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Governance Work Group Review Draft

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Proposal for a New Governance Structure for the Marin Emergency Radio Authority (MERA)

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Introduction

As part of the implementation of the actions described by the Marin Emergency Radio Authority (MERA) Strategic Plan, adopted in December 2010, a Governance Work Group was developed to review various options for modifying the existing MERA Governance structure, in order to better respond to the challenges presented by the need to develop a next generation operational system for MERA. After meeting on several occasions during the first half of 2011, and reviewing a number of pertinent materials, information, and documents and considering a number of options and alternatives, the Work Group has developed the proposal below designed to modify MERA's Governance structure. These modifications are intended to make Governance more efficient and effective as part of the overall initiatives of MERA (including also the development of new funding mechanisms and a comprehensive outreach plan), in order to facilitate the best possible implementation of the next generation system.

The proposal below embodies a revised design of MERA's core Governance structure and, where the Work Group thought that several options may be viable, has proposed alternatives for those particular elements. This proposal is designed to be reviewed, analyzed and commented upon by the MERA Executive Committee, Finance Committee and Outreach Subcommittee. Feedback from these Committees will then be incorporated into a further revision which will be presented to the MERA Board in the Fall.

MERA’s Mission and Proposed Vision

The Strategic Plan adopted the following Mission for MERA:

MERA’s Mission

MERA is a collection of public agencies formed in partnership to provide and operate a public safety radio system. As such, MERA provides a crucial communications delivery system that is interoperable between public agencies in order to efficiently and effectively facilitate critical (emergency) communications.

As part of the Governance Work Group charge, the Group has developed the following proposed Vision Statement for MERA, designed to comprehensively reflect MERA’s aspirations as it evolves into the next generation system.

MERA Vision Statement

MERA provides essential communications between and among local and regional public entities that serve all facets of public safety, including Fire, Police, Public Works, Special Districts, Transportation and other Emergency Responders, to facilitate the protection of lives and property and enhance the safety of citizens, workers and visitors.

For the Outreach Subcommittee’s review, the Governance Work Group has also suggested a short “tag-line” that combines the intent of the Mission and Vision. This suggested tag-line is:

“MERA – Connecting you to the help you need when time is of the essence”

Proposed MERA Core Values

The MERA Board also indicated to the Governance Work Group, as part of its charge, that it should develop a set of Core Values before moving forward on evaluating potential changes in governance, so that whatever potential structure may be recommended, it would be based on the proposed underlying core values. The group reviewed, analyzed and discussed a variety of core values and came up with an initial set centered on the following elements:

- Leadership
- Integrity
- Diversity
- Performance
- Empowerment
- Professionalism
- Customer service
- Responsiveness
- Perseverance
- Fiscal responsibility

At its most recent June 15, 2011 meeting, the Work Group determined that those core values could be compressed into six from which all of MERA's value propositions could stem. Those six are proposed as the following:

- **Leadership** – To set by example the standards we expect others to follow
- **Integrity** – To maintain the highest ethical principles and act in completely transparent manner that merits respect and confidence
- **Diversity** – To respect the individual differences that provide a source of strength and enable a persistent team approach to identify and overcome obstacles
- **Empowerment** – To encourage responsible decision-making at all levels
- **Performance Excellence** – To continually strive to deliver the highest quality, responsive, timely, constantly improving, public service to both internal and external clients

- **Fiscal Responsibility** – To promote sound, fiscally-minded decision-making at all levels, without compromising service

MERA's Principles of Governance

The MERA Board also charged the Governance Work Group with stipulating the underlying Principles of Governance for MERA. After discussion, the Work Group delineated the following:

Principles of Governance – Board

- Sets the long term goals of the Authority
- Supervises and sets the plan for the Executive Committee
- Monitors the Executive Committee's performance and progress in achieving its goals

Principles of Governance – Executive Committee

- Reports to the Board on its oversight of day-to-day administration of the Authority
- Delegates administrative and operational responsibility to the Executive Officer and Operations Officer respectively

Principles of Governance – Officers

- The Executive Officer:
 - Reports to the Executive Committee and the Board
 - Performs administrative duties
- The Operations Officer:
 - Oversees MERA's technical aspects and operations
 - Reports to the Executive Committee and the Board

These principles will likely need some modification based on the ultimate proposal submitted to and subsequently approved by the MERA Board.

