

C.O.C. 12/9/16 Agenda Item A

MARIN EMERGENCY RADIO AUTHORITY

c/o Novato Fire Protection District
95 Rowland Way, Novato, CA 94945
PHONE: (415) 878-2690 FAX: (415) 878-2660
WWW.MERAONLINE.ORG

Measure A Citizens Oversight Committee

Minutes of August 17, 2016 Regular Meeting

DRAFT: 10/24/16

Call to Order

The meeting was called to order by Chair Herrerias at 4:02 p.m. at the Marin Civic Center CAO Conference Room 315, San Rafael, CA 94903. The Chair reordered the Agenda action items while a quorum was in attendance. The minutes, however, are presented in the order of the Noticed Agenda.

Committee Members Present:

District #2	Bill Levinson
District #3	Chuck Reite
District #4	Larry Luckham
District #5	Paul Herrerias

Committee Members Absent:

District #1	Elizabeth Greenberg
-------------	---------------------

Staff Present:

MERA Executive Officer	Maureen Cassingham
MERA Deputy Executive Officer – Next Gen Project	Dave Jeffries

A. Minutes from June 15, 2016 Citizens Oversight Committee Regular Meeting

M/S/P Levinson/Reite to approve the minutes as presented.

AYES: All
NAYS: None
ABSTENTIONS: Reite
Motion carried.

B. Update on Status of Next Gen System Project (Jeffries)

Jeffries presented his informational report on the Next Gen Project. He noted that the Project RFP went out on the street on April 27. There were 6 addendums to the RFP, one of which permitted a 2-week extension for proposal submittals. One proposal was received from Motorola by the deadline. The 950-page proposal will be discussed by the Project Oversight Committee, Operational Issues Work Group, MERA and DPW staff and Federal Engineering (FE), with clarifying questions to be submitted to Motorola by August 22.

Jeffries said site visits will be scheduled with Motorola clients as well as phone reference checks with other clients. The proposal will be scored by an Oversight Subcommittee, and upon Committee recommendation and Executive Board approval on September 14, negotiations will commence. If all proceeds as planned, a final proposal and contract will be presented for Governing Board and Board of Supervisors approval in November and December respectively.

In response to Levinson, Jeffries said the proposed cost is well within budget but final pricing will be affected by scope gaps that must be addressed. Based on advice from General Counsel, the proposal is being treated as confidential until negotiations are completed and a final proposal and contract is submitted to the Governing Board. Levinson confirmed with Jeffries that Motorola probably knows it is the sole bidder based on vendor attendance at mandatory site visits, wherein only Motorola and smaller vendors and subcontractors were present.

Cassingham, in responses to why there was only one bidder, said this is a vendor business decision. Jeffries said proposals cost between \$150,000 to \$250,000 to develop. He said we reached out to 15-16 vendors along with a public posting of the RFP. There were no vendor comments about the RFP itself. He added that Motorola does well in certain areas of the U.S. and Harris does well in other areas. Federal Engineering, based on its experience with a single vendor response in Southern California, was still able to successfully negotiate a cost-effective contract on their client's behalf. He added that site visits and reference checks of recent Motorola clients are invaluable to our negotiations based on others' experience.

Luckham asked, percentage wise, how far off the bid was from the Project estimate. Without violating proposal confidentiality, he said the bid is well below the \$40M project estimate. Pending issues like coverage solutions, site development costs and recommendations to use current equipment will have bearing on pricing. He said we hope to get vendor clarifications, site visits and reference checks completed by September 14, followed by negotiations. Levinson noted the worst challenges facing the school districts with their capital projects were due to single bidders. He hoped there would be no internal pressure to go with a bid if the proposal is not good. If more time is needed to get the right vendor, we should consider this. Low bids can invite change orders.

