



Date: September 17, 2020

To: Housing, Land Use, Environmental and Transportation Committee
Supervisor Mike Wasserman, Chairperson
Supervisor S. Joseph Simitian, Vice Chairperson
Cheryl Solov, Contract Management Audit Manager

From: Mark Warren, President, Los Altos Hills County Fire District
J. Logan, General Manager, Los Altos Hills County Fire District

RE: Supplemental Letter to the Post-Audit Report Plan dated August 5, 2020

This Supplemental Letter to the August 5, 2020 Post-Audit Report Plan is offered to issue agreement with Audit Recommendation 5.1 and will resolve one of the two remaining disagreements of the May 22, 2020 Management Audit Report Recommendations. The only remaining disagreement is Management Audit Recommendation 1.2, suspension of the delegation of authority to the Los Altos Hills County Fire District (District or LAHCFD) as stated below in the LAHCFD Management Audit Report:

Audit Recommendation 1.2. Suspend its delegation of authority to the Fire Commission to ensure the Fire District does not enter into new agreements or arrangements to subsidize capital projects of other agencies while the Board exercises due diligence per Recommendation 1.1. The Fire Commission should serve in an advisory role. (Priority 1)

Suspension of the delegation of authority is now rendered moot to ensure the District does not enter into new agreements or arrangements to subsidize capital projects of other agencies pending review by the County. The District Board of Commissioners demonstrated its commitment by requesting immediate assignment of County Counsel for its legal services. The District Board of Commissioners took action to adopt LAHCFD Resolution 20-29 to approve the County Exclusive Legal Services Agreement for County Counsel services effective August 19, 2020. In addition, the District Board of Commissioners took action to adopt LAHCFD Resolution 20-30 to give notice to terminate the current Agreement for Legal Services with private counsel. The recommendation for suspension of the delegation of authority has been satisfied with these good faith actions of the District Board of Commissioners. If a rationale for suspension or removal of the delegation of authority are under consideration, these factors are outside the scope and findings of the LAHCFD Management Audit Report as is the consideration for consolidation of the District.

The May 22, 2020 Management Audit Report, the LAHCFD Response and the August 5, 2020 LAHCFD Post-Audit Report Plan and this September 17, 2020 Supplemental Letter are under

consideration by County Committees as they progress to the Santa Clara County Board of Supervisors. The District's intention is to utilize the audit Findings and Recommendations and the time provided by the process of the FGOC and HLUET Committee proceedings, to move forward in a collaborative and change-driven process. This Supplemental Letter is offered to resolve one of the two outstanding issues that currently separates agreement with the Audit Recommendations. It is hoped that this Supplementary Letter which now confirms District agreement with Audit Report Section 5.1 demonstrates this goal.

Audit Report Section 5. Fire District Compliance with State and Local Procurement Requirements.

RECOMMENDATION The Board of Supervisors should:

5.1. Reduce the risk of inconsistent or noncompliant contracting or contracting for prohibited services, by bringing the Fire District's contracting under the purview of the County Director of Procurement with review by County Counsel as to form and legality. The County Procurement Director should bring the Fire District's contracting and procurement practices into compliance with State law, County policies and the County Ordinance Code, including ending the Fire District's unauthorized use of private counsel. (Priority 1)

5.1. LAHCFD Agrees.

To address the audit recommendation for procurement, the District agrees to reduce the risk of inconsistent or noncompliant contracting by using County procurement policies or state law. Effective August 19, 2020, County Counsel is the District's legal representative in compliance with Recommendation 5.1. This transition from representation by private counsel to County Counsel now ensures County-directed procurement policies and processes are implemented by the District. District will follow County procurement policies and County Counsel will review, as to form and legality, and advise on District procurement and practices. The District understands compliance with Recommendation 5.1 can be accomplished in this manner.

Summary.

LAHCFD agrees with six of the seven Recommendations set forth in the Management Audit Report. The District disagrees with Recommendation 1.2 to suspend its delegation of authority as stated in the Management Audit Report and finds the issue rendered moot based on District's agreement and compliance with the recommendation and use of County Counsel for legal services. These conciliatory steps are demonstrated in good faith and in the hope of a fair and reasonable resolution of the Management Audit Findings and Recommendations without any remaining rationale to suspend or remove the delegation of authority.

cc:

District Supervisor 2. President Cindy Chavez
District Supervisor 3. Dave Cortese
District Supervisor 4. Susan Ellenberg
Jeff Smith, County Executive
James Williams, County Counsel
Rob Coelho, Assistant County Counsel
Megan Doyle, Clerk of the Board of Supervisors
Peggy Doyle, Deputy Clerk