



# AGENDA

## LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

### REGULAR FINANCE COMMITTEE MEETING

Thursday, November 15, 2018 • 1:30 p.m.  
LA-RICS Headquarters, Large Conference Room  
2525 Corporate Place, Monterey Park, CA 91754

Los Angeles Regional Interoperable Communications System Authority (the "Authority")

#### **AGENDA POSTED: November 9, 2018**

Complete agendas are made available for review at the designated meeting location. Supporting documentation is available at the LA-RICS Office located at 2525 Corporate Place, Suite 100, Monterey Park, CA 91754 during normal business hours and may also be accessible on the Authority's website at <http://www.la-rics.org>.

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#### Members:

1. **John Geiger, Chair**, CEO, County of Los Angeles
2. **Doug Cline**, Los Angeles County Fire Dept.
3. **Bill Song, Vice-Chair**, Commander, Los Angeles County Sheriff's Dept.
4. **Karolyn Fruhwirth**, County of Los Angeles DHS
5. **Vacant**, LA Area Fire Chiefs Assoc.
6. **Vacant**, Los Angeles County Police Chiefs' Assoc.
7. **Rebekka Hosken**, CA Contract Cities Assoc.
8. **John Curley**, Chief of Police, At Large Seat #5, City of Covina
9. **Marie DiBernardo**, Captain, At Large Seat #2, City of Inglewood
10. **Ron Sagmit**, Lieutenant, At Large Seat # 4, City of Signal Hill

#### Alternates:

1. **Michael Iwanaga**, CEO, County of Los Angeles
2. **Debbie Aguirre**, Los Angeles County Fire Dept.
3. **Hiroshi Yokoyama**, Lieutenant, Los Angeles County Sheriff's Dept.
4. **Maria Morales**, County of Los Angeles DHS
5. **Vacant**, LA Area Fire Chiefs Assoc.
6. **Vacant**, Los Angeles County Police Chiefs' Assoc.
7. **Vacant**, CA Contract Cities Assoc.
8. **Ric Walczak**, Lieutenant, At Large # 5, City of Covina
9. **Gabriela Garcia**, Lieutenant, At Large Seat #2, City of Inglewood
10. **Nick Davenport**, Lieutenant, City of Signal Hill, At Large Seat# 4

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#### Officers:

**Scott Edson**, Executive Director  
**Susy Orellana-Curtiss**, LA-RICS Administrative Deputy  
**Beatriz Cojulun**, Committee Secretary



**NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA**

- I. CALL TO ORDER**
- II. ANNOUNCE QUORUM – Roll Call**
- III. APPROVAL OF MINUTES (A)**
  - A. October 25, 2018 – Regular Meeting Minutes  
Agenda Item A
- IV. PUBLIC COMMENTS**
- V. CONSENT CALENDAR - (None)**
- VI. REPORTS (B-C)**
  - B. Status Report Update for LTE
  - C. Status Report Update for LMR
- VII. DISCUSSION ITEMS - (D-F)**
  - D. Finance Ad Hoc Committee Reporting
  - E. Los Angeles Regional Interoperable Communications System Authority –  
Homeland Security Grant Award Compliance Assessment  
Agenda Item E
  - F. Regional Interoperable Radio System Member and Subscriber Dues  
Agenda Item F
- VIII. ADMINISTRATIVE MATTERS - (None)**
- IX. MISCELLANEOUS - (None)**
- X. CLOSED SESSION REPORT - (None)**



**XI. ITEMS FOR FUTURE DISCUSSION AND/OR ACTION BY THE COMMITTEE**

**XII. ADJOURNMENT AND NEXT MEETING:**

Thursday, December 20, 2018, at 1:30 p.m., LA-RICS Headquarters, 2525 Corporate Place, Large Conference Room, Monterey Park, CA 91754.



## COMMITTEE MEETING INFORMATION

Members of the public are invited to address the LA-RICS Committee on any item on the agenda prior to action by the Committee on that specific item. Members of the public may also address the Committee on any matter within the subject matter jurisdiction of the Committee. The Committee will entertain such comments during the Public Comment period. Public Comment will be limited to three (3) minutes per individual for each item addressed, unless there are more than ten (10) comment cards for each item, in which case the Public Comment will be limited to one (1) minute per individual. The aforementioned limitation may be waived by the Committee's Chair.

*(NOTE: Pursuant to Government Code Section 54954.3(b) the legislative body of a local agency may adopt reasonable regulations, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.)*

Members of the public who wish to address the Committee are urged to complete a Speaker Card and submit it to the Committee Secretary prior to commencement of the public meeting. The cards are available in the meeting room. However, should a member of the public feel the need to address a matter while the meeting is in progress, a card may be submitted to the Committee Secretary prior to final consideration of the matter.

It is requested that individuals who require the services of a translator contact the Committee Secretary no later than the day preceding the meeting. Whenever possible, a translator will be provided. Sign language interpreters, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. (323) 881-8291 or (323) 881-8295

SI REQUIERE SERVICIOS DE TRADUCCION, FAVOR DE NOTIFICAR LA OFICINA CON 72 HORAS POR ANTICIPADO.

The meeting is recorded, and the recording is kept for 30 days.



# **FINANCE COMMITTEE**

## **REGULAR MEETING MINUTES**

**LOS ANGELES REGIONAL  
INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY**

Thursday, October 25, 2018 • 1:00 p.m.  
Los Angeles Regional Interoperable Communications System  
Headquarters  
Large Conference Room  
2525 Corporate Place, Suite 200, Monterey Park, CA 91754

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**Finance Committee Members Present:**

**John Geiger**, CEO, County of Los Angeles  
**Bill Song**, Commander, Los Angeles County Sheriff's Dept.  
**Karolyn (Kay) Fruhwirth**, Asst. Dir., EMS Agency, County of LADHS  
**Rebekka Hosken**, Finance Director, CA Contract Cities Assoc.  
**Marie DiBernardo**, Police Captain, City of Inglewood Police Dept.  
**Ron Sagmit**, Police Lieutenant, City of Signal Hill Police Dept.

**Alternates For Finance Committee Members Present:**

**Michael Iwanaga**, CEO, County of Los Angeles  
**Chris Bundesen**, Assistant Fire Chief County of Los Angeles Fire Department  
**Ric Walczak**, Lieutenant, City of Covina Police Dept.

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**Officers Present:**

**Susy Orellana-Curtiss**, LA-RICS Administrative Deputy  
**Beatriz Cojulun**, LA-RICS Committee Secretary

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**Absent:**

**John Curley**, Chief of Police, City of Covina Police Dept.  
**Scott Edson**, LA-RICS Executive Director

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**NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA**

**I. CALL TO ORDER**

Alternate Chair Michael Iwanaga called the Regular Meeting of the Finance Committee to order at 1:10 p.m.

**II. ANNOUNCE QUORUM – Roll Call**

Alternate Chair Iwanaga asked for a roll call and acknowledged a quorum was present. Chair John Geiger joined the meeting after roll call taken.

**III. APPROVAL OF MINUTES (A-B)**

**A. July 26, 2018 – Regular Meeting Minutes**

Committee Member Kay Fruhwirth motioned first, seconded by Committee Member Rebekka Hosken.

Ayes 6: Iwanaga, Bundesen, Song, Walczak, DiBernardo, and Sagmit.

**MOTION APPROVED.**

**IV. PUBLIC COMMENTS – (None)**

**V. CONSENT CALENDAR – (None)**

**VI. REPORTS (B)**

**B. PROJECT STATUS**

**LONG TERM EVOLUTION (LTE) UPDATE** – Program Manager Justin Delfino

Program Manager Delfino provided an update on LTE Round 2 and the newly hired engineering and architecture firm, David Evans and Associates, Inc. (David Evans). With the amount of approximately \$500,000, David Evans will initiate the design and construction of seven (7) identified sites, which already have approved Notices to Proceed (NTP). By June 2019, the seven (7) sites are scheduled for completion, as well as six (6) other sites, for a combined thirteen (13) sites.



### LAND MOBILE RADIO (LMR) UPDATE – Program Manager Delfino

Program Manager Delfino mentioned LA-RICS staff and Motorola Solutions, Inc. (Motorola) have encountered a setback with the Universal (UNIV) site. LA-RICS intended to use of the rooftop at UNIV but, due to competing projects for an energy upgrade from power outages, can no longer entertain use of that rooftop. Therefore, the \$434,706 that was being carried for Phase 2 will be removed from UASI Grant '16 and moved to UASI Grant '17.

Further, Program Manager Delfino stated that six (6) other sites are planned for construction with UASI Grant '16 and scheduled for completion by March 1, 2019.

Lastly, Program Manager Delfino informed the Committee if more detailed information is desired, the Authority's Operations and Technical (Ops/Tech) Committee hold standing meetings every 4<sup>th</sup> Tuesday of every other month and they are welcome to attend. The next Ops/Tech meeting is scheduled for Tuesday, November 27, 2018. There are also monthly LA-RICS Authority JPA Board of Directors (Board) meetings where a broader level of information such as photos and descriptions of site construction and project progress is available. The primary focus is the build-out of the LMR System. He highly encourage attendance to those meetings, as the scope of the PM presentations moving forward would include those with a fiscal impact only.

Administrative Deputy Susy Orellana-Curtiss provided information in connection with Item B – LTE Update. She stated that the County of Los Angeles Auditor-Controller (A-C), who serves as the Fiscal Agent to the Authority, forwarded a report to the Authority this past Wednesday, October 24, 2018, after the filing of the Finance Committee Agenda, therefore was not available for this Agenda posting. The Board previously requested a report, as LA-RICS entered into an Asset Transfer Agreement and Business Agreement with AT&T. LA-RICS' initial payment was for \$6 million dollars, at which point the Board requested quarterly updates on the utilization of those funds. The first A-C quarterly report was received after the posting of the Finance Committee Agenda but will be included in the next Board meeting agenda. Administrative Deputy Orellana-Curtiss assured the Committee that report from A-C would be presented to the Finance Committee moving forward. She went on to inform the Committee that to-date, as of Quarter 1 of 2018 (July – September Fiscal Year [FY] 2018-19), the Authority has spent \$251,645 under the three (3) tiers of member funded items which the AT&T Business Agreement revenues cover. Those three (3) budget categories are: JPA Member funded activities, LTE Administrative costs, and LMR Administrative costs, with all three categories' expenditures to-date totaling \$251,645.

There were no questions at the conclusion of the report.



## VII. DISCUSSION ITEMS (C-E)

### **(ALTERNATE CHAIR IWANAGA RECOMMENDED DISCUSSION ITEMS C, D AND E BE TAKEN OUT-OF-ORDER AND PROCEEDED WITH ADDRESSING ADMINISTRATIVE MATTERS F AND G AHEAD OF DISCUSSION ITEMS)**

#### C. Repayment of the Cash Advance to the Los Angeles Regional Interoperable Communications System Authority

Administrative Deputy Susy Orellana-Curtiss provided some background information in connection with Discussion Item C. The LA-RICS Authority adopted a funding plan per the Joint Power Authority (JPA) terms that set forth stipulated cost factors for the Members of the Authority and the cost to stand up the LTE/LMR Systems, as well as Operations and Maintenance (O&M) costs post deployment of the systems. The Funding Plan was adopted in 2014, which triggered a Member Opt-Out period, where 24 members opted to remain in the Authority. The Funding Plan contemplated costs factors that included ongoing non-grant funded Management/Administration items, as well as items that were outside of the purview of what the grants fund. For the most part, the grant funds the system deployment, but for the Broadband Technology Opportunities Program (BTOP) funded LTE System, there was a 20% match requirement made up significantly by cash match. Per the Adopted Funding Plan, remaining members had an obligation to pay for their cost share.