Proposed Changes in MERA's Governance

The Work Group determined that there were several overarching considerations that must guide the development of any new Governance structure. These include:

- A new governance structure should stem from, and be consistent with, MERA's Strategic Vision
- A new governance structure must be consistent with, and in some measure based upon, the funding mechanisms ultimately identified for MERA going forward and the next generation system
- The full ownership of MERA (all of its members) has to be effectively represented on the Board
- All MERA users should have the opportunity to be involved in the developmental stages of a new system so that it can be developed to meet their needs
- The governance and voting structure must have adequate recognition that the greater the financial input required of particular members, the greater the ability must be for those members to be able to impact decision-making
- Since any plan would need to have 2/3 of the current membership concur with it, the new governance structure must be attractive to at least 2/3 of the current membership

With these considerations in mind, the Work Group focused on the three (3) main components of a new governance structure:

- Board Size
- Board Composition
- Funding and Voting Formulas

Board Size

The Work Group considered several options related to Board size including:

- Current size, representing all 25 MERA member organizations
- Reduced size, similar to the current MERA Executive Committee of 11 members (8 voting and 3 non-voting)
- Reduced size of 7 to 9 members (historically an optimum Board size for many types of Boards of commercial, public and non-profit organizations)

The Work Group considered that a classic rule of thumb is that a Board should never be larger than needed in order to establish proper linkage to its ownership; in this case, MERA's members.

Ultimately, after significant discussion, the Work Group determined the following concerning Board size:

- MERA's full Board should stay intact in order to consider and vote on the annual budget and any indebtedness
- A nine (9) member Executive Board should be created that would have the charge and responsibility to develop policy, provide direction and monitor the performance and progress of MERA in meeting its mission, and attaining its vision and long-term goals, within the budgetary structure approved by the full Board

The proposal for Executive Board composition is discussed below.

Board Composition

If a smaller Executive Board is to be developed to fulfill most of the governance functions of MERA, the Work Group wanted to develop its composition to ensure that it could successfully perform its function as well as continually establish the proper linkage to the full MERA ownership. In light of this, the Work Group analyzed a variety of considerations related to composition. These included:

- **Governors and Users** – The Work Group considered whether there should be two classes of membership. One would be focused on those with the highest investments in the system and, therefore, those who would be most significantly impacted by, and have an impact on, the development of the next generation system. These members could be

established in the role of “Governor”, and would represent the lion’s share of the nine (9) member Executive Board.

Another class of “User members” could be established who would have less, but still significant, representation on the Board and would represent those members in MERA who would have less investment in MERA, but would still be significantly impacted by the development of the next generation system, based on their need and ability to effectively use the system.

After considering this option, the Work Group determined that while it could remain an option, the Work Group preference was to proceed in another direction as described further below.

- **Basic Qualifications for Executive Board Membership** – The Work Group discussed, that, with less members having the critical responsibility of primarily steering the direction of MERA on an Executive Board, it could be important to ensure that each member has overarching and potentially specific qualifications to serve on the Executive Board. For example, the overarching qualifications could be possession of the five major qualities that many organizational development analysts and researchers agree are the best for any type of governing Board. These include:
 - Solid commitment to the organization’s function and focus
 - Desire to participate and be assertive in all deliberations
 - Ability to review issues in the context of the big picture
 - Desire to achieve consensus in decision-making
 - Ability to think long-term while always keeping in mind the vision and the mission

Regarding specific qualifications, it was discussed whether there should be subject matter experts chosen to fulfill various Board seats. Specifically, especially a small Board would benefit from having members that were strong in the following categories:

- Administrative/Management
 - Financial
 - Technical
 - Outreach/Public Relations
 - Legal/Negotiations
- **Elected Official Participation on the Board** - Finally it was discussed that if citizens were going to be asked to fund a portion of the next generation infrastructure, they will most likely want at least some of the Board members to be elected officials that are used to representing their interests.