Jeffries said, negotiating a clear, complete proposal and contract is critical to minimizing change orders. MERA recognizes this along with lessons learned from Gen 1. This is Motorola's opening proposal. He added that his user experience with Gen 1 Motorola equipment is top notch and reliable. He said he had never heard any questions about the quality of Motorola's products, but there have been inquiries about how they negotiate and their contracting practices. He said the Department of Homeland Security has looked into Motorola's contract extensions and sole source RFP processes. None of these issues are applicable to MERA's process. Federal Engineering was tasked with the development of a vendor neutral RFP which was accomplished.

Jeffries said Motorola has invested considerable resources in the RFP and have many systems throughout the Bay Area. He confirmed for Reite that the extended deadline for proposals was August 5. Reite asked if other bidders were contacted as to why they didn't bid. Jeffries said there were conversations with Harris, another large vendor who attended a number of MERA meetings including the mandatory pre-bid meeting. They conveyed they might be interested in bidding on the field equipment component later on. The Next Gen backbone system is designed to accept other vendors' field equipment which might be considered. Luckham commented that working with several vendors can result in finger-pointing if there are problems.

Jeffries said the Motorola Gen 1 System has been very reliable, unlike Oakland's system which was not Motorola. Given MERA's hundreds of hours of talk time per month, busies have only occurred for a very few seconds. Nonetheless, DPW staff has warned that its reliability could decline in 2018 as current equipment is not being made or supported anymore. Also, Federal regulations have mandated frequency takeaway in 2020, which is another impetus for System replacement.

Herrerias asked if Federal Engineering, since they developed the RFP, could address the Committee on why only one bidder. He was seeking assurance from them that this is an economically viable road we are going down and that due diligence is being done from the Committee's standpoint. Levinson asked if this was the Committee's responsibility. Cassingham said this is the role of the Next Gen Project Oversight Committee and could be construed as an over-reach of this Committee's charge which is focused on the collection and expenditures of Measure A Parcel Tax. Levinson added that this Committee's concern could be noted in the minutes.

Jeffries noted MERA's governance structure has built-in considerable Project oversight and levels of review from end users to appointed and elected officials. Likewise, technical staff and Federal Engineering have in-depth and ongoing input to the Project. Herrerias said an FE memo would be helpful regarding the development of the RFP especially if citizens came to the Committee. Jeffries said Motorola is our existing vendor which is reality. The MERA Finance Committee reviews budget information and public financing and MERA contracts for Finance Director accounting and oversight of Governing and Executive Board authorized expenditures. Levinson contrasted how School Boards and public reviews their expenditures on a monthly basis.

Discussion ensued regarding the type and extent of review of Measure A taxes received and expenditures made. Cassingham clarified for Luckham that this level of detail is not presented regularly but confirmed these reports are public records. She said what is on the website is the level of detail presented.

Regarding Expense Category #6600, Cassingham clarified for Herrerias that these auditor expenses related to informational questions about the accounting for Fund 70038. In response to the auditor selection process, Cassingham said the Executive Board selects MERA's Independent Auditor from whom a proposal was requested from the Measure A Independent Compliance Audit. She said she is working with Maher Accountancy to confirm when the Compliance Audit would be available from review. She is hoping for availability for the Committee's October meeting.

Herrerias inquired about the amount of approximately \$3.6M in Measure A taxes and NBS's collections of \$16,000 to date from a possible \$18,000. Second collection efforts are continuing.

Luckham confirmed these are Quick Books reports and requested the one-page summary for Funds 70038 Parcel Taxes and 70039 Bond Proceeds. Cassingham said this will be provided. She noted the transfers in and out on Page 2 are receiving and repaying the cash flow from the 2010 Bond Reserve. Some discussion followed about these transactions noting MERA was using its own funds temporarily and repayment of same. In response to Herrerias, Cassingham clarified that MERA's internal Replacement Reserve advanced to Next Gen Project initial expenses.

