



MINUTES

LOS ANGELES
REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

REGULAR FINANCE COMMITTEE MEETING

Thursday, May 22, 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
Matias Farfan, representative for City of Los Angeles, Chief Legislative Analyst
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
Olivia Valero, representative for the City of Long Beach
David Lantzer, representative for the Los Angeles Area Fire Chiefs' Association
Joe Leonardi, representative for the Los Angeles County Police Chiefs Association
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
Greg Simay, Vice Chair, representative for the City of Burbank, At Large #3

Representatives For Official Voting Members Present:

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
Kay Fruhwirth, representative for County of Los Angeles Department of Health Services
James Alther, representative for the LAUSD Police Department
Steve Smith, representative for the City of Covina, At Large #4



I. CALL TO ORDER

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

III. REPORTS –

Chair Sotomayor stated that since the minutes were not on the Agenda and there are several of them to approve, he moved that they be added to the next Agenda.

Executive Director Pat Mallon provided an update on the following:

- NTIA – the later part of April 2014, NTIA met with LA-RICS for three days and went over activities within the project. On April 28, 2014, a Corrective Action Plan (CAP) was issued with three requirements outlined below:
 - 1) Biological assessment had to be completed by a certain date and the environmental assessment had to be done one week later. Both assessments were submitted by the required dates;
 - 2) Board of Director's adopt the Funding Plan no later than June 5, 2014, or NTIA will suspend the BTOP grant; and
 - 3) LA-RICS must submit a Project Management Plan including sequential construction of the project. NTIA requested a Plan B, which would include sites only in the City of LA and County sites. LA-RICS responded by maintaining there are 88 member agencies to consider. LA-RICS has submitted a deployment plan that includes all sites divided into six areas.

Executive Mallon was asked about an extension of the opt-out period and stated that the 35-day opt-out period is a policy decision by the Board. Truc Moore, County Counsel, stated that the JPA's requirement is for a minimum of 35-days, which is not enough time to have all those involve review, digest materials, and get it on their City Council's agenda. Therefore, the staff will probably be recommending 45 or 60-days. PMC will be working with LA-RICS to send out a Draft Staff Report to Committee Members.

Executive Director Mallon was asked about a contingency plan and its authority member's coverage. He stated that all members will be covered. There is one member agency that will not allow LA-RICS to install installation in their city; there were 231 sited; now there are 229.

IV. NEW BUSINESS – None

V. OLD BUSINESS –



1. Discussion/Action Item: Recommendation to approve the LA-RICS Funding Plan by the JPA Board of Directors.

Executive Director Mallon provided an overview of the recommendation letter that was handed out at the meeting.

A Committee Member asked about the 40% allocation recommended in Section 1.c.i. Susy Orellana-Curtiss stated that the 40% was for Supporting Staff (15 positions), leased office space, and property insurance. Executive Director Mallon stated that the other 60% comes from LMR (30%) and LTE (30%).

Another Committee Member comment was made regarding LTE Operating Cost in Section ii.2.b. LA-RICS recommendation for population and geography to be equally split 50%-50%. Geography will be considered at total square miles due to stakeholder significant comments regarding this.

PMC consultants, Phil Carter, Derek Wong, and Aaron Pfannenstiel, wrote on the white board as they explained the percentages.

	40% Admin	50% Population 50% Geography (sq. miles)
LTE	30% Admin ----- Operating Costs ----- 10% Match	----- # of Data Units ----- 50% Population 50% Geography
LMR	30% Admin ----- Operating Cost ----- Refresh @ year 4	----- # of Radios Daily -----

Executive Director Mallon recommended to the Finance Committee Members that the Authority commit to issuing an amended Funding Plan once there is a more accurate picture of what the LMR System operating costs are obtained. This recommendation is based on a number of comments wherein Members have voiced concerns about committing to LMR operations well before this information is available. It is recognized that changes in sites, due to an array of reasons, will affect the Funding Plan.

Executive Director Mallon stated that what he heard yesterday from Motorola about limitations with the ISSI interface was disturbing. This could place a dramatic limitation on the connection between LA-RICS and ICIS. Another option revealed yesterday was an "Interzone," which requires further investigation. This could meet the interoperable communications requirement and not have the choking point that an ISSI interface would provide.



Chair Sotomayor stated that the LMR system was expected to be paid by UASI and SHSGP Grants, but we cannot issue a Notice to Proceed (NTP) until the money is in place. Further, if grant funding is not received that will constitute a big change to the Funding Plan. Executive Director Mallon stated that a ball park figure to the LMR system (including additive alternates) is \$205 million (with 15 years of maintenance). The grant balance at is \$55 million. If grant funding fails to materialize, an amendment to the Funding Plan would give member agencies an additional opportunity to opt-out.

County Counsel Moore stated that if a member agency opts out, the Board can allow anyone back in as a member as long as they meet the JPA requirements. There are other requirements to be met as a Subscriber or an Affiliate. Concern arose regarding the cost of staying or opting back in at a later date. County Counsel Moore stated that the LMR system carries a bit more of protection since there is no cash match obligation and is fully funded for the grant dollars that has been authorized. When the Board awarded the contract, Executive Director Mallon was told that a NTP required sufficient funding. On the LTE system, member agencies will incur liabilities, and the Funding Plan at this time does not have the cost of opting back in. If necessary, that will be developed down the line after the Board is able to assess the actual liabilities and costs.