After considering all of the above, the Work Group proposes the following composition for the Executive Board:

- The nine members, in order to establish proper linkage to the full membership should include one member each that represents the following:
 - Marin County
 - City of San Rafael
 - City of Novato
 - Police Departments (potentially from the Police Chiefs Association)
 - The Sheriff/Office of Emergency Management
 - Special districts
 - Other municipalities beyond San Rafael and Novato
 - Larger Fire districts (perhaps chosen by the Fire Chiefs Association)
 - Smaller Fire districts

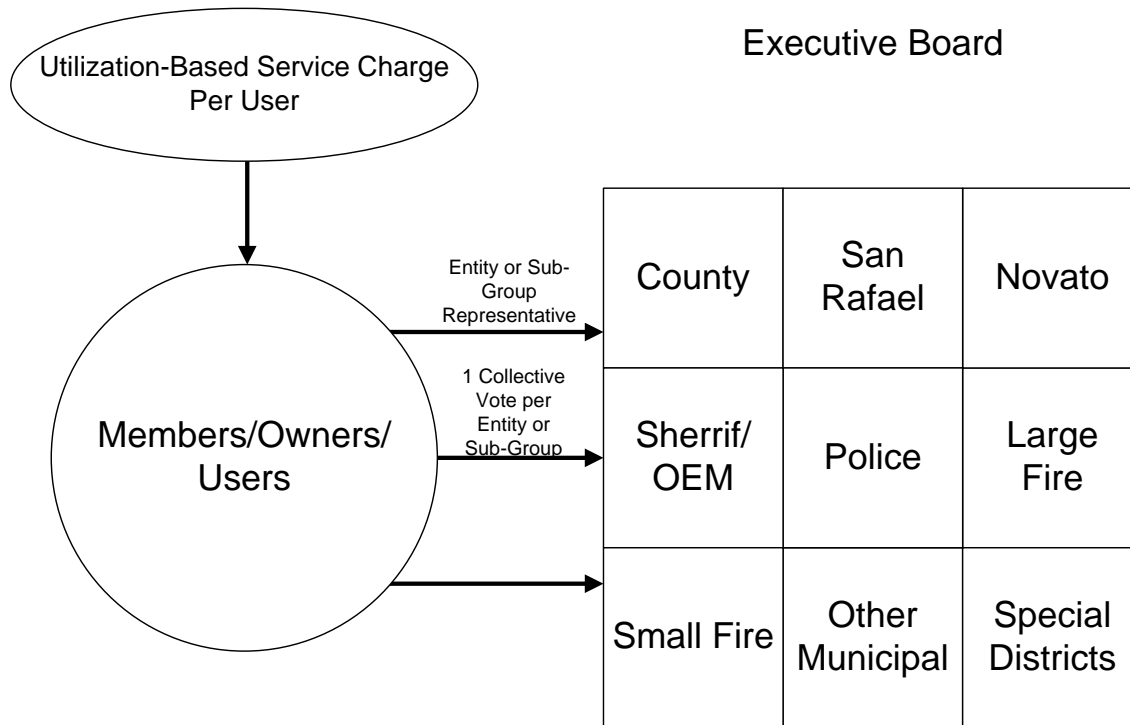
Each representative would either be appointed by the elected officials of their particular jurisdiction (such as the County and the large Cities), or voted upon by the membership making up that particular Board slot (such as all of the special districts). Alternatively, Board representatives for multiple entities could be determined on a rotating basis, such that the Executive Board over time, would have a member from each one of the entities that make up that particular Board slot.

- There should be special emphasis to ensure that a significant portion of the Executive Board representatives are elected officials, if citizens are going to be asked to participate in the funding of the next generation system.
 - An alternative is to develop one or two Oversight Committees, such as:
 - An Elected Officials Oversight Committee
 - A Citizens Oversight Committee – if a Citizens Oversight Committee is developed, it should have a specific charge that would only focus on how citizen-generated funding for MERA is being used and it would not be able to focus on any operational issues (such as tower placement, for example). Additionally, it should only meet once a year in order to perform its duty.
- It was determined not to set specific requirements needed for qualifications of the Executive Board members, in that a person at the level needed for the Executive Board will likely already have significant expertise in, or at least understanding of, the various key areas of expertise required (administrative/management, financial, technical, etc. as listed above) based on their role within their specific member organization. However, it was discussed that MERA should provide information to member organizations on what Board members are expected to do and what they need to know, even for the full Board.