Herrerias went through the various categories of expenses beginning with Contract Services including the replenishment to MERA from BNY. Cassingham explained County Technical Services were for County staff providing services to the Next Gen Project. She added that her part-time contract services, along with Jeffries' and Anderson's part-time contract services in support of the Project are accounted for in the #6000 Expense category. Levinson inquired whether the Governing Board reviewed the P&L Reports. Cassingham said the Governing Board approves the Annual Operating Budget and Executive Board reviews Reserve Fund Balances on a bi-monthly basis. The Governing Board amended the 2010 Bonds Indenture of Trust in June 2015 to permit a Surety Substitution for the Bond Reserve. This freed the Reserve up for Next Gen cash flow and to replenish MERA's 70036 Replacement Reserve used to implement the Project before parcel taxes were received. MERA is required to repay the Bond Reserve with parcel taxes. Fund 70038 cites the Replenishment Requisitions which have been reviewed by Bond and Tax Counsel for eligibility of expenditures.

Cassingham reviewed Fund 70038 Next Gen Project Profit & Loss Detail from July 2015 through June 2016 noting parcel tax collections by the County and NBS Tax Administrator's collections from Utilities. She presented the hard copy requisitions for replenishment of Next Gen planning and initial implementation beginning with FY12-13,

FY13-14 and FY14-15. She referenced the availability of individual hard copy invoices for further review, which she brought to the meeting. The P&L report details the names of vendors, dates, purpose memos and amounts paid. Hard copy invoices provide additional detail.

Regarding the Motorola proposal, Cassingham said, while MERA was hoping for multiple vendors, it will work with this proposal in achieving the best Project for the best price. Cassingham added we will see where the negotiations take us. Jeffries said the final proposal will likely go to the Governing Board in October if negotiations go well and will become public documents in advance of approval.

Herreria said a memo from FE would be helpful, but this Committee's charge is about having the parcel tax income and expenditures be right. Cassingham said their charge is about how these taxes are collected and expended. Jeffries concluded his report noting MERA's recent outreach for the low-income senior homeowner exemption generated an increase from 117 to 134 exemptions. Future outreach will likely be through media releases now that senior-based community groups have gotten involved. Cassingham confirmed the qualifying age is 65 using HUD-issued household income qualifiers for owner occupied single-family homes. Jeffries added exemption applications are required annually.

C. Review of MERA Fund 70038 Next Gen Project Revenues and Expenditures.

Cassingham provided background for this review, noting the Governing Board's action in January 2013 to approve a Reimbursement Resolution for its expenditures for Next Gen Project outreach and planning for the Bonds. Cassingham clarified that the legal services provided by Richards, Watson and Gershon are for reviewing Next Gen Project outreach, agreements, contracts and Measure A. Bond Counsel services have been paid by Bond proceeds in Fund 70039.

Herrerias inquired about using County legal services. Jeffries and Cassingham clarified that County Counsel represents the County and MERA is not the County. MERA's needs are separate and distinct from the County as well in MERA's best interests versus those of another agency. Jeffries also cited recent Public Records Act requests relative to Next Gen that required extensive legal and staff time to address to respond on MERA's behalf.

In response to Herreria's question about the 6020 Legal Services account, Cassingham said the invoices for legal services are not disclosable due to attorney-client privilege. However, legal expenses are public and disclosable. Reite concurred stating invoice detail should not be discoverable. Levinson asked where the detailed invoices could be found for the #6000 account expense of \$87,455.82. Cassingham said she can present any hard copy invoices for all the expenses from Fund 70038 that the Committee wishes to see. Levinson asked what Exhibit A-1 for FY14-15 refers to. Cassingham said it is a summary of all the replenishment expenses advanced by the 2010 Bond Reserve for cash flow purposes. Cassingham said replenishment amounts can be found on pages 2 & 3 of the P&L Detail Report.

Levinson said he would like legal guidance regarding the scope and extent of the Committee's review of expenditures. Luckham confirmed that the Committee is backed up by MERA's Independent Annual Financial Audit and Independent Compliance Audit. Levinson asked if it was the Committee's responsibility to double check expense detail. Luckham confirmed with Cassingham that the Novato Fire Protection District provides accounting services and financial statements and records for auditor review in Quick Books. He said going through hard copy versus electronic copy behind each expense was daunting. If we had the database on a laptop, we could easily retrieve the invoices for expenses.

