



P25 System Financing and Cost Allocation Update

800 MHz Joint Operating
Committee
January 17, 2020



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.



Additional change requests

Additional Changes include:

- Addition of language defining "financing costs."
- Change of pre-payment commitment date to June 8.
- Change of Interlocal term to sixteen (16) years.
- WCTS will notify a Partner Agency if they have overdue payments at 30, 60, and 90 days.



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 FY20 vs FY21	Active Radio Count		Active Share	LID Count	LID Share
	FY20	FY21		FY21 No NSRS No Active Qualifier	
	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%	116.0	2.1%
Carson City Fire Department	7.0	5.0	0.1%	10.0	0.2%
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%	94.0	1.7%
REMSA	18.0	16.0	0.3%	22.0	0.4%
Reno, City of	1,045.5	1,115.5	17.5%	1,283.5	23.2%
Reno-Sparks Indian Colony	53.0	49.0	0.8%	68.0	1.2%
Sparks, City of	415.0	407.0	6.4%	491.5	8.9%
Truckee Meadows Fire Protection District	307.5	300.5	4.7%	333.0	6.0%
Truckee Meadows Water Authority	42.0	46.0	0.7%	102.0	1.8%
University of Nevada, Reno	82.0	76.0	1.2%	76.0	1.4%
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%	1,069.5	19.3%
Washoe County	1,167.5	1,210.5	19.0%	1,459.0	26.4%
Total	6,103.0	6,380.0	100.0 %	5,534.5	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 Operations and Capital Cost Allocation – FY21

			Active Radio-based Operations Allocation		LID-Based Infrastructure Construction Allocation			
Washoe County Regional Communications System Costs - FY21 - Active Radio Operations Cost + LID-based Level Annual Debt Service	LID Count Total	LID Share	Active Radio s FY21	FY21 Operations Cost by Active Radio	Lump Sum Prepayment	Total Debt Service	Level Annual Debt Service	Operations Cost + Level Annual Debt Service***
	Total	Share						
Nevada Air National Guard	32	0.58%	23	\$ 5,797.27	\$ 77,674.52	\$ 99,814.71	\$ 6,654.31	\$ 13,696.74
Reno-Tahoe Airport Authority	298	5.38%	268	\$ 67,550.77	\$ 723,343.96	\$ 929,524.52	\$ 61,968.30	\$ 142,470.98
Drug Enforcement Administration	26	0.47%	16	\$ 4,032.88	\$ 63,110.55	\$ 81,099.45	\$ 5,406.63	\$ 10,383.46
Federal Bureau of Investigations	29	0.52%	22	\$ 5,545.21	\$ 70,392.53	\$ 90,457.08	\$ 6,030.47	\$ 12,733.25
Incline Village GID	3	0.05%	3	\$ 756.17	\$ 7,281.99	\$ 9,357.63	\$ 623.84	\$ 1,518.01
North Lake Tahoe Fire Protection	116	2.10%	91	\$ 22,937.01	\$ 281,570.13	\$ 361,828.34	\$ 24,121.89	\$ 51,764.79
Carson City Fire Department	10	0.18%	5	\$ 1,260.28	\$ 24,273.29	\$ 31,192.10	\$ 2,079.47	\$ 3,673.72
Nevada Shared Radio System	0	0.00%	1689	\$ 425,721.08	\$ -	\$ -	\$ -	\$ 468,293.19
Pyramid Lake Paiute Tribe	94	1.70%	72	\$ 18,147.97	\$ 228,168.90	\$ 293,205.72	\$ 19,547.05	\$ 41,464.52
REMSA	22	0.40%	16	\$ 4,032.88	\$ 53,401.23	\$ 68,622.62	\$ 4,574.84	\$ 9,468.50
Reno, City of	1283.5	23.19%	1116	\$ 281,167.47	\$ 3,115,476.41	\$ 4,003,505.78	\$ 266,900.39	\$ 602,874.64
Reno-Sparks Indian Colony	68	1.23%	49	\$ 12,350.70	\$ 165,058.35	\$ 212,106.27	\$ 14,140.42	\$ 29,140.23
Sparks, City of	491.5	8.88%	407	\$ 102,586.43	\$ 1,193,032.07	\$ 1,533,091.62	\$ 102,206.11	\$ 225,271.79
Truckee Meadows Fire Protection District	333	6.02%	301	\$ 75,742.56	\$ 808,300.46	\$ 1,038,696.86	\$ 69,246.46	\$ 159,487.92
Truckee Meadows Water Authority	102	1.84%	46	\$ 11,594.53	\$ 247,587.53	\$ 318,159.40	\$ 21,210.63	\$ 36,085.68
University of Nevada, Reno	76	1.37%	76	\$ 19,156.19	\$ 184,476.98	\$ 237,059.95	\$ 15,804.00	\$ 38,456.20
US Department of Veterans Affairs PD	22	0.40%	10	\$ 2,520.55	\$ 53,401.23	\$ 68,622.62	\$ 4,574.84	\$ 7,804.93
Washoe County School District	1069.5	19.32%	961	\$ 242,098.93	\$ 2,596,028.07	\$ 3,335,994.89	\$ 222,399.66	\$ 510,948.45
Washoe County	1459	26.36%	1211	\$ 305,112.71	\$ 3,541,472.60	\$ 4,550,927.10	\$ 303,395.14	\$ 669,358.63
Total	5534.5	100.00%	6380	\$ 1,608,111.59	\$ 13,434,050.80	\$ 17,263,266.66	\$ 1,150,884.44	
Cost Per Radio				\$277.26			\$228.74	\$506.00

*** This column is calculated as ("FY21 Operations Cost by Active radio" * 1.1) + ("Level Annual Debt Service" * 1.1)
Each column is multiplied by 1.1 to account for the 10% Infrastructure contribution in the Operations budget and the 10% contribution to the Debt Reserve Fund per the P25 Interlocal.



Financing Details

Estimated Capital Cost + Operations Cost

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

	FY20	FY21	FY22	FY23	FY24**
Operations*	\$285.60	\$277.26	\$281.40	\$285.65	\$339.87
P25 Infrastructure (Debt Service Payments)***	\$0	\$228.74	\$228.74	\$228.74	\$228.74
Total Cost Per Radio	\$285.60	\$506.00	\$510.14	\$514.39	\$568.61

* 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.

*** Includes 10% Debt Service Reserve contribution.