Administrative Deputy Orellana-Curtiss went on to state that since 2014, the County of Los Angeles (County) provided funding to continue the operation of the JPA pending a loan determination or loan payment term that was to be discussed at a later date. The County provided a cash loan for FY 2014-15, FY 2015-16, FY 2016-17, and FY 2017-18 for LA-RICS to continue to operate. This Committee recently approved the LA-RICS Operating Budget for FY 2018-19, and as your Committee is aware, LA-RICS is now operating on the revenue received from AT&T via the Asset Transfer and Business Agreements. For the four (4) years prior, the County provided the operating funds as a loan on behalf of the Members, resulting in LA-RICS accumulating a debt of approximately \$18.6 million dollars, as detailed in the enclosed letter. The Authority has been in discussions with the County, specifically the Chief Executive Officer (CEO), regarding how to address the \$18.6 million dollar debt incurred to-date. Administrative Deputy Orellana-Curtiss went on to indicate the CEO issued a letter to the Chair of the Board, Sheriff Jim McDonnell, and Vice-Chair, Fire Chief Daryl Osby, as well as LA-RICS' Executive Director Scott Edson regarding the \$18.6 million dollar loan. The letter is included in your agenda packet.



Committee Member Kay Fruhwirth asked for sentence clarification on Agenda Item C Attachment (County response Letter), "After a review of several operational cost models, our office has determined that a subscriber cost rate that includes repayment of the cash advance retains a competitive advantage over other providers." Administrative Deputy Orellana-Curtiss stated discussions with the CEO's Office resulted in the request for information pertaining to other systems that operate in the region, specifically the cost existing users pay now for existing systems such as ICI. Those costs are higher than the projected rate for the LA-RICS LMR system, assuming existing LMR Operations and Maintenance baseline costs do not increase.

There were no other questions. This item will be presented to the Board on November 1, 2018.

#### D. Subscription Based Funding Plan

Administrative Deputy Orellana-Curtiss stated there have been discussions regarding issues with the existing Adopted Funding Plan, which contemplated cost factors that were assigned to each member agency based on population and geography. Existing costs were taken into consideration to support the LMR System and apportioned in accordance with these cost factors.

Administrative Deputy Orellana-Curtiss provided the Committee an example of what were to occur if a member were to opt-out. In 2014, the Funding Plan triggered an opt-out period, the agency had a set rate based on population and geography cost factors, when agencies opted out, costs went up accordingly. The costs that were tied to the agency that opted out then had to be distributed to the remaining members. At the time of the release, adoption, and following adoption of the Funding Plan, the Interim Executive Director met with agencies regarding what triggered the opt-out and concerns they had with the existing Funding Plan. The primary feedback received from agencies was the need for a stable Funding Plan that was not subject to change or dependent of member makeup, because there was a need for agencies to budget with some sense of continuity, without the risk of year-to-year variables. Given all of the feedback received to-date, Administrative Deputy Orellana-Curtiss stated there is a better understanding of the LMR Deployment, a good handle on reconciliation of site costs within the system, redesigning it to ensure alignment to the remaining agencies, as well as potential subscribers. Administrative Deputy Orellana-Curtiss stated the purpose of this discussion item is to provide your committee with the steps that would be needed to revise the existing Funding Plan.

Administrative Deputy Orellana-Curtiss referred to Truc L. Moore, Counsel to the Authority, to walk the Committee through the steps required to revise the Funding Plan in connection with the terms and conditions of the Joint Powers Agreement. Counsel



Moore provided the details regarding what would be required to make revisions to the existing Funding Plan:

- Finance Committee would adopt any recommended changes and vote to recommend it to the Board.

NOTE: The entire Finance Committee does not need to participate preparing the amendments. Counsel recommended forming an Ad Hoc Sub-Committee.

- The Chair will be asking for Ad Hoc Sub-Committee volunteers. Ad Hoc Committee should be less than a quorum. Certain LA-RICS team members will assist with the preparation of the new model, as well consultant assisting, as needed.
- After the Ad Hoc prepares material for the Finance Committee to review, those items can be included on the Regular Finance Committee Agenda. At that point, the Finance Committee can discuss the revisions to the Funding Plan.
- If the Finance Committee is comfortable with the revisions to the Funding Plan, and would like to recommend it for Board approval, the Committee votes on adopting a recommendation for consideration of the JPA.
- Once the revised Funding Plan goes to the JPA for consideration, the Board will review and determine if the revised Funding Plan is appropriate, if so they can move to adopt the revised Funding Plan.
- If the Board adopts the revised Funding Plan, they set a 45-day opt-out period allowing any JPA Members an opportunity to withdraw from the JPA if they believe that their financial impact has substantially increased.

Counsel Moore mentioned that if the current Subscription Model lowers participant's costs; there should be no expectation of Member withdrawals. In the event that a Member takes the position that the revised plan significantly increased their cost, Members would be allowed the opportunity to withdraw during that 45-day opt-out period.

Administrative Deputy Orellana-Curtiss concurred with Counsel Moore as to the formation of a Finance Ad Hoc Committee that allows for detailed analysis of the revision to the Funding Plan.

The concept is over time with the changes in communications world and LTE going to FirstNet with the focus of the LA-RICS Authority on the land mobile radio system, what makes the most sense for the region is a subscription based rather than a member



based offering, which is what incited the need to revise the Funding Plan. Chair Geiger commented, as Counsel Moore mentioned, there is possibly an opt-out window, we do not envision that happening but the opportunity is there. The subscriber being a member or a subscriber is certainly no longer exclusive. The Ad Hoc will work toward establishing a set rate based on capital expense; refresh costs, O&M, and loan/debt service. Chair Geiger further informed the Committee that as of today, loan and debt service in the model does not need to be included. In an abundance of caution and as a matter of fiscal prudence, Chair Geiger recommended establishing backup rate setting alternatives, which include debt repayment. These are the areas that a small Work Group such as the Ad Hoc Committee that meets more frequently can address and engage subject matter experts as may be needed. The next natural step is for agency representatives or other stakeholders interested in participating in the Ad Hoc Committee to contact the main office at LA-RICS within the next week or so to commence this work. When the Ad Hoc Committee has work product/material readily available for review, it will be presented to this Committee for vetting.

Committee Alternate Chris Bundesen inquired as to when the Funding Plan needs to be in place, as well as when LA-RICS anticipates onboarding or starting.

Chair Geiger understands that onboarding will be in various phases, as they want to plug in. It is not until the system goes live that there would be a question of charging. Administrative Deputy Orellana Curtiss stated we plan to go live in Quarter 1 of calendar year 2021.

Committee Member Fruhwirth asked Administrative Deputy Orellana-Curtiss if LA-RICS is currently funding O&M with the AT&T funding. Administrative Deputy Orellana-Curtiss clarified there is no O&M since the LTE system was assigned to AT&T and there is not O&M for LMR until the system is accepted and the warranty period concludes. Committee Member Fruhwirth asked if the funding would last until the placement of the subscription fee. Administrative Deputy Orellana-Curtiss said that it would last if LA-RICS deploys the LMR system on schedule. The initial payment of \$6 million dollars can carry LA-RICS through two (2) fiscal years. LA-RICS receives an additional payment of \$3 million dollars at completion and transition of thirteen (13) LTE Round 2 sites with an additional \$3 million dollars at the completion and transition of the final (thirteen) 13 sites from LTE Round 2. The reason LA-RICS is pushing aggressively for the committee to meet, is that LA-RICS needs to set a revision to the existing funding plan, as the rate/cost is the first question that potential/interested users request. Even though some of the users may not be coming in as a paying customer until 2021, they are planning for the equipment purchases and other factors that need to line up prior to coming onto LA-RICS in 2021. That is why LA-RICS needs to push the rate setting aggressively, in an effort to have an answer for them.



## E. Subscription Rate Setting

Administrative Deputy Orellana-Curtiss shared with the Committee the Subscription Rate Setting (handouts supplied at this time), which reflects the current make-up of the mobile radio costs. She went on to ask the Committee consider any items they'd like the working group to address, and if Committee Members would like to participate in the working group or have staff that they would like to recommend for working group participation. Administrative Deputy Orellana-Curtiss stated the handout outlines the existing costs that are included in the adopted Funding Plan. Included are administrative costs that are not paid for by the grant, as well as the O&M \$4 million dollar amount for O&M was the maintenance proposal that was provided by Motorola when they entered into the agreement for the deployment of the LMR System a few years ago. LA-RICS used that as a baseline figure because Motorola provided a proposal to maintain the system for that dollar value. Included in the \$11 million dollar amount is also a 10-year lifecycle. Administrative Deputy Orellana-Curtiss stated currently this is cost associated with replacing the major components of what makes up the LMR System which totals \$55 million dollars spread out over ten (10) years. The team is currently preparing a comprehensive scope of work in accordance with the current makeup of the LMR system and assessing whether or not there is a need to add items into the O&M and Lifecycle costs as well as any revised Funding Plan cost factors. Administrative Deputy Orellana-Curtiss asked the Committee to please keep it in mind updates to these baseline LMR costs maybe impact the initial rate estimates and that will be discussed in the working group.

Chair Geiger mentioned certain items that may require input from the operations and technical staff would be to look at the system that has a 10-year average lifecycle and to assess when the refresh will be needed, as it will be a new system.

Committee Member Fruhwirth noticed the presentation does not include the \$18 million debt. Chair Geiger stated there are scenarios that he has seen that have a zero debt service as well as other repayment scenarios. However, the CEO letter, nothing is due or called, in purposes of the actual rate that will go up on 2021, there is no indication that it has to include debt service, although it is a matter of fiscal prudence to have scenarios that include repayment. It would be good to see the numbers, in worst case scenario if you were paying full debt service, 15-25 years what does it look like. As Administrative Deputy Orellana-Curtiss suggested, the early numbers that were calculated using that debt service, still made the rates fairly competitive.

Committee Member Bundesen asked for clarification on what the County would entertain and if there would be possibility of a variety of debt repayment scenarios that can be done in 10-15 years. He also asked if the rates needed to be competitive, would the County be willing to extend repayment periods so that the user costs would



be the most competitive in the region. Chair Geiger stated the County's dominant interest is interoperability, a tool that public safety is able to use; the term of debt service should not get in the way of that. Certainly one of the ways that a tool is most robust is by having user constituency, interoperability cannot exist without all hands in the game. The County is amenable to hearing all proposals coming in, especially with the CEO September letter indicating that a debt is not being called or considered at this time.

Committee Member Budesen asked Administrative Deputy Orellana-Curtiss if LA-RICS could provide information on other system costs. Administrative Deputy Orellana-Curtiss stated that there is some information available and would share it at the next meeting.

Administrative Deputy Orellana-Curtiss asked the Committee representative please provide the Committee Secretary, Beatriz Cojulun, names for recommendation from your agency to start engaging in ad hoc committee discussions. The names will be forwarded to the Chair.

Chair Geiger would like the Ad Hoc Committee to meet before the Thanksgiving holiday, especially to prepare the Agenda.

Committee Member Fruhwirth asked for clarification on the number of members allowed for the Ad Hoc Committee. Counsel Moore stated that out of the ten (10) Finance Committee Members, must be less than a quorum, therefore the most that can be in the Ad Hoc is five (5) members representatives. For example, is the Sheriff's Department would like to send two (2) of their fiscal employees, they can do that because they are representing one (1) entity. At the member level, there cannot be more than five (5) member representatives. Not having to reach a quorum and sending out notification as in a regular meeting, avoids having the Brown Act slow down the discussion process. If there are more agencies interested than required for the Ad Hoc, then a selection will be made by the Chair.

## **VIII. ADMINISTRATIVE MATTERS (F-G)**

### **F. FINANCE COMMITTEE VICE-CHAIR - ELECTION**

**(ALTERNATE CHAIR IWANAGA RECOMMENDED DISCUSSION ITEMS C, D AND E BE TAKEN OUT-OF-ORDER AND PROCEEDED WITH ADDRESSING ADMINISTRATIVE MATTERS F AND G AHEAD OF DISCUSSION ITEMS)**

Administrative Deputy Orellana-Curtiss mentioned the Vice-Chair position was last filled three (3) years ago when the make-up of the Board was a bit different. Now that LA-RICS in engaging Committee members regarding potential revisions to the funding



plan, as well as setting a subscription rate for LMR users, the Committee needs to fill the vacant Vice-Chair seat. The Vice-Chair would be able to hold Committee meetings, such as the current one, when the Chair is not available. Therefore, nominations were requested in order for the Committee to form a vote, and the Vice-Chair position would be effective immediately.

