.0	7.0	0.2%	7.0	0.1%
Nevada Shared Radio System	1,580.0	0.0	0.0%	0.0	0.0%
Pyramid Lake Paiute Tribe	72.0	76.0	1.7%	88.0	1.7%
REMSA	17.0	18.0	0.4%	22.0	0.4%
Reno, City of	1,011.0	1,045.5	23.4%	1,171.5	22.5%
Reno-Sparks Indian Colony	59.0	53.0	1.2%	70.0	1.3%
Sparks, City of	410.0	415.0	9.3%	487.0	9.4%
Truckee Meadows Fire Protection District	294.0	307.5	6.9%	323.5	6.2%
Truckee Meadows Water Authority	47.0	42.0	0.9%	122.0	2.3%
University of Nevada, Reno	86.0	82.0	1.8%	92.0	1.8%
US Department of Veterans Affairs Police	5.0	5.0	0.1%	20.0	0.4%
Washoe County School District	788.5	791.5	17.7%	868.5	16.7%
Washoe County	1,203.5	1,167.5	26.2%	1,438.0	27.6%
Total	5,995.0	4,460.0	100.0%	5,201.0	100.0%



Financing Details

Projected User Agency Costs

- **System costs to be financed by a bond issuance in 2020, with associated debt service repaid over 15 years**
 - Before the financing, agencies can *prepay* their share of system costs as a lump sum, computed based on LID share
- **Issuance will take several months and comes with other financed costs, such as legal fees and underwriting fees**
 - Fees are estimated at \$347,000 and will be amortized over the life of the bonds
- **True Interest Cost for the 15 year financing is conservatively estimated at 3.3%**
 - Assuming Washoe County's General Obligation Bonds, currently rated Aa2/AA
- **Annual operations costs and debt service (for agencies that do not prepay) are proposed to be adjusted annually to reflect latest LID share information**



Financing Details

Estimated Operations and Capital Cost Allocation

Washoe County Regional Communications System Comparison FY 2019 vs. FY 2020 without NDOT	LID Count FY 2020	LID Share	Lump Sum Prepayment	Total Debt Service (15 years)	Level Annual Debt Service	FY 2020 Operations Cost	Annual Debt Service + Operations
Nevada Air National Guard	32.0	0.6%	\$84,451	\$108,704	\$7,247	\$9,749	\$16,996
Reno-Tahoe Airport Authority	292.5	5.6%	771,932	993,619	66,241	89,114	155,355
Drug Enforcement Administration	26.0	0.5%	68,616	88,322	5,888	7,921	13,809
Federal Bureau of Investigations	29.0	0.6%	76,533	98,513	6,568	8,835	15,403
Incline Village General Improvement District	4.0	0.1%	10,556	13,588	906	1,219	2,125
North Lake Tahoe Fire Protection District	108.0	2.1%	285,021	366,875	24,458	32,904	57,362
Carson City Fire Department	7.0	0.1%	18,474	23,779	1,585	2,133	3,718
Nevada Shared Radio System	0.0	0.0%	0	0	0	0	0
Pyramid Lake Paiute Tribe	88.0	1.7%	232,239	298,935	19,929	26,810	46,739
REMSA	22.0	0.4%	58,060	74,734	4,982	6,703	11,685
Reno, City of	1,171.5	22.5%	3,091,687	3,979,571	265,305	356,912	622,217
Reno-Sparks Indian Colony	70.0	1.3%	184,736	237,789	15,853	21,326	37,179
Sparks, City of	487.0	9.4%	1,285,234	1,654,333	110,289	148,371	258,660
Truckee Meadows Fire Protection District	323.5	6.2%	853,744	1,098,926	73,262	98,558	171,820
Truckee Meadows Water Authority	122.0	2.3%	321,968	414,433	27,629	37,169	64,798
University of Nevada, Reno	92.0	1.8%	242,796	312,523	20,835	28,029	48,864
US Department of Veterans Affairs Police	20.0	0.4%	52,782	67,940	4,529	6,093	10,623
Washoe County School District	868.5	16.7%	2,292,044	2,950,284	196,686	264,599	461,285
Washoe County	1,438.0	27.6%	3,795,002	4,884,868	325,658	438,105	763,763
Total	5,201.0	100.0%	\$13,725,875	\$17,667,733	\$1,177,849	\$1,584,550	\$2,762,399
<i>Cost Per Radio</i>				<i>\$3,396.99</i>	<i>\$226.47</i>	<i>\$304.66</i>	<i>\$531.13</i>

Source: PFM Financial Advisors LLC



Financing & Interlocal General Timeline

- **September, 2019 – Meet with Interagency Finance/Budget representatives**
 - Goal: Recommend to the JOC
 - Specific cost allocation methodologies and Interlocal changes
 - Acceptance of Washoe County's finance arrangement for the P25 Radio System.
- **October, 2019 – JOC Meeting**
 - Goals: Gain general acceptance of Washoe County P25 Interlocal language
 - October to January: Legal review/revision of P25 Interlocal
- **January, 2020 – JOC Meeting**
 - Goals: JOC approval of the Washoe County P25 Interlocal.
 - Initiate Washoe County P25 Interlocal approval and signing by member agencies
- **January 2020 – Initiate Financing application process**
 - Goal: Secure financing for Washoe County P25 System at the start of Fiscal Year 2021