



MINUTES

LOS ANGELES
REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

REGULAR FINANCE COMMITTEE MEETING

Thursday, February 27, 2014 • 1:00 p.m.

LA County Fire Department Headquarters, Training Room 25
1320 N. Eastern Ave., Los Angeles, CA 90063

Official Voting Members Present:

Stephen Sotomayor, Chair, representative for City of Los Angeles Police Department
Matias Farfan, representative for City of Los Angeles, Chief Legislative Analyst
Jan Takata, County of Los Angeles Chief Executive Office
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 Association
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 Members Present:

Nancy Ramirez, representing James Alther for the LAUSD Police Department

Others Present:

Pat Mallon, LA-RICS
Susy Orellana-Curtiss, LA-RICS
Truc Moore, County Counsel

Official Voting Members Absent:

Ed Roes, City of Los Angeles Administrative Office
June Gibson, representative for the City of Los Angeles Fire Department
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
James Alther, representative for the LAUSD Police Department
David Lantzer, representative for Los Angeles Area Fire Chief's Associations
Eric E. Tsao, representative for City of Torrance, At Large #1



- I. CALL TO ORDER
- II. ANNOUNCE QUORUM – Chair Stephen Sotomayor took roll call, quorum was reached.
- III. REPORTS –

Executive Director Patrick Mallon stated that after the last Finance Committee Meeting, the Funding Plan (with the Finance Committee's recommendations) and the LTE System contract were presented to the Board. After much discussion regarding membership, they asked that the matter be placed on the March 6, 2014 Board Agenda. He stated that the Funding Plan was updated to include some of the Finance Committee recommendations, particularly pertaining to data usage.

Chair Sotomayor stated that there were still some items that need to be addressed, mainly revolving around the true-up period in which the Finance Committee would look at the number of cities participating and the use of the system. Other points discussed included the Cash Flow as well as Phasing of the system. This will give cities a better idea of what they are paying for and when they would be entering into the system. He added that the membership will greatly affect the Funding Plan and that there was no action taken by the Board in the last meeting.

Phil Carter, PMC Consultant, stated since the Committee had a lengthy discussion on the Cost Allocation Paper, PMC went through the JPA agreement and started with the working paper and added a few more sections. Two items that are being worked on have to do with Phasing of Construction and Cash Flow. They were working with the vendor to determine the best way to show that information.

Executive Director Mallon stated that there have been discussions with FirstNet on several matters such as Phasing of Construction and maintenance. He suggested that for the first two or three years until they can develop a better understanding of what FirstNet will cover relative to maintenance cost, it is recommended that the Funding Plan not consider a capital replacement fund.

The other issue was the site lease and In-Kind match. If site lease payments are required for a site, the underlying property value cannot be considered as a contribution to the soft match. Ms. Susy Orellana-Curtiss commented that In-Kind match will be more than \$9 million for the member contributed sites and the loss of In-Kind match must be covered by a Cash Match contribution to make up the difference.

Executive Director Mallon was asked how the expansion of the system in the future will be funded. He stated that it will be very difficult to predict. Therefore, it is impossible to calculate such costs. Another consideration is the coverage achieved with the system as designed. He suggested the option of including 3rd tier responders, such as Southern California Edison and Department of Water and Power, if they are interested in the system expansion. It is probably cheaper to use their existing poles for the sites build-out.



Truc Moore, County Counsel, was asked about clarifying language in the Funding Plan. She stated that language clarification can be added, but the JPA agreement already provides for the Funding Plan to have changes done as amendments. If those amendments increase the financial obligation of the members, they are allowed the opportunity to review any adjustments that affect their contributions and are able to withdraw after that. Executive Director Mallon was asked about the expansion of the LTE system and stated that it would be a separate project with a separate Funding Plan. This will ultimately be a Board policy decision.

Executive Director Mallon stated that the design process for the LMR systems has some latitudes on how things go. For the LTE system, because of the time frame to build, will not have any latitude until after August 15, 2015.

Jim Hardimon, Motorola Solutions, stated that there are several layers in the LMR system: Digital trunked, analog conventional and mutual aid layers within the program. The initial program, the way it is being deployed in the contract today is in developing the system and layering it out when coverage testing throughout the County begins. Cut over for agencies will be looked at on a specific agency basis. So, many months out prior to testing for each agency, Motorola Solutions will meet with every agency and go through an audit of their system and evaluate what pieces of equipment can be interfaced or may need to be adjusted to come on the system. The timing of deployment is affected by the seven zones of coverage. Once they completed coverage testing in one zone they will proceed to coverage testing to other parts of the County. The system will be available for cut over by the end of 2016. A year prior to that they will initiate a program to assess what radios each agency has and how it will interface with the system.

Committee Member Erick Lee had a concern that if the Board does not approve the release of the Funding Plan document of last Thursday, LA-RICS may run into cost implication or major delays in the project. Executive Director Mallon stated that LA-RICS met with Motorola to see where they can compress the schedule. They had cut as much time out of the project schedule as they can. Even with that if the board approves both the LTE contract and the release of the Funding Plan on March 6, 2014, it will not be until June before a notice can be given to proceed on Phase 2. What has been proposed is to begin cutting out some of the testing period in order to get it done.

Mr. Sotomayor commented that he is not sure if he is ready to make recommendation on those key policy points right now. Whether or not the JPA decides to release the plans, the Committee is responsible for making recommendations on some of these key points. Additional information and time are needed in order to work through this between now and the next JPA meeting. He suggests utilizing a Sub-Committee to make the cost allocation factors into a full Funding Plan with policy recommendations.

Committee Member Lee stated that one of the key things that we are missing is the Cash Flow Plans and estimates, and wondered if that information was still outstanding.

Executive Director Mallon responded the Cash Flow for the LTE system has match requirements that needs to be paid along the way. He added they need to work with CEO's Office with potential interim financing through some commercial paper. This will delay member contributions until after the system is built.



Phill Carter was asked about annual costs and stated that they have not completed such calculations. They are looking at a capital replenishment fund and a short duration in terms of a catch up period. They assumed the same kind of interest as for the carrying cost for the bonds.

Executive Director Mallon said that presenting different scenarios for the LTE cost will create a significant amount of confusion. He recommended looking at scenario 3, which excludes In-Kind match and Capital replacement costs. Everything else is based on Additive Alternates for which no determination has yet been made.

Committee Member Joe Leonardi called the 1st motion and Committee Member Jan Takata called the 2nd motion. **MOTION APPROVED** to advocate Scenario #3 on the LTE system, but not on the LMR.

After further discussions, the previous motion was withdrawn in order to wait for the Special Joint Operations and Technical Committee's recommendation at their Tuesday meeting, and come back the following Wednesday, March 6, 2014, to make a decision on this matter.

Committee Member Joe Leonardi called the 1st motion and Committee Member Greg Simay called the 2nd motion. **MOTION APPROVED.**

Committee Member Lee asked for there to be more clarity in the existing Cash Flow documentation regarding payments and payment deadlines. Chair Sotomayor stated that the information would be provided.

Chair Sotomayor stated that Site Lease Payments would be a discussion item at the next Finance meeting.

Committee Member Lee also inquired as to when the Finance Committee meeting minutes will be available for approval, since they have not seen one since September 2013. Executive Director Mallon stated that due to staff shortages and multiple meetings minutes there is a backlog that will hopefully be addressed with the hiring of new staff.

IV. NEW BUSINESS – None

V. OLD BUSINESS –

VI. PUBLIC COMMENT – None

VII. ADJOURNMENT AND NEXT MEETING:

Meeting adjourned.

The next meeting is on Wednesday, March 5, 2014.