



Board of Directors
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June 24, 2020

Mr. Richard H. Averett, Executive Director
Regional Government Services Authority
P. O. Box 1350
Carmel Valley, CA 93924
Email: contracts@rgs.ca.gov

Dear Mr. Averett:

As you will recall, the Kensington Fire Protection District ("District") contracted with Regional Government Services ("RGS") last fall pursuant to the Agreement for Management and Administrative Services dated October 23, 2019 ("Agreement"). For your convenience, I have included a copy of the Agreement. (Attachment 1). During RGS's performance under the Agreement, the District repeatedly raised concerns regarding the cost, quality, and service level provided.

The "preamble" to the Agreement states that "RGS customizes solutions to achieve the right level and right kind of service at the right time for each Agency's unique organizational needs." It further states that public agencies can expect RGS to "talk directly to prevent any misunderstandings" and have "[ongoing interaction throughout our relationship to ensure that [the public agency's] needs are being met." These sentiments are reflected in Section 5.2 of the Agreement, which states, "The Executive Director or assigned supervising RGS staff will consult with Agency on an as-needed basis to assure that the services to be performed are meeting Agency's objectives." Unfortunately, there were many occasions over the course of the contractual relationship where this did not occur. Work performed for the District was often disorganized, duplicative, and inefficiently performed. A review of your invoices and time records indicates the majority of billings to the District are at the supervisor/director rather than staff level, and there are a number of instances where the time billed does not reflect the value of the services received.

The purpose of this letter is to formally notify you of a payment dispute regarding your invoice dated April 2020. At its June 10, 2020 Regular Meeting, the District Board of Directors voted to decline payment of the April 2020 invoice and directed staff to dispute the services billed based upon the following reasons: staffing level, errors, duplication of efforts, inefficiencies, and incomplete transmittal of District records. This matter is currently under review by legal counsel.

The following are specific examples of services billed to the District that resulted in excessive costs or inadequate quality of service:

- Throughout the engagement, RGS failed to provide on a consistent basis the immediate and most basic ongoing general administrative and finance services described in Sections 1.1 and 1.2 of Exhibit B, Scope of Services, of the Agreement, which were the fundamental services desired by the District when it contracted with RGS.
- RGS failed to meet District's explicit, published timelines for production of agenda materials, which frequently resulted in the late production of District agenda packages and late distribution to Directors; RGS also consistently failed to update the District website with the agenda materials that it produced and submitted late. Examples include the agenda packages and website updates for the Finance Committee meeting in March and Board meetings in January, February, March, and May.
- On March 2, 2020, RGS billed two hours for the attendance of Shaghayegh Amiri at a Finance Committee meeting, plus travel expenses, yet no minutes were produced. (See Attachment 2)
- On numerous occasions in March and April, RGS billed significant staff time (mainly that of Glenn Lazof) described as work on CalPERS payments, yet duplicate payments were made despite the considerable resources expended on the matter. (See Attachments 2 and 3)
- RGS directed the destruction of supporting documents concerning the transmittal of payments to the County in March, including the CalPERS payments in question, in violation of the District's records retention policy for invoices in support of monthly transmittals.
- In March, the Board President spent considerable time working with Sharzhad Pantera to enable access to online banking and online bill payments only to have the RGS Lead Advisor request to the Board President that online banking not be implemented by Ms. Pantera.
- Beginning in March, RGS billed \$105 per hour for John Mercurio to read and respond to District emails, which should have been assigned to lower cost staff.
- In April, RGS billed time for Glenn Lazof pertaining to the CERBT Trust; the District had requested RGS withdraw funds from the CERBT, yet RGS expended unauthorized time producing a Staff Report that provided significant detail on the merits of not withdrawing funds during times of low investment returns. (See Attachment 4)
- RGS billed time described as Form 700 and Ethics Training on many occasions, yet at least one Emergency Preparedness Committee member has not received the training and/or filed Form 700.

These are just a few examples to demonstrate common themes that occurred during the District's contractual relationship with RGS. These persistent issues required substantial District oversight at a level that should not have been expected based upon the level of charges.

For these reasons, the District does not believe RGS performed satisfactorily and in accordance with the Agreement, including Section 1.1, Standard of Performance, and invokes its right to dispute the April 2020 invoice.

I look forward to hearing your response and discussing these matters further.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary A. Morris-Mayorga". The signature is fluid and cursive, with the first name "Mary" and last name "Mayorga" being more prominent.

Mary A. Morris-Mayorga, MBA
Interim General Manager

cc: Board of Directors

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