---- BREAK: Part 2 of the meeting ----

CONT. Discussion/Action Item: Recommendation to approve the LA-RICS Funding Plan by the JPA Board of Directors.

Chair Sotomayor continued the meeting with PMC consultants going over comparisons of total costs. Mr. Derek Wong, PMC, discussed Cash Flow Estimates and used Scenario 12 as an example. A detailed discussion took place regarding the cost factors associated with the various scenarios that were presented by PMC. Aaron Pfannenstiel, PMC, stated that two or three cost factors had overarching support, but geography and other cost factors were brought up and not explored since they were out-weighting factors. During the 60-day comment period in the Funding Plan, geography entered into play because member agency comments reflected concerns about the data input variables. Simplification was the theme that came out of the comments and geography was the factor that would eliminate some of the concerning factors.

The issue of radios being added and subtracted was raised, Authority Council Moore stated that the "true-up" could still be performed at the direction of the Board and the period they want to set. Some Committee members wanted to know if there is a provision that prevents member agencies from turning off their devices and waiting a few years to turn them on (e.g. in order to avoid the withdrawal penalty) and in the meantime just pay the Administrative fees. The Committee Members want to know if the Funding Plan has a safeguard that will avoid forcing remaining member agencies to absorb the cost and make it less "gameable." Executive Director Mallon stated that such a safeguard is not in place. He also stated that there is no "true-up" for the first three years and the cost of operation of the LMR system is significantly reduced during that period. The first year there will be only Administrative fees; second and third year only maintenance fees. Chair Sotomayor asked PMC to run a report on



the number of radios along with the population/geography for operation and not just on a device basis. Both scenarios may be put together and presented to the JPA.

PMC stated that the numbers should not matter; it is more about the methodology. Through the stakeholder meetings members commented that they were weary of some of the variables and factors, and through those comments they were able to simplify the approach to make it more understandable and less “gameable.” Therefore population and geography is a more understandable and simpler approach.

Chair Sotomayor stated that the Committee could recommend both a Plan using devices and another one with population/geography. There are pros and cons for each one. PMC stated that in collecting variables they noticed that there was a strong correlation between populations, number of units, and call volume.

Some Committee Members voiced their concern about reviewing the Funding Plan before submitting it to the Board for approval. Executive Director Mallon stated that the Funding Plan is already on the Board Agenda, which has already been posted for next week’s meeting of Wednesday, May 28, 2014. Authority Counsel Moore stated that the NTIA is looking for a Funding Plan that accounts for LTE. However, for the purpose of staying consistent with the JPA Agreement, a formula has been discussed that suspends an obligation in LMR cost until some period in the future. Also if more time is needed, the next regular Board meeting is the following Thursday, June 5, 2014.

Committee Members continued their discussion regarding variables that best suit their own member agencies. Committee Member Jan Takata stated that there could be an automatic periodic “re-opener” to re-examine the Funding Plan since landscape, technology, the replacement system, criteria, and other factors will change within time. Population and usage will also be changing and at present they are unpredictable. The system needs to be built today and the Committee needs to move on or else there is no system.

Committee Member Leonardi stated that maybe the Committee should move on with the Funding Plan without reviewing the narrative portion of it, just amend and extend the opt-out period from 35-days to 60 or 90-days. He also stated that there should be two Funding Plans presented to the Board; one with 50% - 50% and the other Funding Plan of 40%-30%-30%.

After discussion, members of the committee expressed further concern that a proposal for either plan did not exist in written form and could not be evaluated by the committee or member of the JPA. As a result, the committee did not recommend either plan be adopted by the Board of Directors. After discussion Chair Sotomayor clarified that the motion was recommendation to the Board that any Funding Plan recommended by the LA-RICS Staff for adoption by the Board at its May 28th meeting include a 60-day opt-out period for members to withdraw from LA-RICS per the joint powers agreement. The Committee voted as follows: amendment to the previous recommendation of a 60-day opt-out period and to recommend two Funding Plans, the Committee voted as follows:



Committee member Leonardi called the 1st motion and Committee Member Dan Jordan called the 2nd motion. **MOTION APPROVED.**

Members voting Yes:

Dan Jordan	Stephen Sotomayor
Cynthia Evans	Doug Cline
Jan Takata	Olivia Valero
Eric Lee	Greg Simay
Matias Farfan	Joe Leonardi
Ed Roes	

Members voting No:

David Lantzer
Erick Tsao

Vice Chair Simay stated that the February 19, 2014, minutes will be carried to the next meeting since they were omitted from today's Agenda.

VI. PUBLIC COMMENT – None

VII. ADJOURNMENT AND NEXT MEETING:

Meeting adjourned at 3:15 p.m. by consensus.

The next regular meeting is scheduled for Thursday, June 26, 2014.