



MINUTES

LOS ANGELES
REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

REGULAR FINANCE COMMITTEE MEETING

Thursday, April 24, 2014 • 1:00 p.m.

LA-RICS Headquarters, Large Conference Room

2525 Corporate Pl., Suite 200, Monterey Park, CA 91754

Official Voting Members Present:

Ed Roes, City of Los Angeles Administrative Office
Stephen Sotomayor, Chair, representative for the City of Los Angeles Police Department
Jan Takata, representative for the County of Los Angeles Chief Executive Office
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
Olivia Valero, representative for the City of Long Beach
Daniel Jordan, representative for the California Contract Cities Association
Eric E. Tsao, representative for the City of Torrance, At Large #1
Erick Lee, representative for the City of Culver City, At Large #2
Steve Smith, representative for the City of Covina, At Large #4

Representatives For Official Voting Members Present:

Joshua Drake, representing Matias Farfan for the City of Los Angeles, Chief Legislative Analyst

Others Present:

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

Official Voting Members Absent:

June Gibson, representative for the City of Los Angeles Fire Department
Matias Farfan, representative for City of Los Angeles, Chief Legislative Analyst
James Alther, representative for the LAUSD Police Department
David Lantzer, representative for the Los Angeles Area Fire Chiefs' Association
Joe Leonardi, representative for the Los Angeles County Police Chiefs Association
Greg Simay, Vice Chair, representative for the City of Burbank, At Large #3



I. CALL TO ORDER

II. ANNOUNCE QUORUM – Committee Chair Stephen Sotomayor took roll call and quorum was reached.

III. REPORTS –

Executive Director Pat Mallon provided an update on the following:

- LMR System – continuing to move forward with the Detailed Design and reviewing sites initially proposed by the vendor and adding sites to the list because tower construction at some sites initially proposed by Motorola will be difficult if not impossible to build. The list has been expanded from the original 88 to about 120. LA-RICS is including all 120 sites during development of the Environmental Impact Report.
- LTE System –
 - Site Access Agreements – there is only one city out of 231 that is ready to move forward with their site access agreement and will be presenting it to their City Council on May 8, 2014.
- NTIA and FirstNet – LA-RICS met with NTIA and representatives from FirstNet a few weeks ago. NTIA has expressed concern regarding LA-RICS' ability to complete the project within the timeframe. They asked what was LA-RICS' Plan B and requested that LA-RICS move forward with the sites in the City and County of Los Angeles and drop the rest of them LA-RICS responded that it is not acceptable. It is anticipated that NTIA will require development of a Corrective Action Plan which must include completion timelines. If LA-RICS fails to provide such timelines, LA-RICS LTE system funding may be suspended.

Executive Director Mallon stated that if LA-RICS is met with great resistance, sites will be dropped in order to save the rest of the project. Unfortunately, if LA-RICS cannot show substantial progress, the project cannot be saved. The City of LA is working with their City Council, as is the Cities of Vernon and the City of Industry to take site access agreements to the respective City Council. LA-RICS is working with the Board of Supervisors to get approval for County owned sites.

Executive Director Mallon stated that he has already met with two supervisors and is scheduled to meet with two more next week. He will also be going to Washington D.C. and is scheduled to meet with representatives from FEMA, NTIA, and FirstNet.

Executive Director Mallon stated that at the last Board of Directors meeting, NTIA representative spoke regarding delays. If LA-RICS has any delays in the project to implement construction, that will result in a negative action. LA-RICS was reminded to be financially responsible.



Susy Orellana-Curtiss stated that as construction progresses LA-RICS will be reimbursed on a monthly basis. The BTOP Grant requested an advance in order to project expenditures based on the proposed schedule and have the advance in LA-RICS bank account.

Executive Director Mallon stated that the priority is Site Access Agreements; LA-RICS has 30 – 60 days to show that there is a substantial amount of progress made in getting the site access agreements completed.

Chair Sotomayor suggested that the Finance Committee should make a few recommendations for the Executive Director to discuss at the upcoming meetings in Washington D.C. next week.

- 1) Request assistance from FirstNet to subsidize cost so that LA-RICS could be comparable to commercial solutions for a certain period of time that will allow for increased membership.
- 2) Request that LA-RICS be able to joint partnership with other outside agencies outside the public safety arena or utilities, but also users that might use the push-to-talk as a solution, like community colleges.
- 3) One of the hardest costs is the Hard-match requirement of the \$19 million. The match requirement must be met as the grant is being drawn down. Is there any relief in that match and how they would count it for us? Is there any way that buying devices by agencies could be part of the hard-match.

Executive Director Mallon agreed. He stated that currently LA-RICS is looking into reducing cost by discussing:

- If LA-RICS attains fiber rental from SoCal Edison and DPW instead of paying Time Warner Cable, there is a \$2 million in savings;
- If Core Maintenance is paid by FirstNet there is \$1.5 million in savings; and
- Maintenance is usually done in a plug-in-play mode. We are paying money to the commercial provides maintenance groups, perhaps some of that maintenance can be done in-house (by member agencies) if member staff got some degree of training. They could perform the maintenance of the emergency generators while they are out there doing maintenance on the LMR System, resulting in a significant amount of maintenance savings.

Executive Director Mallon stated that the amount of savings depends on the creativity LA-RICS can be..

