

MARIN EMERGENCY RADIO AUTHORITY

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DRAFT: 6/9/21

Measure A Citizens Oversight Committee

Minutes of April 21, 2021, Regular Meeting

Call to Order

The meeting was called to order by Chair Herrerias at 4:00 p.m. April 21, 2021, via Videoconference.

Cassingham requested reordering the Agenda to consider Item B before Item A. Herrerias agreed. The minutes will be presented in the order listed on the Agenda.

Committee Members Present:

District #1	Elizabeth Greenberg
District #2	Bill Levinson
District #3	Chuck Reite
District #4	Larry Luckham
District #5	Paul Herrerias

Staff Present:

MERA Executive Officer	Maureen Cassingham
MERA Deputy Executive Officer – Next Gen Project	Dave Jeffries
Recording Secretary	Lorena Barrera

Guests:

Maher Accountancy	John Maher
Member of Public	Bruce Bartel

A. Minutes of December 16, 2020, Citizens Oversight Committee Regular Meeting –
(Committee Action)

Cassingham said she would provide confirmation to the Committee at today’s meeting regarding the dollar amounts for Debt Service interest on Bond Funds and interest earned on the Bond proceeds from the Guaranteed Investment Contract. She confirmed that the \$1.3M figure under capital outlay is correct. Regarding Account 7020, the first Bond principal payment was in August 2019 and the \$1.66M is the principal payment. She said

principal payments for each of the Debt Service years are very close in dollar amount.

She revised Item E in the minutes to read “Levinson asked if there are any cities that are members of MERA that do not send representatives to Governing Board meetings”.

Levinson said he checked with the City of Larkspur after the last Committee meeting regarding their MERA attendance. He was assured by the City Manager that while Larkspur was not in attendance, the City regularly checks in with other Members to monitor MERA actions.

Herrerias noted two typographical errors, which Cassingham will correct.

M/S/P Greenberg/Levinson to approve the minutes as amended.

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

B. Review of Draft Measure A Special Parcel Tax FY2019/20
Independent Compliance Audit - Maher Accountancy (Recommendation)

Cassingham introduced John Maher, who presented the Measure A Independent Compliance Audit for Fiscal Year 19/20. She noted that Maher has prepared this audit for MERA since voter approval Measure A in 2014. The Audit in its entirety is included in the packet. She requested Committee review of the findings of the Audit and recommendation to MERA Governing Board for acceptance.

Maher presented the Audit and provided a brief recap of the Audit process. He also described Measure A compliance requirements. As Auditor, he reviews the calculation and assessment of the parcel tax, as well as related expenditures. Additionally, he independently obtained and reviewed the entire Marin County Property Tax Parcel Roll, the attributes assigned to each parcel and recalculated the parcel tax based on the type of unit, parcel size, etc. Some of the rural outlying properties are however estimated. These figures are compared with what NBS, MERA’s Parcel Tax Administrator, provides the County, verified that the funds that were collected by the Treasurer agree, and compared amounts to last year’s Budget. This process results in a high level of confidence that the parcel taxes are being properly assessed and collected. He noted the few variances found were insignificant.

Maher said the Audit also reviews all Measure A expenditures and examines underlying support for many of them to be sure they are properly accounted for and are directly associated with the Project. Maher noted that the Audit sets forth the activity in both the Measure A Fund and Bond Proceeds Fund, from which Project expenditures are paid, as well as resources available for future expenditures.

Herrerias asked if excess Measure A revenues collected over expenditures paid represent unallocated funds or if they are all reserved for the Project. Maher said the Measure A Parcel Taxes are siloed into the \$859.562 excess figure whereas Bond proceeds are not technically Measure A itself. Both sources are restricted for the Next Gen Project.

Herrerias asked about the delay in producing the Compliance Audit and if it will occur again. Maher noted there was some delay in closing the books this year, which was an anomaly. He said the Audit is prepared in conjunction with MERA's financial statements. The lion's share of the information for the Audit was developed in January. He said they normally target around the end of September to close the books.

Herrerias said that Cassingham had noted delays with the County of Marin in providing some invoices needed to close the books. Cassingham added that MERA had been reimbursing the County for Project Implementation related expenses and two checks in a row, each for \$600,000, were lost by the County. As a result, this delayed the reimbursement process because those checks had to be cleared and reissued. Ultimately this payment had to be made by wire transfer. She does not expect this to happen again.