Alternate Chair Iwanaga nominated Commander Bill Song for Vice-Chair consideration as the first motion and was seconded by Committee Member Bundesen.

Ayes 5: Fruhwirth, Hosken, Walczak, DiBernardo, and Sagmit.

**MOTION APPROVED.**

**G. 2019 SCHEDULE OF LA-RICS FINANCE COMMITTEE MEETING**

Alternate Chair Iwanaga recommended the approval of the 2019 Finance Committee Regular Meeting Schedule in the Agenda.

Administrative Deputy Orellana-Curtiss read into the record that upon the Chair's review of this Agenda item, concluded in order to allow time for reports to be prepared and included for Board agenda inclusion, especially since we would be addressing significant items, would require more time between Finance Committee meeting and Board agenda posting date to prepare. He requested more time be allotted for the Finance Committee to convene and then provide a written report to the Board. Therefore, the handout replaces Agenda Item G of the Agenda Packet, reflecting the Finance Committee with alternative dates and moving meetings to the 3<sup>rd</sup> Thursday of the month instead of the 4<sup>th</sup> Thursday of the month. Since Board meetings convene on the 1<sup>st</sup> Thursday of the month, this would allow the Finance Committee more time to prepare reports for JPA Board Meetings.

Administrative Deputy Orellana-Curtiss stated once the dates on the handout are adopted, if there are any changes to the dates, it then would be considered a Special Meeting of the Committee. Therefore, the Committee was encouraged to make any changes at this time. Administrative Deputy Orellana-Curtiss proposed meeting on December 20, 2018 due to significant items in today's discussion and envisioning needing the Committee preparing reports to the Board for action. If quorum is not secured, a meeting cancellation would be sent out to attendees.

The dates on the handout reflect meetings for the calendar year 2018 and 2019, which the Finance Committee has been asked to adopt:

**2018**  
November 15



December 20

**2019**

January 17

February 21

March 21

April 18

May 16

June 13

July 18

August 15

September 19

October 17

November 14 (3<sup>rd</sup> Thursday)

December – No meeting (will adjourn on January 23, 2020)

All Regular Meetings will be held at 1:00 p.m. Pacific Time at the at the LA-RICS Headquarters, 2525 Corporate Place, Suite 200, Large Conference Room, Monterey Park, California 91754.

Chair Geiger recommended moving the start time to 1:30 p.m.

Chair Geiger motioned first, seconded by Committee Member Song.

Ayes 6: Rhodes, Bundesen, Walczak, DiBernardo, Fruhwirth, and Sagmit.

**MOTION APPROVED.**

**VIII. MISCELLANEOUS – (None)**

**IX. CLOSED SESSION REPORT – (None)**

The Committee did not enter into Closed Session.

**X. ITEMS FOR FUTURE DISCUSSION AND/OR ACTION BY THE COMMITTEE**

**XI. ADJOURNMENT and NEXT MEETING:**

The Finance Committee meeting adjourned at 1:49 p.m. The next meeting is on Thursday, November 15, 2018, at 1:30 p.m., at the LA-RICS Headquarters, 2525 Corporate Place, Large Conference Room, Monterey Park, CA 91754



**LOS ANGELES REGIONAL INTEROPERABLE  
COMMUNICATIONS SYSTEM AUTHORITY**

2525 Corporate Place, Suite 100  
Monterey Park, California 91754  
Telephone: (323) 881-8291  
<http://www.la-rics.org>

SCOTT EDSON  
EXECUTIVE DIRECTOR

November 15, 2018

To: LA-RICS Finance Committee Members

From: Scott Edson  
Executive Director

A handwritten signature in blue ink, appearing to read "Scott Edson", is placed to the right of the printed name and title.

**LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS  
SYSTEM AUTHORITY – HOMELAND SECURITY GRANT AWARD  
COMPLIANCE ASSESSMENT**

The purpose of this discussion item is to share the attached audit report prepared by Crowe, LLP., the firm retained by the California Governor's Office of Emergency Services (CalOES) to provide an assessment in relation to the Homeland Security Grant Funds (HSGP) awarded to LA-RICS under the Urban Areas Security Initiative (UASI) Grant for the deployment of the Land Mobile Radio (LMR) system. The assessment included all funds awarded to LA-RICS from grant award year 2008 through 2016.

SOC:mbc

Attachment

c: Counsel to the Authority

**AGENDA ITEM E**



## LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

2525 Corporate Place, Suite 100  
Monterey Park, California 91754  
Telephone: (323) 881-8291  
<http://www.la-rics.org>

SCOTT EDSON  
EXECUTIVE DIRECTOR

October 29, 2018

Crowe LLP  
400 Capitol Mall, Suite 1400  
Sacramento, California 95814

We are providing this letter relative to your engagement to perform an assessment in relation to the Homeland Security Grant Program (HSGP) funds that have been passed through to the Los Angeles Regional Interoperable Communications System (LA-RICS), for the Land Mobile Radio (LMR) project during award years 2008 through 2016.

We confirm, as of the date of this letter, the following representations made to you during your assessment:

1. We are responsible for the compliance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the grant agreements associated with HSGP funds (Federal award) awarded to LA-RICS by Los Angeles/Long Beach Urban Area Security Initiative (UASI) during award years 2008 through 2016.
2. We are responsible for maintaining effective internal control over compliance.
3. We have made available to you all financial records and related data relevant to the compliance with Uniform Guidance and the Federal award relevant to your sample selections.
4. We have complied with Uniform Guidance and the terms of the Federal award associated with the HSGP funds.

  
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Scott Edson  
Executive Director

  
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Susy Orellana-Curtiss  
Administrative Deputy

**AGENDA ITEM E - ATTACHMENT**



# Los Angeles Regional Interoperable Communications System

Authority Homeland Security Grant Award  
Compliance Assessment

October 31, 2018

A large photograph of a mountain range at sunset. The sky is filled with warm, golden light, and the mountains are silhouetted against it. The foreground shows a dense forest of evergreen trees.

## AGENDA ITEM E - ATTACHMENT

Audit / Tax / Advisory / Risk / Performance

Smart decisions. Lasting value.™

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## Cover Letter

Mark S. Ghilarducci, Director  
California Governor's Office of Emergency Services  
3650 Schriever Avenue  
Mather, CA 95655

Dear Mr. Ghilarducci:

Crowe LLP was engaged by the California Governor's Office of Emergency Services (Cal OES) to provide an assessment in relation to the Homeland Security Grant Program (HSGP) funds that have been passed through to the Los Angeles Regional Interoperable Communications System (LA-RICS), for the Land Mobile Radio (LMR) project during fiscal years 2008 through 2016. This was in response to a programmatic review of Cal OES by the Federal Emergency Management Agency (FEMA) Grants Programs Directorate (GPD). On January 12, 2018, the GPD issued a response letter to Cal OES noting that an independent audit of LA-RICS, related specifically to the HSGP funds, is required in order to close out certain corrective actions noted from the programmatic review.

The scope of our assessment included all HSGP funds (Federal award) awarded to LA-RICS by Los Angeles/Long Beach Urban Area Security Initiative (UASI) during fiscal years 2008 through 2016. The scope included :

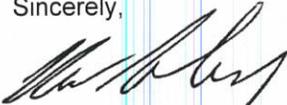
- Evaluating LA-RICS' internal controls over the Federal award;
- Evaluating LA-RICS' compliance with post-Federal award requirements and program guidelines;
- Verifying the HSGP expenditures incurred by LA-RICS were supported by appropriate documentation and were incurred within the period of performance;
- Providing recommendations for improvement in practices and procedures related to monitoring of the grant-Funded activities;
- Evaluating performance of the Federal award-funded projects;
- Assessing the sustainability of the LMR project;
- Assessing evidence of program success and identify ways to improve program performance.

We met with Cal OES to determine the detailed procedures to accomplish the objectives. We determined the most flexible framework to accomplish the objectives and procedures was the consulting standards of the American Institute for Certified Public Accountants. As such, we did not conduct an audit or a review. However, for elements related to compliance with provisions of Federal awards, we conducted our procedures following guidance from the *Governmental Auditing Standards*, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Sampling, procedures, and other audit elements were conducted following the framework of these guidelines.

The procedures performed and corresponding results are detailed in the following report. We did not identify exceptions related to non-compliance with the Federal grant requirements or the requirements of the Uniform Guidance during our procedures.

We appreciate the opportunity to have conducted this assessment. Should you have any questions, or if we can be of any further assistance, please contact me at [bert.nuehring@crowe.com](mailto:bert.nuehring@crowe.com).

Sincerely,



Bert G. Nuehring  
Partner  
Crowe LLP

## Background and Executive Summary

Events of September 11, 2001 highlighted the need for first responders to be able to communicate with each other. Emergency communications primarily address local jurisdictional needs and most agencies utilize separate radio towers, equipment, and radio frequencies. The Los Angeles Regional Interoperable Communications System Authority (LA-RICS, or the "Authority"), a Joint Powers Authority (JPA) was designed to address these concerns. The LA-RICS project goal is to establish a County-wide public safety wireless voice and data radio system for all first and secondary responders. This includes a Land Mobile Radio (LMR) system. The LMR system will replace the current patchwork of aging frequencies, creating a seamless web of communication. Construction of the radio network is underway. LA-RICS will own, operate, and maintain the LMR network.

Homeland Security Grant Program Funds (Federal Awards) totaling approximately \$105 million were awarded to LA-RICS by the Los Angeles/Long Beach Urban Area Security Initiative (UASI) during fiscal years 2008 through 2016. The California Governor's Office of Emergency Services (Cal OES) is the State Administrative Agency responsible for oversight of UASI funding awarded to the state.

The scope of the assessment incorporated the following main objectives to compliance and sustainability of the LA-RICS LMR project:

- Expenditures were properly supported and support documentation is auditable;
- Expenditures were reasonable, allowable, eligible and allocable to the program;
- The overall management and administration of the program was compliant with State and Federal laws and regulations;
- Purchases were properly procured and comply with Federal laws, regulations and program requirements;
- The internal control structure and internal control activities for the recipient and sub-recipients were in place, and operating effectively, to reasonably assure compliance with the program rules and regulations;
- Analyzing the overall performance and success of the homeland security grant funded projects including:
  - The sustainability of the Land Mobile Radio (LMR) project;
  - Attainment of the grant goals and objectives including providing the stated deliverables
  - Ongoing recommendations for the enhancement and future success of the program.

### Overall Assessment

Overall, we found that, based on the procedures performed, the management and administration of the LA-RICS LMR program followed applicable State and Federal requirements. We found detailed records, and reports were maintained supporting the existence, completeness, and accuracy of the procurement of services related to the grant and support for expenditures and period of availability to the applicable grant funding.

We found that LA-RICS had an approved funding plan that indicates the LMR project was sustainable, based on the current subscriber base and the budgeted annual costs. We noted that the LA-RICS advisory committee (Finance Committee) was tasked with reviewing revisions to the Funding Plan, but the plan was not yet publicly available at the time of our report.

We considered the findings applicable to the LA-RICS and UASI noted in the most recent report dated January 12, 2018, from the Federal Emergency Management Agency (FEMA) Grants Programs Directorate (GPD) that resulted from a programmatic monitoring desk review of the fiscal years 2010-2013 Homeland Security Grant Program (HSGP) awards. The assessment objectives and procedures were designed to include procedures that address the concerns raised in the FEMA GPD report, including the involvement of Jacobs Engineering in the procurement of Motorola, whereby we reviewed support evidencing that Jacobs Engineering was not part of the evaluation committee.

## Recommendation

During our review of the Authority's Fiscal Manual, we found that the policy document itself was outdated. It was last updated in August 2013. We recommend that LA-RICS review and revise the Fiscal Manual more frequently.

*LA-RICS response:* LA-RICS notes that the Fiscal Manual was subsequently revised and approved by the Board on June 27, 2018. In addition, LA-RICS referred us to their detailed Policy Manual, which contains, among other things, policies and procedures relating to the fiscal operations of the project. This manual is reviewed and updated on a regular basis.

