



MINUTES

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

SPECIAL FINANCE COMMITTEE MEETING

Thursday, January 30, 2014 • 1:00 p.m.

LA County Fire Department Headquarters, Training Room 25

1320 N. Eastern Ave., Los Angeles, CA 90063

Official Voting Committee Members Present:

Ed Roes, representative for City of Los Angeles Administrative Office
Stephen Sotomayor, Chair, representative for City of Los Angeles Police Department
Matias Farfan, representative for City of Los Angeles, Chief Legislative Analyst
Doug Cline, representative for Los Angeles County Fire Department
Dave Culver, representative for Los Angeles County Sheriff's Department
Kay Fruhwirth, representative for Los Angeles County DHS/EMS
Olivia Valero, representative for City of Long Beach
Joe Leonardi, representative for Los Angeles County Police Chiefs Association
Daniel Jordan, representative for California Contract Cities
Eric E. Tsao, representative for City of Torrance, At Large #1
Erick Lee, representative for Culver City, At Large #2
Greg Simay, Vice Chair, representative for City of Burbank, At Large #3
Steve Smith, representative for City of Covina, At Large #4

Representatives For Official Voting Committee Members Present:

Nancy Ramirez, representing James Alther, Los Angeles Unified School of Police

Others Present:

Pat Mallon, LA-RICS
Susy Orellana-Curtiss, LA-RICS
Truc Moore, County Counsel
Derek Wong, PMC
Ana Nolan, PMC

Official Voting Committee Members Absent:

June Gibson, representative for the City of Los Angeles Fire Department
Jan Takata, representative for County of Los Angeles, Chief Executive Office
James Alther, representative for Los Angeles Unified School of Police
Doug Cline, representative for County of Los Angeles Fire Department
Cynthia Evans, representative for County of Los Angeles Sheriff's Department
Kay Fruhwirth, representative for County of Los Angeles Department of Health Services



- I. CALL TO ORDER
- II. ANNOUNCE QUORUM – Chair Stephen Sotomayor took roll call, quorum was reached. Committee Member Eric Lee was noted as arriving after oral introductions were made.
- III. REPORTS – None
- IV. NEW BUSINESS – None
- V. OLD BUSINESS –

1. **Action Item: Review of Funding Plan Survey.**

Chair Sotomayor and Executive Director Pat Mallon introduced Derek Wong, PMC Consultant, to go over the Draft Proposed Funding Plan (handed out during the meeting).

Mr. Wong shared documents developed regarding the Proposed Funding Plan that were presented at last week's stakeholder workshop. He stated that it was evident that stakeholders wanted to refine the data. PMC put together a follow-up survey for everyone on the contact list, which he hoped would be returned in a relatively quick manner. The data received from the follow-up survey will help refine and revise the data from the November survey. He referred to the meeting agenda which included LA-RICS Survey #2 and how it provides the Committee Members a second chance to review/refine the previous data submitted. He recapped how the theme of the first workshops was to generate variables that fed into the Funding Plan. The second workshop was to develop the weightings of variables; and the third workshop was to distribute the actual draft Funding Plan.

Ana Nolan, PMC Consultant, reported on stakeholder meetings conducted in Glendale, Whittier and Torrance and referred to LA-RICS Survey #2 Agenda, Attachment 1. She said the meetings concluded with Q & A sessions wherein they were able to extrapolate general themes heard from stakeholders. The first theme was about how data was used in the Draft Funding Model, as well as definitions of key variables. This resulted in the follow-up survey discussed by Mr. Derek Wong earlier. The second theme was about secondary responders and the role of contract cities. Participants asked about the capability of the LA-RICS system and how to handle secondary responders such as public works, utilities, transit, and other municipal services. In response, PMC staff indicated the system is designed to handle both public safety and secondary responders. As to contract cities, the cost of public safety use of the system will come through their contracts with Sheriff's and Fire, and if they want to include additional radios or units to the system, the cost will be assumed by the agency. The third theme was the validation/confirmation of the opt-in/opt process. Participants wanted to get a sense of the timeline by which their agency was required to make a decision regarding participate in LA-RICS. They also inquired about the process once the system is up and running to ensure that their costs are in line with the services received. PMC staff stated that once the Funding Plan is adopted, an agency will have no less than 35 days to opt-out of the JPA. If the Funding Plan needs to be revised substantially, resulting in increased financial