Chair Sotomayor asked what if a member agency does not want to join, but wants to be a subscriber of the system, then what does the Committee want the share cost to be? What is the impact to the overall funding plan or how does LA-RICS want to impact it? He stated that this would be an issue to recommend later on.

Last week LA-RICS met with FirstNet's Deputy CTO and asked what the timetable for moving anything forward was. FirstNet is looking at putting out an RFP in one and a half to two years.



Their main goal is to build a system that all public safety subscribes to. His concern is that it will probably take several years before FirstNet can provide services.

Chair Sotomayor stated that at the next JPA meeting he would like to include in his report a recommendation from the Committee for the Executive Director to incorporate a few talking points when he goes to Washington D.C.

Chair Sotomayor stated that the maintenance of the system is about \$6 million price tag. LA-RICS is looking into applying for different grants to bring down the price for member agencies. At a true-up period to analyze the actual cost of operations may allow some cost reductions.

IV. NEW BUSINESS – None

V. OLD BUSINESS –

1. Discussion Item: Continue discussion on LA-RICS Funding Plan.

Chair Sotomayor stated that in regards to the Funding Plan, comments were received from the City of Beverly Hills. Susy Orellana-Curtiss stated that comments were also received from the City of Signal Hill. She reminded the Committee that the comment period is almost over. In order to incorporate member comments, concerns, and clarifications into the Funding Plan need to be received as soon as possible.

Executive Director Mallon stated that both LTE and LMR systems are to be deployed in phases. The LMR system has several phases and within the phases there are a number of Notices to Proceed. Funding is required before construction. In the development of the Funding Plan, assumptions were made as to the continuation of grant funding. If the grants slow down so does construction. There is no cost to members until the system can be used.

If there is a gap in the Funding Plan, the Board can decide to issue an Amended Funding Plan giving members 45-days to decide if they will opt-out. This is in addition to the original 35-day Opt-Out period from the Funding Plan approval.

Committee Member Erick Lee stated that the Funding Plan in itself would not change, but the slice of the pie would be bigger. He said that it is a big deal and that according to the Agreement, "increasing the financial obligation of the members" in which they have 45-days to opt-out. County Counsel, Truc Moore, stated that the Funding Plan spells out the contribution for each member. As member agencies drop-out, the percentage is revised, which goes to the Board and they adopt the revised Funding Plan. Committee Member Lee stated that the Funding Plan is unclear on those points and needs them to be reflected. Counsel stated that as far as for the LMR, if the Funding Plan is adopted May 8, 2014, the financial obligation is still zero.

True-up was brought up and Executive Director Mallon stated that it is a fair representation of the utilization of the system. Therefore, LA-RICS has asked PMC Consultants to contact all of the member agencies to validate the numbers on their survey because some of the numbers



are questionable. He went on to say that the LMR has four measuring criteria that could be used the first year, after that, it depends on the amount of users:

- 1) Number of radios
- 2) Number of average daily use
- 3) Number of average calls for system (this is the item that is less predictable)
- 4) Population

Chair Sotomayor suggested using the ability of some of the maintenance periods saying that there will be some cost during the first year, but not of a significant amount. The plan is to have the system up and running in 2017.

Executive Director Mallon said that LA-RICS met with ICIS and it seems as though they will continue with their own operation, but LA-RICS still has the responsibility to support the surrounding cities.

Executive Director Mallon continued to discuss the delay of the collection of system refresh funds to the beginning of year four from the last Finance meeting, and wondered if LA-RICS should look at four or five years. Or, should the suggested three years deferral remain as outlined in Amendment I. Chair Sotomayor stated that more information was needed in order to make a recommendation to the Board. Committee Member Olivia Valero reminded the Committee that they were to get an updated Cash Flow. Executive Director Mallon stated that the Committee would get it by the next Special Finance meeting on May 5, 2014. Chair Sotomayor stated that the question still remains, "If there is a penalty for coming in late," This which is something for the Committee to further discuss.

The 60-day comment period ends May 6, 2014, and next Board Action Item is scheduled for Wednesday, May 7, 2014, with the hopes that the Board will adopt the Funding Plan, which then triggers the 35-day opt-out period. The only concern is going back to the LTE with the concern of the NTIA if LA-RICS is not able to have the Funding Plan at that point and the Board does not approve it until July 2014, and start construction until then. By then, NTIA will stop funds.

Chair Sotomayor suggested having a Special meeting on Monday, May 5, 2014, at 1:00 p.m. to discuss the responsibility of the member agencies, and the Funding Plan language.

Committee Member Valero requested the LA-RICS staff supply the Committee with the figures for those who stay for the 35-days and then opt-out Executive Director stated that it would be supplied at the next meeting.

Committee Member Lee made a couple requests:

- 1) LA-RICS Budget to be presented in May 2014, Ms. Orellana-Curtiss stated that at the request of Los Angeles County there will not be a Budget Action until after the adoption of the Funding Plan. She went on to state that in regards to LA-RICS Operations, there will not be any invoices on activities until August 2014, because they are activities incurred in the month of July 2014. LA-RICS will be fine until then.



- 2) Committee Meeting Minutes to be completed. He stated that minutes have not been approved since November 2013.

VI. PUBLIC COMMENT – None

VII. ADJOURNMENT AND NEXT MEETING:

Meeting adjourned at 2:36 p.m. by consensus.

The next special meeting is scheduled for Monday, May 5, 2014.

The next regular meeting is scheduled for Thursday, May 22, 2014.

APPROVED