## Detailed Procedures and Results

### Internal Controls

A. Data Collection: Obtain the following documentation:

1. Gained an understanding of LA-RICS and UASI's financial, employee, and administrative policies and procedures in place related to the Federal Award, including an understanding of internal controls through obtaining the following:
  - a) Accounting, fiscal and financial policies and procedures.
  - b) Procurement policies and procedures.
  - c) Safeguarding of assets against unauthorized acquisition, use, or disposition.

**Results:**

We obtained fiscal manuals and gained an understanding of the policies, procedures, and internal controls. We obtained a copy of the internal fiscal manual and found that the document was outdated. It was last updated by LA-RICS in August 2013.

**Recommendation:**

We recommend that LA-RICS review and revise the Fiscal Manual more frequently.

*LA-RICS response:* LA-RICS noted that the Fiscal Manual was subsequently revised and approved by the Board on June 27, 2018. In addition, LA-RICS referred us to their detailed Policy Manual, which contains, among other things, policies and procedures relating to the fiscal operations of the project. This manual is reviewed and updated on a regular basis.

- B. Conduct interviews with key program and other LA-RICS and UASI/County personnel to gain an understanding of the LA-RICS' and UASI's processes, procedures and governance structure over the Federal Award. Document Results.

**Results:**

We met individually with each of the following individuals on June 1, 2018, inquiring about control policies and procedures and whether each was aware of any suspicious or fraudulent activities. No concerns noted.

- Susana Orellana –Curtiss (Administrative Services Manager III)
- Jeanette Arismendez (Contracts Manager)
- Gina Sami (Fiscal Officer I)
- Lam Tran (Grant Analyst)
- Nalani Whatley (Supply and Staging Manager)

- C. Perform testing over the current design and operating effectiveness of controls in place at LA-RICS and UASI in conjunction with testing of Compliance, including controls within the following areas:

1. Allowability of costs

**Results:**

We performed procedures to understand internal controls in place at LA-RICS over determining allowability of costs. There were two separate classifications of expenditures included in the population of Federal expenditures. These were payroll and non-payroll transactions. For each group of transactions, we performed procedures to determine whether

there was evidence of review and approval, and whether there was adequate segregation of duties among those who initiate record and authorize transactions.

For non-payroll related transactions, we evaluated controls with a sample of 26 transactions, amounting to approximately \$12,722,000. For payroll related transactions, we tested controls pertaining to 30 separate pay periods, amounting to approximately \$4,096,000.

No exceptions were noted as a result of the procedures performed.

2. Period of performance

**Results:**

We performed procedures to understand internal controls in place at LA-RICS over determining compliance with period of performance requirements. We tested 31 transactions amounting to approximately \$49,152,000. The transactions selected for testing were reimbursement requests occurring near the beginning and near the end of the period of performance stipulated in the award documents. No exceptions were noted as a result of procedures performed.

3. Cash management

**Results:**

We performed procedures to understand internal controls in place at LA-RICS over cash management requirements. We tested 7 transactions amounting to \$58,521,000. No exceptions were noted as a result of procedures performed.

4. Procurement

**Results:**

We performed procedures to understand internal controls over 100% of the population of transactions subject to Federal procurement requirements. The procurements included the final executed agreements specific to Jacobs Engineering and Motorola. The value of the executed agreements with both vendors amounted to approximately \$352,083,000.

LA-RICS adopted the County of Los Angeles' (County) procurement procedures for service contracts. The Los Angeles County Services Contracting Manual provides the "cradle-to-grave" framework for solicitations such as Request for Proposals (RFPs), Invitation for Bid (IFBs), and Request for Statement of Qualifications (RFSQs). LA-RICS followed the applicable policies and procedures of the manual such as the Services Contract Solicitation Protest Policy. In addition, Authority personnel routinely attended the Countywide Contracting Network meetings to ensure that the Authority was up-to-date with the most recent changes and developments in County contracting.

No exceptions were noted as a result of the procedures performed.

5. Reporting

**Results:**

We inspected the grant agreements between LA-RICS and City of LA and did not find any reports that were required by Federal regulations to be submitted. Based on discussion with the UASI Director of Grants and Finance as well as representatives at Cal OES, the reports listed as applicable to grantees include the Federal Financial Report, Initial Strategy

Implementation Plan, and the Performance Progress Report. These reports were required to be submitted by the first tier subrecipient, or the first tier pass-through entity (Cal OES). Subrecipients (LA-RICS) were not required to submit these reports. No exceptions were noted as a result of procedures performed.

Separately, Cal OES, in a letter dated April 1, 2016, to the Grants Programs Directorate (GPD) of the Department of Homeland Security, stipulated that additional monitoring was to be performed by Cal OES over subrecipients for the purpose of tracking project progress. This additional monitoring was imposed by Cal OES on the subrecipients; as such, these reports were not subject to this assessment, the scope of which was an evaluation under Federal compliance requirements.

6. Safeguarding of assets

**Results:**

We obtained an understanding of internal controls at LA-RICS pertaining to the safeguarding of assets purchased and built with Federal funding.

LA-RICS has employees who monitor contractors. Additionally, LA-RICS enlisted Jacobs Project Management Company ("Jacobs") to assist in management and oversight of the project. LA-RICS also enlisted assistance from other technical experts (from County departments such as the Internal Services Department, Sheriff's Department, and the Fire Department). Jacobs established a logistics management process to ensure materials are at the right place at the right time during deployment. When an asset is purchased, it is tracked using an asset management tracking system that also tracks the corresponding funding source. Only users with proper authorization had access to this system. This system can also produce an audit trail of updates or changes to information for an individual asset. Information includes equipment details, events, costs, funding source, and deployed location. Jacobs verifies the Authority's equipment inventory and documents the quantity, model, revision level, and serial numbers. Jacobs will also indicate if there is any deviation from a master list for factory orders/equipment lists.

We tested internal controls for a sample of 40 assets, in order to determine whether records for equipment acquired were maintained accurately, and whether there was evidence of maintenance records in accordance with Federal regulations for equipment management. No exceptions were noted as a result of procedures performed.

- D. Analyze the LA-RICS and UASI's organizational and project management structures to identify inefficiencies or duplications of efforts and provide recommendations for improvement.

**Results:**

We performed a detailed review of internal controls as those control systems relate to the following compliance objectives.

- Expenditures were properly supported and support documentation was auditable;
- Expenditures were reasonable, allowable, eligible and allocable to the program;
- The overall management and administration of the program was compliant with State and Federal laws and regulations;
- Purchases were properly procured and complied with Federal laws, regulations and program requirements; and
- The effectiveness of internal control structure and internal control activities for the recipient and subrecipients was in place to reasonably assure compliance with the program rules and regulations.

Also we reviewed project management and organizational structures related to the following objectives:

- Analyzing the overall performance and success of the homeland security grant funded projects including:
  - The sustainability of the Land Mobile Radio (LMR) project;
  - Attainment of the grant goals and objectives including providing the stated deliverables; and
  - Ongoing recommendations for the enhancement and future success of the program.

## Performance

A. Data Collection: Obtain the following documentation:

1. Copies of all grant agreements related to the Federal Award.
2. A listing of all audits pertaining to the Federal Award, outside of annual financial statement/Single audits.
3. Plans or reports that exist to show progress to the 2020 interoperability goal, including a current deployment plan or similar documentation that exists.
4. Budget for the 2017-2019 grant period and detailed funding plans for 2017-2019.

### Results:

We obtained and reviewed grant agreements. We obtained copies of the single audit reports for fiscal years 2011 through 2016. We obtained the budget for the 2017-2019 grant period and the detailed funding plans for 2017-2019. We obtained the following related to the 2020 interoperability goal:

- LA-RICS funding plan dated June 2, 2014, updated June 4, 2014;
- Cover letter to City Managers, accompanying the LA-RICS funding plan, summarizing the funding plan;
- LMR Level 7 Schedule, listing locations, detailed project steps and estimated timing, dated March 24, 2018; and
- Interim Assessment of LA-RICS Deliverable dated September 1, 2016, prepared by the Interim Executive Director, discussing Personnel Resources and Organizational Structure, Finances and the Funding Plan, Relationships and Marketing, Business Strategies, and past significant 90-day events.

B. Understand what type of information is available publicly and under the California Public Records Act related to the LA-RICS Federal Award. Review publicly posted documents on LA-RICS website.

### Results:

We obtained an understanding of the types of information publicly available regarding the management and oversight of LA-RICS. Available information included:

- Meeting minutes of the JPA Board, the Finance Committee, and the Operations and Technical Committees, beginning with July 11, 2013, through December 14, 2017;
- The Documents Library, a repository of publicly available information about LA-RICS. Such information included:
  - The organizational documents of LA-RICS, including the JPA Agreement dated January 2009, Bylaws, and notices of tax exemption.
  - A listing of the agencies that are members of the LA-RICS JPA.

- Copies of the lease agreement with Spectrum for FirstNet, through which FirstNet will lease spectrum usage rights to operate on the 700 MHz public safety broadband spectrum.
- Environmental assessments that provided site-specific details of the affected environment, and a summary of impact analysis for each site, which included detailed maps, photographs, and discussions.
  - Final Environmental Assessment, October 2014
  - Supplemental Environmental Assessments, July 2015 and August 2015
  - Revised Finding of No Significant Impact, September 2015
  - Final Environmental Impact Report, March 2016
  - Final Programmatic Environmental Assessment, April 2016

We also conducted an internet search for historical news articles about LA-RICS, which may be of significance to the evaluation of performance. The articles we found dated March 30, 2014, and August 18, 2013, indicated that there was a degree of disagreement in the selection of Motorola for the land-mobile-radio component of the interoperable communications. While the procurements referenced were not ultimately executed at the time, we performed procedures over compliance with Federal regulations over procurement, in the Compliance section of this assessment. The results of our procedures indicated that LA-RICS followed procedures as prescribed by the County during the procurement process for Motorola and Jacobs Engineering.

- C. Compare information from publicly available reports to underlying financial information to determine whether it agrees.

**Results:**

We obtained information noted in item B, on the previous page, and where appropriate, compared the publicly available records to underlying financial information. Examples of instances specifically compared to underlying financial information include:

- Verified disclosures of member agencies and board members to signed JPA agreements with the 24 individual member agencies;
- Agreed disclosures about grant awards in meeting minutes to the underlying award documents summarized by grant period;
- Agreed disclosures about the approved funding plan to the underlying, approved funding plan; and
- Agreed information in the approved funding plan to the number of member agencies, and to the approved grants as supported by underlying award documents.

We found that the information above agreed without exception.

- D. Attend a Board meeting of the LA-RICS JPA Board of Directors.

**Results:**

Attended the Board of Directors meeting on April 12, 2018 at 9:00 AM. A summary of items noted during the Board meeting follows:

- Director's report - Director Edson provided a report including updates on progress pertaining to the status of migrating from the Public Safety Broadband Network to AT&T. Director Edson also summarized the status of the LMR project indicating that LA-RICS is still on schedule under the 20/20/20 plan. The plan stipulates 20 sites will be built in 2017, 20 sites in 2018, and 20 sites in 2019, with testing and acceptance expected in early 2020.
- Project manager's report - The project manager representative from Jacobs Engineering provided an update to the board on the overall progress of the project.

- E. Understand what LA-RICS has done to determine that the assets will be deployed. Understand what LA-RICS is doing to make sure the assets are operational and that the program objectives will be met.

**Results:**

LA-RICS has an internal team responsible for monitoring contractors. LA-RICS enlisted Jacobs Project Management Co. ("Jacobs") to assist in management of the project. LA-RICS also enlists assistance from other technical experts (from county departments). Jacobs established a logistics management process to ensure materials are at the right place at the right time during deployment. Once an item is purchased, it is tracked using an asset management tracking system that also tracks the corresponding funding source. Jacobs verifies the Authority's equipment inventory and documents the quantity, model, revision level, and serial numbers. They also note any deviation from a master list for factory orders/equipment lists.

LA RICS executed an agreement that includes detailed criteria for acceptance for each respective phase of the project completion. Motorola will only be compensated when the milestones (project deliverables) established in the agreement are accomplished and accepted by LA RICS and Jacobs Engineering (serving as the project manager).