obligations for Committee Members, they will then have additional 45-days to opt-out. The fourth theme was about coverage and technology clarifications. Participants asked about considerations for future technology and programming coverage needs. PMC staff indicated that system-wide coverage is about 95% and that next generation of technology was considered in the future funding cost. The fifth theme was about confidence in available grant funding. Stakeholders inquired about the confidence LA-RICS has in securing the grant funding needed. Additional clarification was also requested on what costs were included in the operations and maintenance category. To date, the JPA has secured between \$75 and \$80 million in funding, and will be eligible for additional funding once the contract is secured. The grants cover much of the upfront infrastructure cost for both LMR and LTE systems.

Executive Director Pat Mallon explained that the first workshop was held to identify the matrix that would need to be considered in the cost model. The second was to determine the weighting of these matrices. The third was to take the data derived from the first questionnaire and put them into the matrix as they were applied.

Executive Director Mallon referred to the LA-RICS Survey #2 and remarked that the survey participants misunderstood some of the questions. As an example, Executive Director Mallon stated how the one city reported over a half a million annual incidents dispatched. The numbers did not seem to be reasonable, so staff took another look and at the other information derived from the survey. It was discovered that information was inconsistent from one agency to another. In order to make the data comparable, staff made a decision to use the actual number of radios in the inventory. The kind of follow-up information that LA-RICS is soliciting right now is due back on Monday and will be incorporated in time to the Funding Plan that will be presented to the Board on Thursday. From a timeframe standpoint, LA-RICS is at a critical junction: once the Funding Plan is presented to the Board, we have to allow 60 days for Member comments before the Board can actually adopt the Funding Plan. Once the Board adopts the Funding Plan, Members have 35 days from that point to opt-out. Following that opt-out period, if there is a change in the Funding Plan resulting in substantial increase to Member's contribution, Members have an additional 45 days to opt-out.

In order to start moving forward with the project, particularly the LTE project, LA-RICS has to start the first 60-day period, then 35-day opt-out period, and potentially another 45-days beyond that. Another document that was released was the LMR and LTE costs explanation. From the LMR standpoint, the operation and maintenance forecast was based on the contract we have in place with Motorola Solutions; capital replacement cost was a determination made by PMC, which would be used to develop a System Refresh Reserve.

Mr. Wong stated that the document Executive Director Mallon referred to was part of a Power Point Presentation used in last week's workshop. He gave an overview of the cost components for the LMR and LTE systems that fed into the Funding Model.

Committee Member Greg Simay brought up two items: 1) Impact on an agency subscriber. If an agency joins LA-RICS, does it have to replace subscriber units, does it have to reprogram them. What impact, if any, is there on the pieces of equipment that the agency is responsible for; that would be an indirect cost, but cost impact just the same. 2) What is the likelihood of



further system improvements? You have a system that is built under a contract, whether some of them are LTE. But in the course of testing it out, how likely is there to be significant additional capital investment just to get everything right? What impact would that have?

But when it comes to the LA-RICS expenses, he thinks that LA-RICS need a realistic estimate for inflation that would not stray too far from either direction because inflation could really influence the economics. The one percent is too low; three percent, at least by the efficiency of the statistics, might be on the far edge of it. The price inflator for the actual equipment under consideration would be the most useful, what the inflation would be for the industry that affects most LA-RICS, not so much what is going on in the wider economy. We'll need a better handle on all those things before we can be sure we've caught everything.

Mr. Wong stated that Committee Member Simay brought up some very good points. He also stated that the three percent inflator came from a construction index and not the broader economy, although not sure if it is a telecom construction index.