Herrerias asked for Exhibit A-1 FY13-14 replenishment invoices, which Cassingham provided. Levinson noted the Committee's duties, as outlined in its Bylaws including reviewing all Measure A-related expenses for consistency with the Measure A Ordinance. Herrerias noted the word "consistency", which is not a review of accuracy. He added their review is for relatedness to the Next Gen Project. Herrerias asked if expenses could be presented in Excel format.

Levinson expressed concern over member liability. Herrerias added that is incumbent on management to present accurate information to the auditor which is MERA's responsibility. He said it was the Auditor's responsibility to insure accounting procedures meet standards and that the audit identifies there are no material differences. In response to Levinson, Herrerias said the Committee needs to know the scope of its oversight of Next Gen Project expenses and Fund 70038. Jeffries added, given the newness of the Committee, their questions and review process need to be clarified. Cassingham will report back on these questions.

Luckham said he is comfortable with being able to check invoices and that the Committee's job is to review and report. We need to review for materiality and report out accordingly that expenditures comport with the intent of the voters. In response to Herrerias, Cassingham said a draft of the Annual Report prepared for the Committee by NBS, MERA's Tax Administrator, was presented at the March meeting. It is the Committee's responsibility to review the final Annual Report on Measure A collections and expenditures and the findings of the Independent Compliance Audit. Luckham added that the Committee, in the course of the reviews, should note any questions along with confirmation that expenditures comport with the intent of Measure A.

Cassingham clarified that at the prior meeting, the Committee had requested that the Fund 70038 P&L detailed report be shown on a screen so that the Committee could go over each line item to ask questions and view the invoices as needed. The Committee could either see all the hard copy or sample it to gain familiarity with the various vendors. Luckham confirmed he did not need to see every invoice but would like to drill down where needed.

Additional discussion ensued regarding requests for copies of certain invoices in advance of a meeting, chain of custody or originals and confirmation invoices match the P&L detail.

Herrerias said members would only be reviewing invoices paid between each meeting for a maximum of 3-4 months at a time. Reite said if the P&L report and related invoices could be loaded onto Cassingham's laptop, no copies would be needed and the historical activity within the Fund could be accessed. Jeffries cautioned about downloading to a laptop and his concern for affecting original financial data by keying into the District's system. Luckham commented on using a Quick Books binary file wherein you are working from copies.

Herrerias discussed Quick Books creating Excel files to assist the Committee. Luckham said if the Committee could view the detail ahead of the meeting, Cassingham could request Novato Fire to provide the backup to any detail questions. Cassingham said she already keeps hard copies of all the 70038 invoices, so she can bring them to the meeting as she has done today. It was agreed that she keep doing what she is already doing with the invoices.

Herrerias noted the pending handwritten adjustments to Fund 70038. Cassingham addressed the Replenishment Exhibits which are summaries of the related invoices. Luckham said the replenishments are unique because of their cash flow paybacks versus future straightforward invoicing against parcel taxes or bond proceeds. Cassingham confirmed with the Committee the screen shots of the P&L detail would not be needed in the future. Luckham said the P&L report is exactly the level of detail needed to be seen. He asked for the 1-page Quick Books Fund Summary that is not compressed because the numbers can be tied to the detail sheets.

Herrerias asked about a DPW invoice in December 2013 that had a reissue date of January 29, 2014. Cassingham said she would research this to confirm for Herrerias this was service for the Next Gen Project. Herrerias also inquired about the December 5, 2013, DPW invoice for services in the amount of \$2,790.18. He questioned two invoices for the same month. He asked if the reissuance invoice meant to be a replacement as part of the \$32,320.49 A-1 replenishment or is it an addition. Cassingham will clarify. He also asked for the \$225,428.99 invoices from Indie Politics, public communications consultants from the FY13-14 Exhibit A-2 summary. Cassingham said these services were to assist with member and public outreach about MERA and need for the Next Gen Project.