LA-RICS ensures that assets are operational and program objectives are being met during the course of acceptance of project deliverables. Significant milestones are accomplished during Phase 3 (Supply LMR System Components), Phase 4 (LMR System Implementation) and Phase 5 (LMR System Maintenance).

As part of the acceptance process, equipment inventory quantity, model, revision level, and serial number is verified and any deviation from the factory orders/equipment master list is documented and corrected, if necessary.

Based on the above, it appeared there was a sufficient plan in place to ensure that assets will be deployed.

- F. Evaluate the performance of the Federal Awards projects (LMR) by obtaining documentation of the achievement of grant goals and objectives and stated deliverables are being met.

**Results:**

We read the Executed Agreement between LA-RICS and Motorola, Inc., which included a listing of deliverables required, including:

- Recurring Monthly Status Updates;
- Phase I planning documents including Overview and Scope, Communications Plan, and Quality Control Plan, among others;
- Phase II Pre-installation Test Acceptance for Core and Subsystems;
- Phase III documentation of installation and acceptance testing – none of Phase III was completed at the time of our assessment as it is dependent upon all sites being finished.
- Phase IV documentation of training and migration - none of Phase IV was completed at the time of our assessment as it is dependent upon sites being complete; and
- Phase V - Final acceptance of all Phase V deliverables and provide LMR system maintenance - this phase is not complete, as it cannot start until all Phase IV work is complete.

After compiling a list of completed deliverables, we selected a sample from those that were completed, and compared those back to the deliverable requirements in the agreement. Our sample included the following:

1. Phase I - Communications Plan (Deliverable A1.3)
2. Phase I - Subsystem Design for DVTRS (Digital Trunked Voice Radio Subsystem Design)
3. Phase I - Subsystem Description for Logging Recorder.

We found that for the items inspected, the stated goals were met as evidenced by the following:

Phase I – Communications Plan – we obtained a copy of the report dated February 13, 2014, from Motorola to LA-RICS for the LMR. We read the report and noted that the items that were required to be included in the Plan, were included, such as protocol for email correspondence and meeting minutes, daily, weekly, and monthly status reports, and maintenance and marking of program documents.

Phase I – Subsystem Design for DVTRS – we obtained a copy of the DVTRS Functional Description, dated August 2014, which included detail about the design. This was a required deliverable as part of the agreement.

Phase I – Subsystem Design for Logging Recorder – we obtained the description of the Logging Recorder provided by Motorola. This was a required deliverable as part of the agreement.

- G. Use benchmark evaluation techniques to identify potential areas of improvement in operations and communication, and to evaluate feasibility of project completion with currently earmarked UASI 2017-2019 funding.

**Results:**

We reviewed publicly available information for five organizations similar to LA-RICS in order to determine whether there were comparable projects being undertaken by local agencies, and if so, to determine whether the progress of LA-RICS was comparable to those other agencies. We identified the following similar organizations and projects:

1. Regional Communications System – San Diego County & Imperial County (RCS) – RCS was pursuing a similar project with UASI funding and was making progress towards the completion of the system. RCS first engaged a consultant in 2009 and established a baseline and design alternative in 2010-2011. RCS experienced some of the same barriers to project completion as LA-RICS, such as negotiations for site access and continued funding for the project as a whole. RCS has been able to overcome these barriers and was on track for final acceptance of project completion in 2019. RCS had 50 member agencies. RCS was installing NextGen equipment at 50 remote radio sites and work was also underway to reprogram more than 20,000 user radios to operate on the new network.
2. Orange County – Orange County (OC) operates a Countywide Coordinated Communications System (CCCS) for all local public safety agencies and for general government on a 24-hour basis. The system allows for interoperability among various departments. The previous communications system was put into place in 1973 and was outdated and overloaded. In September 1995 Motorola was engaged to acquire and implement the new 800 MHz CCCS, and in April 1999, Public Facilities and Resources Department was the first division using the new system. All of the fire service departments were implemented and operational by January 2000, and law enforcement began implementation in March 2000. In November

2001, OC completed the implementation. Soon after, OC discovered that the public safety system was receiving interference from cellular telephones. OC has been included in the fourth wave of the FCC Rebanding Plan to transition 800 MHz public safety users to alternate frequencies at the expense of Nextel. Implementation of the FCC Rebanding Plan in OC will likely require the reprogramming of 21,000 radios on two different occasions.

While OC has a developed communications infrastructure, which was implemented in the course of approximately six years, certain issues were encountered due to the radio frequency used. It does not appear the County was being funded to construct a system similar to that used by LA-RICS, but the structure and issues encountered by OC are helpful in understanding why a longer timeframe, such as that taken by LA-RICS, might be beneficial if similar issues are to be avoided.

3. Interagency Communications Interoperability (ICI) – ICI is a separate JPA in LA County with a similar objective to LA-RICS. It is shared system with components purchased and constructed by individual cities and linked together through a network to provide regional coverage. The member agencies formed a JPA in September 2003. There were nine members at the time of our assessment, some of which were former members of the LA-RICS JPA. In comparison to LA-RICS, which is building new towers and is subject to negotiating rights to use land for building the infrastructure, ICI took a different strategic initiative in developing an interoperable communications system using a microwave communications system on existing infrastructure. ICI was further along at achieving its objectives given the different approach. Some of the members of the JPA joined the ICI JPA and left LA-RICS' JPA in order to achieve quicker interoperability. Examples included: Beverly Hills, Burbank, Culver City, Santa Monica, Glendale, Montebello, Pasadena, Pomona, Azusa, Baldwin Park, Covina, Glendora, Irwindale, La Verne, and West Covina.
4. San Bernardino County – In September 2012, the County Board approved an upgrade of the County's public safety radio communications system to provide a new stable and reliable digital communications system, including an upgrade of the microwave data transport system. The estimated time frame was seven years and includes upgrading 60 existing sites and adding 22 new sites based on Motorola's standard building type and 100 foot tower specifications. The plan was a five-phased approach by geographical region. The project is not a JPA but there are similarities to the LA-RICS project, and the timeframe is similar as well.
5. South Bay Regional Public Communications Authority – (Also referred to as "RCC" – Regional Communications Center) is a regional communications center for the cities of Gardena, Hawthorne, and Manhattan Beach. They also provide communication services to the cities of El Segundo, Hermosa Beach, and Culver City. RCC was selected to receive an UASI grant of \$5MM in 2011 to develop and operate a consolidated, regional, computer-assisted dispatch operation. There was a JPA of the member agencies. The South Bay project was estimated to be completed by December 2018, and as such, was ahead of LA-RICS in terms of completion; however, the project is smaller in size than LA-RICS. South Bay only included 6 members as participants whereas LA-RICS included 24 members at the time of our assessment.

Overall, based on review of the five comparable projects noted above, the overall progress development of other entities was further completed in some instances, either due to having a smaller scale, or due to a different approach to achieve interoperability (for example, using existing equipment rather than developing new LMR towers). For those projects with a similar approach to LA-RICS (such as San Bernardino), the timeframe was similar to LA-RICS.

- H. Obtain management and public reports and evaluate for completeness, accuracy, and consistency to measure performance and support decision making.

**Results:**

We reviewed information available on the LA-RICS website ([www.la-rics.org](http://www.la-rics.org)). We agreed the following publicly posted information to underlying support of the information or statistics:

1. Listing of member agencies – The overview page lists the below 24 member agencies. This agrees to underlying JPA agreements that we obtained.

### MEMBER AGENCIES

LA-RICS is a joint-power authority run by representatives appointed by the following governmental agencies, which are responsible for the safety of 10 million Los Angeles County residents living on more than 4,000 square miles of diverse terrain.

City of Avalon City of Azusa City of Bell City of Cerritos City of Claremont City of Compton  City of Irwindale City of La Puente City of La Verne City of Lynwood City of Maywood City of Pasadena	County of Los Angeles City of Covina City of Glendora City of Hawaiian Gardens City of Inglewood Inglewood Unified SD  City of Rancho Palos Verdes City of San Fernando City of Sierra Madre City of Signal Hill UCLA City of West Covina
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2. LMR funding chart – we agreed the amounts listed in the chart to the grant agreements for UASI for 2009 – 2016.

LMR SYSTEM DEPLOYMENT FUNDING			
UASI	Award Amount	SHSGP	Award Amount
2009	\$ 16,929,838	7	\$ 2,225,647
2010	\$ 17,439,817	8	\$ 303,227
2011	\$ 18,227,386	9	\$ 704,475
2012	\$ 18,263,579	10	\$ 6,492,801
2013	\$ 13,744,067	11	\$ 3,004,551
2014	\$ 4,997,544	12	\$ 1,842,851
2016	\$ 5,240,456	13	\$ 508,982
2017	\$ 35,000,000	14	\$ 200,000
2018	\$ 35,000,000	15	\$ 700,000
2019	\$ 35,000,000		
<b>Total Funding</b>	<b>\$ 199,842,687</b>		<b>\$ 15,982,534</b>

3. We noted a funding plan was available on-line as well; however, we were informed by LA-RICS personnel that a revised plan had been drafted and was pending approval, therefore, we did not perform procedures to agree information on the funding plan, outside of the UASI grants information noted above.

## Compliance

### A. Data Collection: Obtain the following documentation:

1. Listing of disbursements/cash drawdowns from the LA County office or from UASI.
2. Listing of disbursements should distinguish, or provide additional information to distinguish, between disbursements for equipment and planning (consultant and labor payments).
3. Listing of procurements associated with the Federal award for all grant periods.
4. Inventory of all equipment associated with the Federal award.
5. Listing of all contracts associated with the Federal award.
6. Cost allocation and overhead rate calculation procedures and methodologies for all grant periods.
7. Listing of all compliance and performance reports provided to Cal OES, noting the due date and the date actually submitted.
8. Listing of any expenditures transferred from one grant period to another.
9. Documentation related to the procurement of Jacobs.
10. Documentation related to the procurement of Motorola.
11. Listing of all employees that are employees on loan to the project from the County (and as such do not have overhead allocated to their salary and benefits assigned to the contract).

#### **Results:**

We obtained all of the information listed above, with the exception of Item 6, cost allocation and overhead rate, as LA-RICS did not claim overhead costs. We performed the procedures in the following sections as applicable.

### B. Agree totals of listings of cash drawdowns, based on expenditure date, to total grant expenditures within previously issued Single Audit reports, in order to determine completeness of the listings.

1. Select 6 the largest draws and determine whether they are in compliance with cash management requirements stipulated in the Federal Regulations.

#### **Results:**

We agreed the total listings of cash drawdowns, based on expenditure date, to the total grant expenditures included within previously issued Single Audit reports, in order to determine completeness of the listing. We selected the six largest draws and tested compliance with the attributes listed above. We noted no exceptions. The draws we tested are listed below.

Selection #	Cash Drawdown Number	Grant	Amount
1	33A	UASI 12	\$ 13,232,084.27
2	37A	UASI 10	\$ 6,058,199.12
3	38A	UASI 10	\$ 5,245,735.39
4	49A	UASI 9	\$ 16,929,838.00
5	60A	UASI 11	\$ 3,790,093.05
6	61A	UASI 11	\$ 11,031,086.72
7	62A	UASI 11	\$ 2,234,016.80

- C. Select a sample of expenditures covering all years of the grant period to test the following compliance objectives and attributes:
1. All work conducted by LA-RICS is conducted in accordance with grant agreement terms and conditions.
  2. Expenditures were allowable, allocable, necessary and reasonable, sufficiently supported with appropriate documentation, and were incurred within the period of performance of each grant award.

**Results:**

We obtained the grant agreements and selected a sample of non-labor expenditures and tested the attributes listed below in item D.