Executive Director Mallon reported that regarding the LTE cost, it is not very difficult to recognize that a \$16 million a year operating fund for potentially 10,000 data subscriber units is going to be a very difficult cost model to sustain. I have had some discussions and have a follow up telephone conversations with the executive staff of FirstNet, specifically to address the cost of maintenance and capital replacement fund. The LA-RICS LTE system is ready to be looked at as a sample for what the rest of the nation would build out for the public safety broadband network. FirstNet has indicated that the core that we were looking to install at the County Fire Community Control Facility would become one of four national cores and LA-RICS should not be expected to maintain that, or do the software upgrades. That should be a FirstNet cost.

Executive Director Mallon hopes that by the time PMC puts together the presentation that will actually be presented to the Board, the updated figures would have been incorporated into the handouts. He also referenced "infrastructure credits." At an annualized in-kind match of at \$17.8 million a year and with 10,000 subscribers, it totals \$15 a month per device. If you apply that \$15 a month to the operational cost, the administrative cost, and the maintenance of the backhaul, there is a potential to drive the cost above a commercially-competitive rate.

Executive Director Mallon stated that to address Committee Member questions, LA-RICS continued its conversations with granting agencies about subscriber units. There are a number of agencies that have spent a significant amount of local capital to upgrade their radio systems to either narrowband, and in some instances, to P25. Some agencies have radios that are not compatible with the LA-RICS system, either the UHF T-Band channels or the 700 MHz. Those agencies are going to have to get some kind of a return on their investments before they can, in essence, abandon them. As to the other Committee question regarding future system improvement, it will be necessary. For the LTE system, it's going to be difficult because on August 30, 2015, LA-RICS' BTOP Grant is gone. So any improvement beyond that point will have to be done with local funds, perhaps with the assistance of FirstNet, if they are willing to step up. Those are both options. As far as the LMR system, it is hope that there is allocation of



UASI or SHSGP funds available to continue expanding or building out interoperability in Los Angeles.

Mr. Wong added that the capital replacement costs presented was not assumed to include any type of subsidy from grant funding. The full cost of capital replacement was used because of uncertainty of receiving additional grant funding. Chair Sotomayor concurred that it is an important point not to count on Federal grants every time. There is no reality that LA-RICS will still receive UASI allocations, SHSGP and other Homeland Security Grants to drive down the cost. He believes that a worst case scenario would be where all costs would have to be paid for by Authority Membership fees.

Executive Director Mallon was asked about a grant funding back-up plan. He stated that the LMR system contract has been structured in such a way that multiple Notices to Proceed (NTP) are required to move forward. Before a NTP is approved by the Board, LA-RICS has to demonstrate that funding is available. If the UASI monies are gone, then LA-RICS has to look at some other method of funding, or it stops. For the LTE system, LA-RICS has a grant but the big question is how to accumulate the \$19 million in hard-match. For the soft-match requirement, LA-RICS has submitted to NTIA the value of the underlying property for the 232 sites, as well as some staff contribution that the County has put into the project. If sites begin to be lost because of local restrictions, then we'd lose the value of that underlying property and we'll have to make it up in hard-match.

Executive Director Mallon stated that the underlying value of all sites has been included in the calculation of In-Kind match. If infrastructure credit is in fact approved as a policy decision by the Board, the value of that site cannot be included in the match and will have to be made up some other way. If an agency is given a credit via cost savings, then somebody else has got to make it up with cash-match.

Committee Member Lee stated that if the sites are approved for a soft-match and infrastructure credits were agreed to be off the table, then that annualized in-kind match goes away?

Executive Director Mallon stated that it does go away.

Executive Director Mallon explains that as the Authority Members begin using the system, they would start making payments. There is a little deviation with the issue of the hard-match. As the BTOP funds are spent, LA-RICS has to make up the hard-match. If \$10 million is spent, LA-RICS has to match \$1 million in hard-match. The project will have to begin developing some form of a collection from Authority Members or the project would have to go for a line of credit.