In response to Herrerias' question, Maher confirmed the Compliance Audit financial statements are on a cash basis so look a little different than MERA's audited financial statements. Part of his process is to reconcile the two.

Levinson asked if anyone investigated how or why the checks were lost. Cassingham said she worked with County staff to identify where the checks resided. They found the first check after it had been cancelled and never found the second replacement check. Both checks were sent to the Public Works Director's attention. She confirmed neither check was cashed. She said that going forward, any reimbursement payments of magnitude will be made to the County by wire transfer.

Maher thanked Cassingham for being so responsive, thorough, conscientious and a pleasure to work with. He expressed appreciation for the opportunity to serve the Committee.

M/S/P Luckham/Reite to recommend MERA Governing Board acceptance of the Measure A Special Parcel Tax FY19-20 Independent Compliance Audit.

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

C. Review of MERA Measure A Special Parcel Tax Fiscal Year 2020/21 Annual Report – NBS. Note: Includes Local Agency Special Tax Accountability for 2019-20.
(Recommendation)

Cassingham presented the annual report including Local Agency Special Tax Accountability section, as detailed in the staff report. Staff recommends Committee review of the Report and recommend acceptance of same to the MERA Governing Board, followed by filing with the Marin County Board of Supervisors via their Chief Fiscal Officer.

M/S/P Reite/Luckham to recommend MERA Governing Board acceptance of the Measure A Special Parcel Tax Fiscal Year 2020/21 Annual Report - NBS.

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

D. Update on Status of Next Gen System Project and Budget – (Jeffries – Discussion)

- Updated Next Gen Project Organization Chart
- Construction Schedule and Bid Packages
- Update on NGP Revised Budget

Jeffries reviewed the Project Meetings and Conference Calls; IJ News Article; Contract Change Orders; Training Committee activity; MERA Newsletter of March 8, 2021; Revised MERA Budget; Site Status Overview; Key Project Summary Details in a Project Summary Table; Project Schedule; and FCC Licenses update as detailed in the staff report.

Jeffries explained that they were still working on the Project Cash Flow Analysis. He said the Governing Board has accepted the new Budget format presented today. The Closed Costs section was adjusted to match actual expenditures. He said he is keeping a close eye on the Construction line item. The Budget amount is based on AECOM's initial estimate of construction costs and some savings have already been realized by sharing a trench with AT&T at the Tomales Site and with PG&E deciding to pay for the power trench at Muir Beach. Jeffries said Bids 1 and 1A have come in under the Engineer's Estimates.

Levinson said the June 3, 2020 Budget indicated site acquisition construction at \$5.3M and now it is \$10M. He asked about the difference. Jeffries said the biggest change in overall construction costs is that prior to July 1, they were using County estimates. When AECOM was engaged for construction management, they re-estimated construction costs. When AECOM came in higher, MERA had a number of questions for the County, which responded if they were still managing the Project, they would have increased their Construction cost estimate, but not as high as AECOM. Jeffries' instructions to AECOM

were that he wanted an accurate estimate that would not require additional authorizations.

Jeffries pointed out that Bid Package #1 was awarded and construction should start soon. Actual construction costs will be presented upon completion. Bid Package #1A is set for approval next week. Bid Package #2 is being prepared for public release and, when awarded, that will represent 9 of the 18 sites. He added, by summer we should know how close the bid awards are to actual costs.

Jeffries said that other potential areas of savings include revisions to tower structure standards which will result in design simplification and reduced construction costs.

Levinson said he appreciated this updated Budget format and costs. He suggested that this Budget format and line items be used consistently going forward, in the interest of transparency, so that costs can be more easily compared. Jeffries said the intent of the work on the Budget with the Finance Committee was to achieve a format that would work better for everyone.

Levinson expressed concern regarding adequacy of the \$1.1M Unappropriated Project Reserve. Jeffries agreed and said he would also like to see that number higher and will continue to work toward realizing additional savings.

Herrerias asked if another column could be added showing the original Budget. Jeffries explained that the line items have changed so comparison would not be effective.

Luckham said it appears that the closed costs expenditures have been adjusted to the Budget amounts. He said in typical construction industry budgeting, an overage or underage would be shown and items zeroed out if over by transferring funds, say from Project Contingency. He said those adjustments should be documented as transfers between line items. Jeffries said that is essentially what has been done with the Governing Board approval, along with development of detailed descriptions of the revisions. He added the Governing Board staff reports and related actions are all available online.

Herrerias said it would be helpful if they could more easily reconcile the original and revised Budgets. Jeffries said he will provide a presentation showing the last Budget, this current Budget and related changes at the next meeting.