- D. For the selected sample of non-labor expenditures, perform the following procedures:
1. Determine appropriate documentation/backup is maintained (i.e., purchase order, requisition, receiving report, voucher, purpose) for expenditure.
  2. Determine whether expenditure was properly approved/authorized.
    - a. Determine whether information included in underlying support agreed to expenditure records and the expenditure was properly recorded in LA-RICS financial systems.
    - b. Review expenditure detail and support to determine whether purchase was considered reasonable.
    - c. Review expenditure detail and support to determine whether purchase was made in accordance with LA-RICS' goals and objectives of the project.
    - d. Determine whether competitive bidding requirements were followed in accordance with LA-RICS policy and Federal requirements, if applicable.
    - e. For professional services charges reflected within the expenditure sample, obtain a copy of the work products, if deemed necessary, to verify the work was performed.
    - f. Determine payments were in accordance with the contract payment terms. Determine the payment was an allowable and reimbursable cost.

**Results:**

We selected a sample of 5 expenditures. The sample totaled \$11.8MM. The sample is listed below. We tested each of the above listed attributes and noted no exceptions.

Selection #	Grant	Record Date	Amount	Check Description	Fiscal Year	Drawdown Number	Drawdown Received Date
1	UASI 12	6/15/2017	8,274,287.00	UASI 12 - A2/2 LA-RICS Equipment	2017	33A	6/9/2017
2	UASI 10	3/28/2014	59,880.60	UASI 10 - A1/1 LA-RICS Equipment	2014	37A	1/16/2014
3	UASI 12	11/7/2016	1,010,899.85	UASI 12 - A1/310 LA-RICS Planning	2017	28A	7/29/2016
4	UASI 10	7/9/2014	327,597.69	UASI 10 - A2a/309 LA-RICS Planning	2015	47A	6/25/2014
5	UASI 10	5/1/2014	2,181,710.91	UASI 10 - A1/1 LA-RICS Equipment	2014	37A	1/16/2014

3. Salaries, payroll, and timekeeping were verified and were compliant with all applicable regulations. For the selected sample of labor expenditures, perform the following compliance procedures:
  - a. Review documentation of employee time to determine whether employee tasks were in accordance with LA-RICS LMR goals and objectives.
  - b. For employees not paid 100% with LA-RICS funding, review supporting documentation to determine whether correct amount of time was charged to LA-RICS.
  - c. Determine whether employee time was coded to proper LA-RICS account/project.
  - d. Confirm overhead allocation rates for the selected expenditures, for labor costs that are incurred on an "as-needed" basis (not employees on loan to LA-RICS).
  - e. For expenditures that include overhead labor rate costs, review supporting documentation for the calculation and allocation. Determine amounts were calculated correctly.

**Results:**

We selected a sample of 4 monthly payroll reports for payroll costs. The sample totaled \$3.1MM. The sample is listed below. We tested each of the attributes listed above with no exception. We noted that none of the expenditures included overhead labor rate costs as LA-RICS has not allocated any overhead to the grant.

Selection #	Grant	Record Date	Amount	Fiscal Year	Drawdown Number	Drawdown Received Date
1	UASI 12	11/7/2016	1,010,899.85	2017	28A	7/29/2016
2	UASI 12	6/15/2017	443,036.29	2017	33A	6/9/2017
3	UASI 10	2/9/2015	850,882.12	2015	50A	10/16/2014
4	UASI 12	2/7/2017	863,267.56	2017	30A	2/7/2017

4. Contracts and procurements made with Homeland Security grant funds were compliant with applicable provisions of laws, regulations, contracts, and grant agreements.

**Results:**

We obtained the listing of procurements made, which included a total of three procurements. Expenditures for items such as office supplies and other sundry costs were not subject to reimbursement under the grant and, thus, are not listed below and were not evaluated. We selected the two largest procurements for testing, noted below.

**LA-RICS PROCUREMENTS**  
 Associated with the Federal Award

RFP NAME	RFP RELEASE DATE	AWARDED PROPOSER	CONTRACT NO.	CONTRACT START DATE	EXPIRATION DATE	NOT-TO-EXCEED AMOUNT
LA-RICS RFP for Environmental Documentation Services	09/07/11	UltraSystems Environmental, Inc.	---	01/09/12	01/08/15	\$3,257,579
LA-RICS RFP for Project and Construction Management Services	12/06/11	Jacobs Project Management Co.	---	03/29/12	Until LMR Contractor achieves "Final LMR System Acceptance"	\$56,163,404
LA-RICS RFP for a Land Mobile Radio (LMR) System	10/25/12	Motorola Solutions, Inc.	LA-RICS 007	08/15/13	End of the Warranty Period, unless sooner terminated or extended, in whole or in part	\$295,919,379

We tested the following attributes for each of the two procurements selected, noting no exceptions:

- a. The procedures conducted resulted in reasonable costs being charged to the Federal award.
- b. The bidding procedures were properly followed as required by LA-RICS' policy.
- c. The bid was approved by the Board of Directors, before funds are disbursed.
- d. The contract was approved by an official authorized to enter into contractual agreements for the LA-RICS.
- e. LA-RICS incorporated the eligibility criteria into the awarding process during the project identification and selection process.
- f. The contractor met the eligibility criteria per procurement policy.
- g. The contractors performed as required under the terms of the contract.
- h. LA-RICS monitored/is monitoring the contractors performance to ensure they performed as required under the terms of the contract.
- i. Documentation related to the approval of contract amendments and change orders is retained and established procedures were followed and approval was properly documented.
- j. The contractor payments (including payments following change orders) were in accordance with the contract.
- k. Examine contract files and verify whether they documented the history of the procurement, including the rationale for the method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price.
- l. Verify whether the procurement method used was appropriate based on the dollar amount and conditions.
- m. Verify whether procurements provide full and open competition.

- n. Ascertain whether cost or price analysis was performed in connection with all procurement actions exceeding the simplified acquisition threshold, including contract modifications and that this analysis supported the procurement action.
  - o. Verify that the vendor is not on the Debarment List.
  - p. Determine whether competitive bidding has been followed with the lowest responsive bidder being selected or a rationalization for not selecting the lowest bidder was included in the selection process.
5. Equipment was properly accounted for and inventory is up to date and accurate.

**Results:**

We obtained listing of all LA-RICS UASI-funded equipment. During a site visit of the Monterey, CA location and the LA-RICS headquarters, we traced a sample of assets from the sites to the listing to help obtain comfort with completeness.

We selected a sample of 40 total items from the listing and obtained the last inventory date from LA-RICS system. We noted that all inventory had been counted and observed by LA-RICS within the last 24 months. LA-RICS rotates inventory counting where every item is counted at least once per calendar year. We noted that none of the items selected had a last inventory date any older than February 2017. No exceptions noted.

- E. Select a sample of expenditures that were transferred from one grant period to another and ensure that the expenditures were not double counted in multiple grant periods.

**Results:**

We obtained spending plan trackers from LA-RICS and the City of LA that outlined which UASI grants will fund certain costs. We noted each spending plan matched a justification memo. According to discussions with the Grant Specialists at the City of LA, when LA-RICS requests reimbursements for the UASI grants, the Grant Specialist will perform a procedure to ensure that the correct grant periods were used and that the expenditures were within the appropriate period of performance.

According to inquiry, there were no expenditures transferred between periods or recorded in the incorrect period. In order to verify that there were no expenditures that were being funded from the wrong period of performance, we selected a sample of 31 expenditures, totaling \$49.1MM, and verified that the following attributes were met:

- a. The Admin Chief of LA-RICS signs off on the reimbursement packet and reviewed the reimbursement request form checklist to ensure that the period of performance requirement is met (control).
- b. Expenditures were in the correct period of performance and in accordance with the applicable compliance requirements (pre-2009 – pre-uniform guidance / post-2009 – uniform guidance).
- c. Verify there were no adjustments (manual journal entries) noted for the applicable award.
- d. The Appropriate UASI grant number was used for the expenditures.

No exceptions were noted.

- F. Review the listing of reports provided from the Mayor's Office to Cal OES and determine whether the reports were compliant with all Federal regulations and were provided timely.

**Results:**

The Biannual Strategy Implementation Report (BSIR) was the only report applicable to be submitted by the Mayor's Office to Cal OES. The Federal Financial Report, Initial Strategy Implementation Plan, and Performance Progress Report were required to be submitted by the primary recipient, or Cal OES. The subrecipients were not required to submit these reports.

We obtained a listing of the due dates of the BSIR and copies of the reports submitted by the Mayor's Office to Cal OES, noting that all reports were submitted within 30 days after the end of the reporting period, as required.

- G. Obtain and review documentation related to the procurement of Jacobs and of Motorola.
1. Review policies, procedures and eligibility criteria obtained above to gain an understanding of the whether LA-RICS and Federal procurement rules were followed.
  2. Obtain and review documents (meeting minutes, LA-RICS reports, evaluation scoring sheets) related to consultant/contractor evaluation and selection.
    - a. Review the documentation to determine whether the procedures conducted resulted in reasonable costs being charged to the Federal award. The determination of reasonableness may be completed by reviewing evidence of bids or other documentation provided by vendors from which a price/cost comparison may be conducted.
    - b. Determine whether bidding procedures were properly followed as required by policy.
    - c. Determine whether the contract was approved by an official authorized to enter into contractual agreements for the LA-RICS.
    - d. Determine whether LA-RICS incorporated the eligibility criteria into the awarding process during the project identification and selection process.
    - e. Determine whether contractor met the eligibility criteria.
    - f. Determine whether the contractors performed as required under the terms of the contract. If deemed necessary, examine the work product actually produced.
    - g. Determine whether LA-RICS monitored/is monitoring the contractors performance to ensure they performed as required under the terms of the contract.
    - h. If the contract includes contract amendments or change orders, review documentation related to the approval of contract amendments and change orders to determine whether established procedures were followed and approval was properly documented.
    - i. Review contract payment terms and bond requirements and identify the allowable and non-allowable costs. Select a sample of contractor payments (including payments following change orders) to determine whether payments were in accordance with the contract.

**Results:**

We obtained information pertinent to the procurement of Jacobs and Motorola. We tested for compliance with Federal and LA-RICS procurement policies as previously described, noting no exceptions. We received support evidencing that Jacobs was not part of the evaluation committee for the procurement of Motorola. We also tested a sample of five expenditure disbursements as previously described, which included disbursements under the contracts with Jacobs and Motorola, noting no exceptions.

- H. Period of Performance (Pre-Uniform Guidance). Test transactions charged to the Federal award after the end of the period of availability to verify that the:
1. Underlying obligations occurred within the period of availability; and
  2. Liquidation (payment) was made within the allowed time period.

**Results:**

As described previously in this report, we selected a sample of 31 expenditures, totaling \$49.1MM, and verified information related to period of performance. No exceptions were noted.

- I. Period of Performance (Uniform Guidance). Test the following compliance:
1. For Federal awards with performance period beginning dates during the assessment period, test transactions for costs recorded during the beginning of the period of performance and verify that the costs were not incurred prior to the start of the period of performance unless authorized by the Federal awarding agency or the pass-through entity.
  2. For Federal awards with performance period ending dates during the assessment period, test transactions for costs recorded during the latter part and after the period of performance and verify that the costs had been incurred within the period of performance.
  3. For Federal awards with performance period ending dates during the assessment period, test transactions for Federal award costs for which the obligation had not been liquidated (payment made) as of the end of the period of performance and verify that the liquidation occurred within the allowed time period.
  4. Test adjustments (e.g., manual journal entries) for Federal award costs and verify that these adjustments were for transactions that occurred during the period of performance.

**Results:**

We addressed these procedures through testing samples of expenditures and comparing to underlying documentation to corroborate the period of performance. No exceptions were noted.

- J. Recommend improvements regarding oversight and monitoring of grant funded activities.

**Results:**

We noted through our testing procedures that LA-RICS and UASI had available documentation and support, and evidence of review, as appropriate for the applicable grant compliance and cash disbursement areas.

## Sustainability

1. Data Collection: Obtain the following documentation:
  - a. Original deployment and sustainability plan and associated amendments.
  - b. Information related to the potential subscription based plan, including any studies of other similar organizations using subscription plans, and analysis of subscription cost structure.
  - c. Any commitments from subscribers and any listings of potential subscribers.