In this way, individual organizations will be fully aware of what is required to determine who best from their organization would serve as a full Board member and to represent them on the Executive Board.

The proposed nine member Executive Board is depicted in the figure below.

Proposed MERA Executive Board



Funding and Voting Formula

Regarding funding, the Work Group determined that there would be two critical areas of participatory cost for MERA members: base infrastructure costs and operations (utilization) cost. Both of these are captured in the current Lando formula. It was discussed, though, that the Lando formula was originally based on some projections of utilization for various groups of users, which led to the existing coefficients being established. Additionally, the cost for MERA was allocated to specific users based on geographic area and population size. It was noted that neither the coefficients of use or the population size have been revisited since the initial establishment of the Lando formula, and that significant changes may have occurred since then (for example, the census has been updated twice – in 2000 and 2010 – since the initial Lando formula was developed).

Regarding utilization costs, it was determined that the best way to move forward was potentially based on employment of a system that was able to track the exact usage of the communication devices assigned to a particular member, and then establish a fixed rate per unit of usage that could be multiplied by the amount of usage. Then the totals would be calculated per member to defray the operational cost. Simply put, the more of the system you use, the more you pay. The Work Group indicated that this approach should be forwarded to the Finance Committee for further review.

Regarding base infrastructure costs, the Work Group noted that the ultimate funding mechanism chosen (likely to be a combination of multiple mechanisms) will have a significant impact on the makeup and voting rights of the Executive Board.

The Work Group reviewed, in a high level manner, some of the alternatives being considered by the Finance Committee including:

- Grants
- Member agency contributions
- Citizen contributions, such as potentially:
 - Property taxes
 - Parcel charges
 - Sales taxes
- Low interest loan programs

The Work Group agreed that all of these should be considered, and that the more citizen involvement in funding the development of the next generation system, the more that elected officials, and potentially a Citizens Oversight Committee as discussed above, would need to be involved in MERA's governance.

Regarding member agency contributions, the Work Group discussed that some of the elements of the current Lando formula could continue to be employed, such as a geographic area covered by the member and their population, since both of these would have an impact on how the next generation system will be developed in order to serve both the geographic area and the population of the member jurisdiction (i.e., the larger the member's geographic area and population, potentially the larger the portion of the base system resources that would need to be employed to support that member's use).

It was discussed, in contrast though, that the entirety or at least a portion of the backbone of the MERA system would need to be put in place for *any* member to be able to use it. Therefore, potentially there should be some uniform portion of the base infrastructure cost that is assessed to all MERA members because that portion of the system supports member use of the MERA system.

The Work Group indicated that the above considerations should be further deliberated by the Finance Committee as it considers funding alternatives for the base infrastructure and operational cost of the next generation system.

Regarding voting, in consideration of all of the above, if the nine member Executive Board is developed based on the above recommendation, it would naturally lend itself to a weighted voting system, where the six largest traditional users of MERA (the County, San Rafael, Novato, Large Fire, Police and Sherriff OEM) would have a 2/3 voting block to ensure that those who are the most impacted by, and have the most impact on, the MERA system would have the voting power to ensure that their needs are met by the next generation system. As a counter balance to this, though, individual subgroups could band together when needed to establish five/four (5/4) majorities if a particular interest needs to be served for them that would outweigh the impact on other members. For example, all public safety could band together with the special districts if needed to outweigh the interests of the local governments. Similarly, local governments and special districts could outweigh the perspective of the Police, Fire and Sherriff on a particular issue.

Ultimately, the Group considered that the proposed Executive Board makeup and associated voting rights would work well to ensure that all MERA's owners/members would be well represented in the day-to-day governance of the organization.

Conclusion

The MERA Governance Work Group proposes the above for consideration by the Outreach Subcommittee and the Finance Committee, before forwarding the proposal to the Executive Committee for their consideration. The above should be reviewed in advance of the September 20, 2011 meeting and discussed at that time.