Reite asked if the Project is expected to smooth out a bit with replacement of the County with AECOM. Jeffries said the AECOM Team is very good and they have professional estimators on their staff that worked out a very detailed set of construction cost estimates. He said that, so far, AECOM construction estimates appear to be very accurate. He said we have a better effort going forward. He added, once the last site construction is completed, construction costs will be known and likely come in under AECOM's conservative estimates.

In response to Herrerias, Jeffries said he hopes to be at 100% projection on Items 1-A through 1-D of the Motorola Contract. He noted Item 1-F, FE Project Management, is for Wireless Communications Consulting Services. 1-G, AECOM, is for Construction Management Services. He added that both Agreements should be reassessed upon construction completion. 1-H, RGS Staffing may have some risk of going over Budget given extended Project duration. 1-I, Real Estate Services, might produce some limited savings. 1-J, MERA Legal, may also come in under Budget with CEQA completion and site leasing nearly finalized. Cassingham said there is no potential savings with Items 1-K, Admin Fees, and 1-L, Bond Interest.

Greenberg suggested Jeffries' report could identify site names within the awarded bid packages. He said that can be done.

Herrerias asked about the delay in providing the cash flow analysis. Jeffries said they have been heavily engaged with the three bid packages and personnel changes. He said the Finance Committee felt they had a little more time to complete this given current Measure A resources. He added the final Budget document is a foundational piece for an accurate cash flow analysis.

Jeffries noted that the new Organization Chart reflecting staff changes will also be delayed until the next meeting. Cassingham said that presentation of the revised Chart to the Governing Board will occur first and once approved, it will be on the Committee's next Agenda.

Herrerias asked Jeffries' opinion regarding the comment in the recent IJ article regarding wasting money on the System Upgrade Agreements (SUA). Jeffries said the SUA was an appropriate investment to make sure that toward the end of system life, there is still a solid, robust system. He said MERA, with the current Gen I System, we have been lucky to get parts from other decommissioned systems that are ahead in the replacement cycle. Herrerias asked when the System Upgrade Agreement begins. Cassingham said it begins in year four, after the system warranty expires in three years. Jeffries said they are looking at final system acceptance in early 2024 so SUA payments would not begin until 2028.

Cassingham said it was very clear from public polling prior to placing Measure A on the ballot, that the public wanted every effort made by MERA to extend the life of the Next Gen System, ergo Governing Board approval of the System Upgrade Agreement.

E. Report on Reinvestment of 2016 Bond Proceeds in State Local Agency Investment Fund (LAIF) – (Cassingham – Discussion)

Cassingham explained that with the termination of the Guaranteed Investment Contract (GIC) with BLB, the very favorable interest rate of 3.04% ending on March 31, 2021, requiring the need to reinvest the 2016 Bond Proceeds in a State Local Agency

Investment Fund Bond Account, as detailed in the staff report. There was no further discussion.

F. Review of Funds 70038 and 70039 – Next Gen Project Revenues and Expenditures FY19-20 Audited Financial Statements; FY20-21 July 1, 2020 through April 9, 2021

Cassingham presented the Audited Financial Statements, Balance Sheets and P&L for Measure A Funds 70038 and 70039, as detailed in the staff report.

The Committee agreed to accept the presentation of Funds 70038 and 70039 – Next Gen Project Revenues and Expenditures in the FY19-20 Audited Financial Statements and P&L Detail of FY20-21, July 1, 2020 through April 9, 2021.

G. Other Information Items

Reite announced he is moving from Marin County and will not be seeking Committee reappointment on May 14, 2021. He was thanked for his service and expertise.

Cassingham announced she has resigned her position effective April 30, 2021, after 13 plus years with MERA. She said the Governing Board is considering the appointment of Mary Morris-Mayorga as Interim Executive Officer. Cassingham said she will be available for the next few months to finalize the remaining site leases and facilitate the transition. She expressed appreciation for the opportunity to work with MERA and the Committee.

Greenberg thanked Cassingham for everything she's done for all of them, being such an integral part of moving the Committee forward. Herrerias expressed appreciation for the initiative Cassingham has taken to orient them and keep them up to speed. He said they appreciated the diligence, effort and focus that she brings to them and to MERA.

H. Open Time for Item Not on the Agenda

None.

I. Adjournment

The meeting adjourned at 5:39 p.m.

Maureen Cassingham
MERA Executive Officer
and Secretary