



P25 System Financing and Cost Allocation Update

October 18, 2019



Interagency Finance meetings

Two meetings, one in July and one in September, 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
 - Default on Infrastructure payments should be covered by Washoe County, not spread across all agencies.
- Results II: many changes to draft Interlocal language:
 - Each Agency's Annual (or Prepaid) Debt Service Payments are static and will not change
 - Pre-payment allowed if agency can commit to pre-pay by June 1, 2020
 - Pre-payments due by July 15, 2020
 - No additional payments required after pre-payment
 - Debt Reserve Fund for default – Agencies paying annual debt service payments pay into a Service Reserve Fund: the fund is used in the case that an agency defaults.
 - If Debt Service Reserve Fund is exhausted, Washoe County will be responsible for the default amounts.



Financing Details

Project Costs

- Total project cost is \$26,537,511
- Dispatch Equipment and Services (without Microwave), \$583,748, will be paid by user agencies.
- Washoe and JOC have made or 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 \$13,434,051 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
Dispatch Equipment and Services (without Microwave) Paid	(583,648)
Milestone Payments from Washoe County and JOC	(1,559,225)
Subscriber Equipment and Services (Not Financed)	(10,960,587)
Total Financed	\$13,434,051



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	296,358	398,870	457,438	1,152,667
2022	292,400	403,200	455,600	1,151,200
2023	292,400	401,200	456,000	1,149,600
2024	292,000	403,800	456,200	1,152,000
2025	291,200	400,800	456,200	1,148,200
2026		692,400	456,000	1,148,400
2027		696,800	455,600	1,152,400
2028			1,150,000	1,150,000
2029			1,151,400	1,151,400
2030			1,151,400	1,151,400
2031			1,150,000	1,150,000
2032			1,152,200	1,152,200
2033			1,152,800	1,152,800
2034			1,151,800	1,151,800
2035			1,149,200	1,149,200
Total				\$17,263,267



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 Budget Comparison FY19 vs FY20 without NDOT	Active Radio Count		Active Share	LID Count	LID Share
	FY20	FY21		FY21 No NSRS	
	Total	Total		Total	
Nevada Air National Guard	30.0	23.0	0.4%	32.0	0.6%
Reno-Tahoe Airport Authority	281.5	268.0	4.2%	298.0	5.4%
Drug Enforcement Administration	17.0	16.0	0.3%	26.0	0.5%
Federal Bureau of Investigations	26.0	22.0	0.3%	29.0	0.5%
Incline Village General Improvement District	3.0	3.0	0.0%	3.0	0.1%
North Lake Tahoe Fire Protection District	92.5	91.0	1.4%	109.0	2.0%
Carson City Fire Department	7.0	5.0	0.1%	17.0	0.3%
Nevada Shared Radio System	1,643.0	1,689.0	26.5%	0.0	0.0%
Pyramid Lake Paiute Tribe	76.0	72.0	1.1%	91.0	1.6%
REMSA	18.0	16.0	0.3%	22.0	0.4%
Reno, City of	1,045.5	1,115.5	17.5%	1,272.5	23.0%
Reno-Sparks Indian Colony	53.0	49.0	0.8%	68.0	1.2%
Sparks, City of	415.0	407.0	6.4%	491.0	8.9%
Truckee Meadows Fire Protection District	307.5	300.5	4.7%	327.5	5.9%
Truckee Meadows Water Authority	42.0	46.0	0.7%	122.0	2.2%
University of Nevada, Reno	82.0	76.0	1.2%	92.0	1.7%
US Department of Veterans Affairs Police	5.0	10.0	0.2%	22.0	0.4%
Washoe County School District	791.5	960.5	15.1%	1,063.5	19.3%
Washoe County	1,167.5	1,210.5	19.0%	1,438.5	26.0%
Total	6,103.0	6,380.0	100.0%	5,524.0	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 \$330,000 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



Financing Details

Estimated Capital Cost Allocation

Washoe County Regional Communications System Comparison FY 2019 vs. FY 2020 without NDOT	LID Count	LID	Lump Sum Prepayment	Total Debt Service	Level Annual Debt Service
	Total	Share			
Nevada Air National Guard	32.0	0.6%	\$77,822	\$100,004	\$6,667
Reno-Tahoe Airport Authority	298.0	5.4%	724,719	931,291	62,086
Drug Enforcement Administration	26.0	0.5%	63,231	81,254	5,417
Federal Bureau of Investigations	29.0	0.5%	70,526	90,629	6,042
Incline Village General Improvement District	3.0	0.1%	7,296	9,375	625
North Lake Tahoe Fire Protection District	109.0	2.0%	265,082	340,640	22,709
Carson City Fire Department	17.0	0.3%	41,343	53,127	3,542
Nevada Shared Radio System	0.0	0.0%	0	0	0
Pyramid Lake Paiute Tribe	91.0	1.6%	221,307	284,388	18,959
REMSA	22.0	0.4%	53,503	68,753	4,584
Reno, City of	1,272.5	23.0%	3,094,647	3,976,739	265,116
Reno-Sparks Indian Colony	68.0	1.2%	165,372	212,509	14,167
Sparks, City of	491.0	8.9%	1,194,084	1,534,443	102,296
Truckee Meadows Fire Protection District	327.5	5.9%	796,461	1,023,483	68,232
Truckee Meadows Water Authority	122.0	2.2%	296,697	381,267	25,418
University of Nevada, Reno	92.0	1.7%	223,739	287,513	19,168
US Department of Veterans Affairs Police	22.0	0.4%	53,503	68,753	4,584
Washoe County School District	1,063.5	19.3%	2,586,371	3,323,585	221,572
Washoe County	1,438.5	26.0%	3,498,349	4,495,512	299,701
Total	5,524.0	100.0%	\$13,434,051	\$17,263,267	\$1,150,884
Cost per radio			\$2,431.94	\$3,125.14	\$208.34

Source: PFM Financial Advisors LLC



Financing Details

Estimated Capital Cost + Operations Cost

Timeline – Cost per Radio – *For discussion only, actual timeline may vary*

	FY20	FY21	FY22	FY23	FY24**
Operations*	\$285.60	\$277.26	\$281.40	\$285.65	\$339.87
P25 Infrastructure (Debt Service Payments)	\$0	\$208.34	\$208.34	\$208.34	\$208.34
Total Cost Per Radio	\$285.60	\$485.60	\$489.74	\$493.99	\$548.21

* Assume 10% Infrastructure contribution and 1.5% increase in costs per year.

** FY24 operations allocations are calculated by LID, not active radio. NDOT no longer pays operations cost, which accounts for the increase from FY23.