Executive Director Mallon was asked if cities would be able to use the LTE system with their mobile devices. This issue was also brought up during the stakeholder meetings, which is being developed. LA-RICS has a vendor who is developing a band 14 device but they are likely to be \$1,200 to \$1,400 a-piece.



Executive Director Mallon was also asked that if the LTE system is up and running, would any of the city data devices be able to connect to it. He confirmed that Band Class 14 devices will be able to connect.

Executive Director Mallon continued on to state that in the base contract, a price has been included to acquire modems that actually go into the data devices. The price could start from \$1,900 and below, depending on the quantity purchased. Those are the devices that would need to go into police cars and fire apparatus to connect to Band Class 14 for data. Executive Director Mallon added that devices specified in the contract will operate on Band 14 and Band 13, which is Verizon Wireless. LA-RICS is working towards a roaming agreement that would allow use of the Verizon Wireless system to fill in those areas with less than acceptable reception. This agreement can be presumed to be at a cost for LA-RICS and also stated that FirstNet is also working on a roaming agreement with a commercial network system. The cost is not yet known because negotiations are still ongoing.

Committee Member Olivia Valero asked about the annual fee distribution of the 86 Committee Member agencies, 33 of which are contract cities. She questioned why the total cost distributed was only over 53 independent cities or jurisdictions. She went on to ask if the share of the contract cities will be based on the LA County share of 34%. Executive Director Mallon explained that data from cities served by the Sheriff's Department or by County Fire were already included in the County's allocation. For purposes of population, if a city was entirely served by Sheriff's and Fire, that population was included in the County's allocation. For those cities that are split, where they have their own police department and they use County Fire, the population was split 50-50, so in essence, cities are not double charge. Cities will not pay for their full population and then be charged again, as part of the County Fire. Additionally, if a city opts-out, and they participate as an independent city, for example with their own police department but the County Fire becomes a part of it, then the population to the fire department served needs to be included into the program.

Executive Director Mallon was asked about communication for contract cities with radios systems to contact public works and bus lines. He stated that the population would have already been included under the services for public safety, so if there are secondary responders, according to the latest survey for information on radios and data devices that they would use. They would be added into the number of user devices but would not affect the population, which is separate.

Executive Director Mallon stated that if MTA came onto the system, the same study performed for the school populations would be used. This includes looking at the average daily school population and then multiplied it by 75%, because they're only in school about $\frac{3}{4}$ of a year.

Mr. Wong was asked about the school district working year round, since LAUSD police work 365-days a year, why would they be considered at 75%? He answered that they looked at the number of population served and since the student population is there only $\frac{3}{4}$ of the year the consensus was the right amount to use was 75%. Executive Director Mallon stated that during breaks the school would be charged for the use of radios and the number of calls they would be dispatched but not for the population.



Mr. Wong explained that in regards to MTA, the assumption used was the resident equivalent, so that every ten passengers equal one resident. Executive Director Mallon used the City of Culver City bus line as an example. If they want to put their bus fleet on the system, they have already been assessed for their population.

Committee Member Daniel Jordan asked for clarification on whether in filling out the second survey, should contract cities like La Canada, where they think they have a couple of old radios in their EMS through Public Works, should they be included in the list under secondary responders. Executive Director Mallon said yes, because your contract services with the Sheriff and Fire district would incorporate your population. For the number of radios secondary responders would use and be register under the system, they would be assessed for those, but not for the basis of population.

Committee Member Olivia Valero asked if the number of dispatch call is the same as the number of services responded to by the public safety officer. Executive Director Mallon said yes. Mr. Wong added that these may have been answered differently in the first survey so the second survey was asked to get the exact specific type. Committee Member Lee said that this variable is very problematic because it is not independently verifiable or tracked by LA-RICS. Executive Director Mallon responded that it will be through the systems Network Operating Center. LA-RICS will know how many radios are in the system. For example, Beverly Hills has how many radios are registered to the system, how many radios are used on a daily basis, and the activity level. Committee Member Lee commented this pertains to talk time but not on the number of calls we went on and therefore questions why was this variable used. Executive Director Mallon responded this is the only place we have to be able to start from that is comparable between the cities. As time goes on and we can start pulling data directly from the system, we can reevaluate and perhaps change that metric. Mr. Lee asked if this is just a draft variable only and Executive Director Mallon responded that at this time, there is no other metric to rely upon. Committee Member Lee said talk time is a great variable. Executive Director Mallon responded there is no talk time today. Committee Member Lee asked if the intent is to use this as a surrogate until talk time is available and Executive Director Mallon said yes.