**Results:**

We obtained the LA-RICS funding plan dated June 4, 2014. The funding plan relied on grant monies for the initial construction of the LMR and LTE systems. Member fees were the revenue source for operation of both systems, administrative costs, LTE hard match, and LMR system refresh (the LMR system refresh includes a systematic replacement of Land Mobile Radios with newer model equipment). The Funding Plan included 86 total members; however, as of the time of our assessment, only 24 members remained in the JPA. No costs were to be allocated or collected for the LMR system from members until such time as the system is operational. In addition, the Board was required to issue an amendment to the Funding Plan to reflect projected operational and maintenance costs prior to the operation of the LMR system. We were told by LA-RICS that during the time of our procedures, a draft revision to the funding plan was in review, but it was not yet publicly available for our inspection.

LA-RICS included annual member contribution tables as part of the original funding plan. Current members, by opting into the LA-RICS JPA, agreed to the existing cost factors included in the funding plan. A revised member cost factor table was provided by LA-RICS that adjusted the contribution of each member, based on the change in membership from the original funding plan.

Crowe performed an analysis of the information obtained, see the results of procedures performed, summarized in the following steps.

2. Review the reasonableness of the funding plan and related schedules.

**Results:**

The executive summary of the funding plan summarized certain background information about the LA-RICS JPA (the Authority) and the project objective. The Authority was required to develop and adopt a funding plan before committing resources to constructing the LMR or LTE systems.

The funding plan is required to identify funding sources and mechanisms. In particular, it must specify a means or formula for funding the construction, operation, and maintenance of the system. The funding plan is required to include an allocation of costs among the members of the Authority, subscribers and other funding sources.

The funding plan presented LMR capital costs of approximately \$205M and annual costs of approximately \$11M for operations and capital replacement. The Plan also addressed LTE capital costs and of approximately \$150 million, additional capital costs of approximately \$17 million for additive alternates (three options that can be exercised at the sole discretion of the JPA, related to functionality), and annual costs of approximately \$10 million for operations excluding capital replacement.

The funding plan relied on grant monies for the initial construction on the LMR and LTE systems. Member fees were the exclusive revenue source for the operations and maintenance, as well as all other capital costs. The financing model seeks to apportion costs to members relative to each member's ratio of population and geographic factors.

The funding plan was predicated on members participating in the system, and the contribution from each member was calculated based on the number participating. For every member that chooses not to participate, its annual share of the cost must be assumed by the Authority should total system costs be higher than the revenues collected from early participating members.

It should be noted the funding plan is required to be evaluated three years after the date of adoption. The funding plan included average annual cost estimates for LMR and LTE. The Funding Plan comprises fees that are calculated by LA-RICS Members for both the LMR and LTE systems, as well as for JPA operations. Administrative costs for LA-RICS were divided into three areas, one being JPA operational cost, the second for LMR administration, and the third for LTE administration. Costs for JPA operations are for categories such as Authority staffing, administrative facility lease, and insurance. LMR and LTE administration costs are specifically for the management and implementation of each system including contract management, grant administration, and other tasks to maintain system operations.

#### *Land Mobile Radio*

Components of LMR cost included the contract system maintenance costs (Phase 5) totaling approximately \$56 million for the full 15-year contract period (Source - Exhibit C.6 – Schedule of Payments LMR System Maintenance – LA-RICS LMR Agreement with Motorola). The payments varied from year to year, beginning at \$4 million in year 1, reducing to \$3.6 million by year 15. In addition to the contracted system maintenance cost, an infrastructure component was included to account for replacement and technological upgrade and/or obsolescence.

Based on the current subscriber base and the budgeted annual costs for the LMR and LTE (amounts are combined in the member contribution schedule) as of the time of our assessment, it appeared that the funding plan was sustainable and the contributions will be able to cover budgeted costs over the course of the 17-year plan.

The total member contributions were based on the revised member cost factors, which reflected the remaining 24 members in the plan at the time of this assessment.

#### *Long-Term Evolution*

The estimated costs for LTE were from the Broadband Technology Opportunity Program (BTOP) grant Budget Narrative dated November 25, 2013, as well as Authority estimates. The itemized cost components were as follows:

1. System operations and maintenance: \$28.6 million (first five years)
2. Total matching funds (cash) for LTE construction grant (hard match): \$19.5 million

According to Authority direction, in-kind matching funds as well as LTE System refresh costs will be fulfilled through means other than contributions by all members. The costs will be deferred to a later date, and this item will be reviewed yearly.

LMR and LTE administration costs are specifically for the management and implementation of each system including contract management, grant administration, and other tasks to maintain system operations. The total administrative costs were allocated in the following amounts: 40% for JPA operations; 30% for LMR; and 30% for LTE. Within LMR, the fee estimate reflected three

costs (operations, system refresh, and administrative). Within LTE, the fee estimate also reflected three costs (operations, annualized grant hard match, and administrative).

LA-RICS Funding Plan PDF page 21

System	Cost Component	Annual Cost	Total
LMR	Operations	\$3,726,600	\$9,308,400
	System Refresh	\$4,806,800	
	Administrative	\$775,000	
LTE	Hard Match	\$1,875,000	\$9,123,900
	Operations	\$6,473,900	
	Administrative	\$775,000	
JPA Operations		\$1,033,000	\$1,033,000

**Budgeted Average Annual Costs** \$19,465,300

**Total Annual Contributions of Current Members** 19,465,370

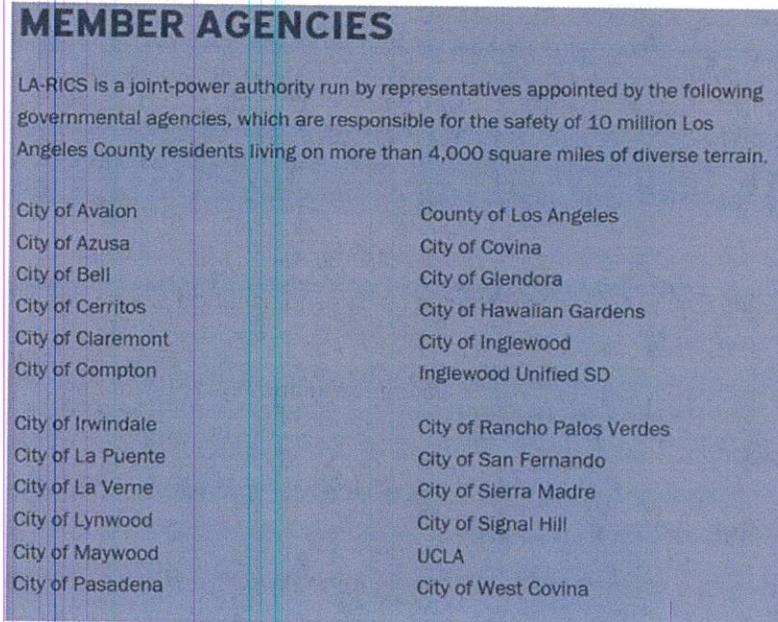
Funding Plan  
 Meets Annual Cost  
 Needs

LA-RICS was in the process of revising the funding plan as of the time of our assessment, which had not yet been adopted or made available for evaluation within the scope of this report. With this limitation, we performed procedures on the existing approved/adopted funding plan. We analyzed the cost estimates described above against the projected revenues to be generated by members that were currently members of the Authority. While the revenues to be generated by the remaining members were expected to meet the costs of maintenance and operation of the new communication systems, the funding strategy resulted in a significant cost shift among the remaining members. The current funding plan and JPA agreement stipulated that the costs will be spread among the existing members of the Authority. This potential for uncertain resource requirements for the remaining members was among the primary reason for the endeavor to change the basis for the existing funding plan.

3. Obtain and review evidence of selected subscribers and potential subscribers.

**Results:**

We obtained the JPA agreements of the current 24 member agreements listed below.



4. Interview staff and possibly Board members about sustainability practices.

**Results:**

We discussed the revised funding plan that was in process with LA-RICS on June 27, 2018. In order to revise the existing funding plan to contemplate subscription-based fees versus the existing cost factors (population and geography), a draft of the recommended funding plan was presented and discussed by the Finance Committee in public meeting(s). The Finance Committee is a standing advisory committee to the LA-RICS board. The most recent meeting was scheduled for August 23 and was to include initial discussions on the subscription-based funding plan. Once the Finance Committee reviews and recommends a revision to the existing adopted funding plan, they will take the recommendation to the LA-RICS Board to adopt the revision. Members will be notified of the revisions in accordance with the JPA. According to the JPA, if there is a substantial increase to a member's financial obligations, they will have a right to withdraw within a period designated by the Board, which shall not be less than 45 days after the adoption of the revised funding plan.

LA-RICS noted that the feedback received from members and non-members interested in joining the LA-RICS Authority was that they need stability in their financial obligations and cost factors. LA-RICS stated that excellent service for a competitive price that is not impacted by member opt out will provide members the stability they need in order to budget subscriptions appropriately.

The Interim Executive Director performed a SWOT ("Strengths, Weaknesses, Opportunities, Threats") evaluation of the LA-RICS project, including an analysis on sustainability and membership, and recommended to the Board the revision to the funding plan be considered in order to mitigate existing member and former member concern with fluctuating costs to

participate. The Executive Director has continued to meet with members and non-members to continue the discussion on LA-RICS sustainability and participation.

LA-RICS does not expect the cost for maintaining and operating the system to fluctuate due to member participation. Under the proposed funding plan, the cost for maintaining and operating the system is based on number of sites/equipment. The subscription based funding plan will lower the cost for most member agencies, and thus, LA-RICS does not expect a subscription-based revision will trigger member opt out. On the contrary, LA-RICS expects new members / subscribers seeking membership. The Executive Director meets with agencies in the region regularly, and they have all voiced their interest in the LA-RICS system and participating as members/subscribers.

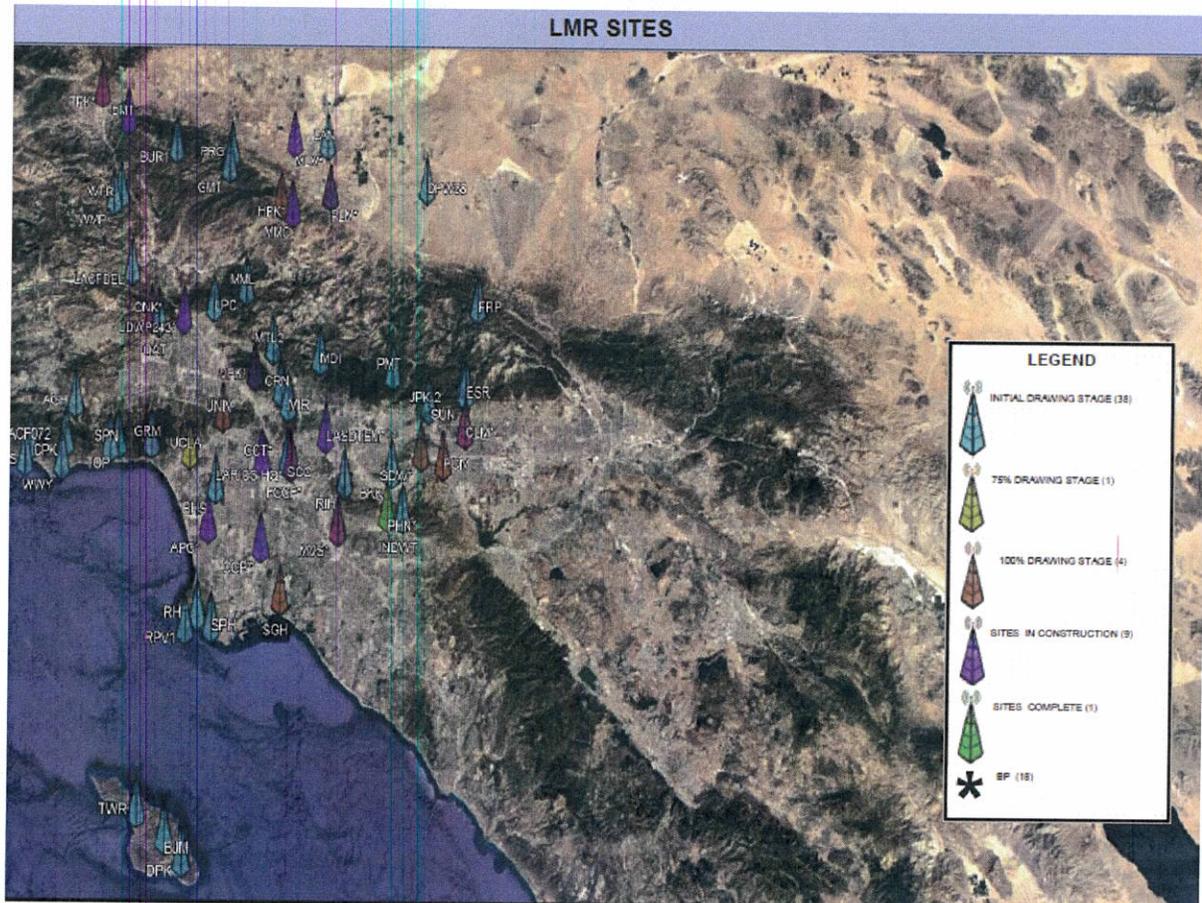
The subscription-based model will include costs associated with operations and maintenance, administrative costs to operate the system, as well as a 10-year lifecycle fund for capital replacement, system refresh and other system upgrade costs. The subscription-based funding plan will provide cost for remaining members based on the number of radios they have on the system and that cost will not fluctuate based on member count.