Herrerias said the Committee's job is not to assess the amount of payments but consistency with Measure A requirements. Cassingham said these consultant outreach services ceased prior to the County's placement of Measure A on the November 2014 ballot. Herrerias asked about Exhibit A-3 of the FY13-14 expenses replenishment of \$24,624 which represents contract staff oversight for Strategic Plan implementation. Cassingham clarified that the FY13-14 replenishment included \$344,186.94 for Contract Services plus County Administrative Services of \$32,320.49, Legal Services of \$22,035.27, and Miscellaneous of \$455.97. Herrerias confirmed supporting documentation for the FY13-14 replenishment with verification of the DPW billing for 12-5-13.

Cassingham said the Committee's review of the Measure A Annual Report and Internal Compliance Audit are pending. She said this Report and Audit must be completed prior to

12-31-16. She will verify these completion dates with NBS and Maher. Herrerias asked about Account Codes 6650 County of Marin Tax Fees, 6700 Miscellaneous and 8020 Capital Outlay.

Cassingham confirmed the County collection fees for the Measure A Parcel Tax and FY14-15 Exhibit A-6 Miscellaneous expenses, which included election charges, tax administration, validation action, financial services and other charges. Herrerias asked if we could avoid using a Miscellaneous Account going forward. Cassingham said this is an account for nonrecurring expenses not assignable to other accounts. She explained the amortization of the 2010 Bonds Reserve Surety was over the remaining life of the Bonds. She will confirm the amortization schedule with the District but speculated the noted payment was for a portion of FY14-15. She further clarified that Fund 70038 collects the Parcel Tax and Fund 70039 maintains the 2016 Bond Proceeds.

Herrerias inquired about breaking out the details of the Miscellaneous Expenses account via the memo line. This will be reviewed, but Cassingham noted the miscellaneous expenses being referenced are in the replenishments. Herrerias requested a Chart of Accounts for the next meeting. He added that the review process will get easier going forward as we are past the replenishments and there will be fewer invoices with more frequent review.

Cassingham confirmed that effective July 1, the Operations Officer expenses will be capitalized. Luckham noted the complexities for the Committee to understand due to the number of JPAs involved, County personnel, NFPD services, County contracts of MERA's behalf and more.

D. Proposed Resolution of the Marin Emergency Radio Authority
Citizens Oversight Committee Approving Amendment No. 1 to Its Bylaws

Cassingham presented the Resolution which amends the Committee's Bylaws to permit it to establish the meeting schedule by resolution. This was discussed by the Committee at the June 15 meeting. Upon the Committee's approval, this Resolution will be presented to the Governing Board on August 24 for its approval. Some discussion followed regarding the purpose of the Resolution.

M/S/P Levinson/Reite to approve Resolution No. 2016-11 of the Marin Emergency Radio Authority Citizens Oversight Committee Approving Amendment No. 1 to Its Bylaws.

AYES: All
NAYS: None
ABSTENTIONS: None
Motion carried.

E. Proposed Resolution of the Marin Emergency Radio Authority Citizens Oversight Committee Establishing the Time and Place for Holding Regular Meetings

Cassingham presented this companion Resolution to Agenda Item D which establishes future monthly Committee meetings on the third Wednesdays at 4 p.m. Meetings will be posted as cancelled if there is insufficient business to conduct. At such time as the Committee's frequency of business is known, another Resolution can be approved.

In response to Levinson's question about whether the Bylaws require a minimum number of meetings, Cassingham said the Bylaws require monthly meetings as needed on the third Wednesday of the month.

M/S/P Luckham/Reite to approve Resolution No. 2016-12 of the Marin Emergency Radio Authority Citizens Oversight Committee Establishing the Time and Place for Holding Regular Meetings.

AYES: All

NAYS: None

ABSTENTIONS: None

Motion carried.

F. Other Information Items

Cassingham provided information to the Committee members about the appropriate use of email outside of Committee meetings.

G. Open Time for Items Not on Agenda

None.

H. Adjournment

The meeting was adjourned at 5:56 p.m.

Respectfully submitted,

Maureen Cassingham
Executive Officer and Secretary