Chair Sotomayor added that for the next round of data collection, it can be more clearly designed and also JPA members can double check their numbers for accuracy. For example, there was inconsistency in the reporting agency data devices which skewed the numbers across the board.

Executive Director Mallon stated that the JPA needs to release the Funding Plan in order to open up the 60-day comments period. Issues raised by the Members will be used to come up with a model options for the Board to consider. Adoption of the Funding Plan is needed in order to give a NTP for the LTE system. Construction needs to begin in the April timeframe, and if the Funding Plan is pushed to June – August, the LTE project may have to be shut down.

Executive Director Mallon stated that in order to supply the JPA with a description of the system and reports, the project can use the coverage study that was done for the LTE system



used in determining the 232 sites. The LTE system has to be completely done by August 2015. There is an extremely tight time constraint just to get 232 sites constructed, equipment installed, and turned on. The Funding Plan needs to be recommended and approved before the February 6, 2014.

The LMR system is reliant on the detailed design and can share coverage with the JPA; exact coverage depends on the final design.

Chair Sotomayor stated that he thinks this meeting is good for discussion but he is not sure that there is something fully vetted. Committee Member Simay stated that he would like LA-RICS not to focus on preserving the grant money and lose sight of the original objective which is to build a system that will succeed. The last thing wanted is to have the system end-up being more costly later on. Executive Director Mallon agrees, but if it is the decision of the Board to push out the beginning of construction on the LTE system, then LA-RICS may need to consider walking away from the project. He stated that on the Board Agenda for February 6, 2014, that there will be a discussion item of separated membership.

Executive Director Mallon was asked about costs associated with joining LA-RICS and responded as such:

- LMR system is P25 based, which is a standard architecture.
 - Cities would be expected to provide their own user equipment
- LTE system
 - Depending on the amount of enhancements that are required during the construction, with regard to the option of disguising poles or a more expensive option, and the available funding that remains at that point, LA-RICS would look at acquiring the user devices under the contract that could be distributed to the Authority Members.

Executive Director Mallon suggested that the Committee have a Special meeting early next week, since they are not able to recommend releasing the Funding Plan and open the 60-day comments period. Committee Members would have to submit their comments to PMC by Monday, February 3, 2014 (no guarantees that they will have all 88 responses by then) in order to present them to the Board at a Special meeting on February 13, 2014.

Committee Member Simay stated that since there are two opt-out rounds, those that stay the first round and say no to the second, will end-up with some costs, than if they opt-out the first round. Maybe agencies need a year-by-year Cash Flow table going into LA-RICS.

Include under Finance Minutes 07/24/21 "Discussion re: Recommendation and Adoption of Funding Plan - Mallon advised that he intended to request the Board of Directors to trigger the 60 day comment period on the proposed Funding Plan (as outlined in section 5.01, Adoption of Funding Plan, in the Joint Powers Agreement) at its February 6th meeting. Members of the Committee cautioned against this move and advised Mallon that the Finance Committee is still in the process of developing the proposed Funding Plan. Furthermore, these members reminded Mallon that the Committee has not voted to recommend the Funding Plan to the Board of Directors yet and advised against rushing the Funding Plan process. Stephen



Sotomayor, Committee Chair, agreed that the decision of the Committee to recommend any Funding Plan to the Board of Directors would have to be properly agendaized and voted on by members of the Committee."

MOTION APPROVED.

VI. PUBLIC COMMENT – None

VII. ADJOURNMENT AND NEXT MEETING:

Meeting adjourned at 2:00 p.m. by consensus.

The next special meeting to be determined.

APPROVED AS AMENDED