## Appendix I: Glossary

Abbreviation	Meaning
BSIR	Biannual Strategy Implementation Report
Crowe, or "we"	Crowe LLP
Cal OES	The California Governor's Office of Emergency Services (Cal OES)
FEMA	Federal Emergency Management Agency
GPD	Grants Program Directorate
HSGP	Homeland Security Grant Program
JPA	Joint Powers Authority
LA-RICS	Los Angeles Regional Interoperable Communication System
LMR	Land Mobile Radio
LTE	Long-Term Evolution
SHSP	State Homeland Security Program
UASI	Los Angeles/Long Beach Urban Area Security Initiative

## Appendix II: Map of LMR Sites

Below is a map of the LMR sites and project status from the minutes of the March 1, 2018 JPA Board meeting.





**LOS ANGELES REGIONAL INTEROPERABLE  
COMMUNICATIONS SYSTEM AUTHORITY**

2525 Corporate Place, Suite 100  
Monterey Park, California 91754  
Telephone: (323) 881-8291  
<http://www.la-rics.org>

SCOTT EDSON  
EXECUTIVE DIRECTOR

November 15, 2018

To: LA-RICS Finance Committee Members

From: Scott Edson  
Executive Director

A handwritten signature in blue ink, appearing to read "Scott Edson", is placed to the right of the printed name and title.

**REGIONAL INTEROPERABLE RADIO SYSTEM MEMBER AND  
SUBSCRIBER DUES**

The purpose of this discussion item is to share costs from the various interoperable and standalone land mobile radio systems in the region.

SOC:mbc

Attachment

c: Counsel to the Authority

**AGENDA ITEM F**

**RESOLUTION 17-1**

**RESOLUTION OF THE GOVERNANCE BOARD OF THE  
INTERAGENCY COMMUNICATIONS INTEROPERABILITY SYSTEM  
JOINT POWERS AUTHORITY  
ESTABLISHING MEMBERSHIP DEFINITIONS, MEMBER AND SUBSCRIBER DUES,  
AND AFFILIATE ACCESS**

**WHEREAS**, the Interagency Communications Interoperability System, Joint Powers Authority (ICI System JPA) is engaged in regional and cooperative interoperable communications and affords certain distinct categories of membership and participation; and

**WHEREAS**, the ICI System JPA desires to further define those distinct categories of membership and participation and the dues and fees associated with each, and

**WHEREAS**, the ICI System JPA desires to allow specific system access to other Affiliated public safety agencies for purposes of providing mutual aid to ICI System members and system users;

**NOW THEREFORE, BE IT RESOLVED BY THE GOVERNANCE BOARD OF THE ICI System JPA:**

**SECTION 1. Membership and Member Categories Defined:**

- A. **Member Agencies.** Member Agencies must possess assets in the form of independent infrastructure and properly licensed frequencies compatible with the ICI System network and shall integrate those assets into the ICI System network.

Member Agency systems must be capable of supporting their own independent operations, including all subscriber assets, on a continuous, fully sustainable basis within their service area.

- B. Primary Coverage and Impacting Adjoining Member Systems. It is not the purpose or the intent of ICI System and its Member Agencies to provide primary coverage for other adjoining or neighboring systems and their resources or subscribers.

Member Agency systems and their subscribers shall not operate within the primary coverage area of another ICI System member system as a means of routine communications via that system. Roaming into adjoining ICI system cells will be on an exception basis absent a specific operational agreement between the affected systems.

Member Agency and system subscriber resources shall not interfere with nor present a problematic loading factor on other ICI System member cells except as understood within roaming agreements and as may be set forth within a specific operational agreement between the affected systems.

- C. Technical Compliance. Member Agencies must meet the minimum standards of engineering and connectivity set forth by the Technical Committee and be 100% compatible with the ICI System at all times. Member Agencies must have the stability and technical compliance of their systems monitored by a manufacturer's central monitoring service approved by the Technical Committee. Systems shall be maintained and sustained in a reliable and compliant status at all times. This compliance will include Subscriber Member technologies accessing the ICI System network through a Member Agency.

- D. The maintenance of each individual system is the responsibility of the Member Agency that owns and operates the equipment. It is the responsibility of each Member Agency to establish and maintain their connectivity between the Member Agency Cell and the ICI

System Master Site(s). System cell design and connectivity configuration will be approved by the Master Site Administrator and Technical Committee prior to Member Agency access to the ICI System.

**SECTION 2. Joint Powers Authority Member:**

A. A Joint Powers Authority (JPA) comprised of Municipal Government entities may join the ICI System JPA as a single Member Agency. JPA's seeking ICI System Membership status must meet those conditions of membership set forth in the ICI System Joint Powers Agreement and herein.

Member Agencies are those agencies who having met all membership criteria have applied for and been accepted as Member Agencies by the Governance Board and who maintain a position of good standing by meeting all requirements and obligations set forth by the Joint Powers Agreement, it's Motions, and Resolutions.

B. A JPA must consist of municipal entities that form a single radio system capable of fully supporting each of the respective Member JPA participant's operational and geographical areas as a single, collective service region and meet those requirements set forth in Section 1.

C. A JPA accepted as a Member Agency will have a single seat on the ICI System Governance Board and shall have one seat on each of the standing committees.

**SECTION 3. ICI System JPA Dues and Dues Structure Effective July 1, 2018:**

- A. New Member Dues. Dues for a new Individual Municipality Member Agency's annual ICI System membership shall be \$50,000 per annum.
- B. JPA Member Dues. The dues for a JPA Member Agency shall be \$50,000 or \$10,000.00 per JPA participant entity, whichever is greater. A JPA Member Agency may apportion their ICI System dues obligation amongst their participating entities at their own discretion.
- C. Existing Member Dues. Dues for Existing Individual Municipality Member Agency's with a population of up to 250,000 shall be \$50,000.
- D. Population Weighted Dues. The above dues structure applies to any Individual Municipality Member Agency or JPA Member Agency serving a population of up to 250,000 residents, as estimated by the State of California, Department of Finance, for the Calendar Year in which the particular ICI System Fiscal Year begins.

ICI System shall assess additional population based dues for those Member Agencies exceeding 250,000 population.

JPA Member Agency populations will be the sum of the total population for those entities of which the JPA is comprised.

An additional annual assessment of \$20,000 per unit of 100,000 population shall be applied for Member Agencies or JPA Member Agencies comprised of populations of 250,001 or more. Population considerations do not include the population(s) of hosted Subscriber Agencies who contribute Roaming Fees to the ICI System.

- E. Partial Fiscal Year Membership. New members joining at any time upon or beyond the mid-year date of the ICI System JPA fiscal year (January 1) shall be assessed one-half

the dues for that initial fiscal year. Pro-rata of partial year dues may be considered by the Governance Board and acted upon by Motion.

**SECTION 4. Subscriber Members and Subscriber Fees**

- A. Agencies that do not meet the criteria for Membership and are within the coverage of the network may seek to subscribe to the network either through ICI System or a Member Agency.
  
- B. Subscriber Hosting Member Agencies. A Subscriber Agency may be assigned to a single Member Agency (Host System), an apportioned percentage among multiple agencies, or directly to the ICI System JPA as Direct Subscribers. This assignment or apportionment will be based upon the area(s) the subscriber operates within and its overall impact upon individual member systems and the network. This determination will be made by the Governance Board with input from the Technical and Operations committees.
  
- C. Subscriber Fees. Subscriber Agencies pay a fee for system services. Those fees may be waived or modified if the subscribing agency brings compatible frequencies or infrastructure to ICI System that benefit the system. Such waiver or modification shall be at the discretion of the Governance Board and is reviewable and modifiable at any time thereafter.
  
- D. ICI System Host System Subscriber Fee. The fee for Direct Subscribers to the ICI System network is \$25 per month per radio for partial agency subscribers or \$9 per month per radio for full agency subscribers. This fee is not inclusive of the ICI System Fee for Subscriber Access set forth in Section 4 F below.

E. Member Agency "Host System" Subscriber Fee. A Member Agency hosting a Subscriber entity has the discretion to determine their individual Host System Subscriber Fee. This shall not include the ICI System Fee for Subscriber access set forth in Section 4 F which shall be in addition thereto.

F. ICI System Fee for Subscriber Access. In addition to the Host System Subscriber Fee, an ICI System Per-Radio Subscriber Fee Assessment shall be paid to the ICI System JPA annually for those radios affiliated to access system roaming. This fee shall be in two tiers, that for Full Roaming Subscribers and that for Partial Roaming Subscribers. This assessment shall apply to each individual Subscriber Radio registered to the ICI System network through a Member Agency Host System. The Host System Agency shall be solely responsible for ensuring full and prompt payment of ICI System subscriber fees associated with their system.

Effective July 1, 2013, the ICI System Per Radio Subscriber Assessment shall be \$75.00 per annum (or \$6.25 per month) per radio for Full Roaming Subscriber Radios hosted by a Member Agency.

#### **SECTION 5. ICI System Affiliate**

A. Mutual Aid Agreement Affiliates. Agencies that have formal mutual aid agreements with ICI System Member or Subscriber Agencies may receive limited authorization to utilize the ICI System network when assisting ICI System Members and/or ICI System Member Subscribers as a result of the mutual aid agreement. Access to the ICI System system is expressly limited to those communications essential to and within the scope of such mutual aid operations.

B. Affiliate Hosting Member Agency. An Affiliate may be assigned to a single Member Agency (Host System) or an apportioned percentage among multiple agencies, based upon the agencies with whom Mutual Aid Agreements exist. Affiliates with regional, system-wide Mutual Aid responsibilities may be affiliated directly to the ICI System JPA as Direct Affiliates. This assignment or apportionment will be based upon the area(s) the Affiliate operates within and its overall impact upon individual member systems and the network. This determination will be made by the Governance Board with input from the Technical and Operations committees.

C. Use of ICI System Talk Groups. Affiliate Agencies do not have exclusive talk groups. Affiliate Agencies must obtain system ID's for each recognized Affiliate radio in order to operate on the ICI System system. The Hosting Member agency(s) will have the option of either charging a cost recovery fee for the system ID numbers or providing them at no cost. The Hosting Member will track and record all Affiliate Member radios programmed to the system.

D. Affiliate Roaming Capability. Affiliate Member radios should not be programmed for system-wide ICI System roaming absent the Affiliate having formal mutual aid response agreements with multiple ICI System Member systems or being an ICI System Hosted Direct Affiliate.

Affiliate Member system-wide roaming authorization requires Governance Board approval.



Governance Board at a regular meeting held on the 1<sup>st</sup> day of June, 2017, and that same was adopted by the following vote:

Ayes: Beverly Hills, Burbank, Glendale, Culver City, Montebello, Pasadena, Santa Monica

Noes: None

Absent: Com-Net, Pomona

Abstain: None



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Secretary