



FINANCE COMMITTEE

REGULAR MEETING MINUTES

**LOS ANGELES REGIONAL
INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY**

Thursday, November 15, 2018 • 1:30 p.m.
Los Angeles Regional Interoperable Communications System
Headquarters
Large Conference Room
2525 Corporate Place, Suite 200, Monterey Park, CA 91754

Finance Committee Members Present:

John Geiger, County of Los Angeles Chief Executive Office
Bill Song, County of Los Angeles Sheriff's Dept.
Marie DiBernardo, City of Inglewood Police Department
Ron Sagmit, City of Signal Hill Police Department

Alternates For Finance Committee Members Present:

Maria Morales, County of Los Angeles Department of Health Services

Officers Present:

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

Absent:

Doug Cline, County of Los Angeles Fire Department
Karolyn (Kay) Fruhwirth, County of Los Angeles Department of Health Services
Rebekka Hosken, California Contract Cities Association
John Curley, City of Covina Police Department
Scott Edson, LA-RICS Executive Director

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

I. CALL TO ORDER

Chair John Geiger called the Regular Meeting of the Finance Committee to order at 1:33 p.m.

II. ANNOUNCE QUORUM – Roll Call

Committee Secretary Beatriz Cojulun performed a roll call and acknowledged the absence of a quorum.

III. APPROVAL OF MINUTES (A)

A. November 15, 2018 – Regular Meeting Minutes

With the absence of quorum, minutes carried for approval to the next Finance Committee meeting.

IV. PUBLIC COMMENTS – (None)

V. CONSENT CALENDAR – (None)

VI. REPORTS (B-C)

B. Due to the absence of a quorum, an LTE status report update was not provided.

C. Due to the absence of a quorum, an LMR status report update was not provided.

VII. DISCUSSION ITEMS – (D-F)

D. Finance Ad Hoc Committee Reporting

Chair Geiger emphasized the importance of the subscriber rate setting and informed attendees the Ad Hoc Committee met and provided preliminary scenarios. It would be ideal for the Finance Committee to provide a comprehensive and supportable recommendation to the Board of Directors at the meeting in January 2019. Chair Geiger reviewed the report and stated the scenarios with terms ranging from 15 to 25 year amortization are helpful by a pure rate analysis, as the loan is not being called for repayment. Chair Geiger asked how in lock sync is LA-RICS with Sheriff's Department Contract Law; and in terms of needing a guarantor, what does LA-RICS envision as possible candidates (Sheriff's or CEO), as well as what would this budget item be placed against.

Administrative Deputy Susy Orellana-Curtiss reported to the Finance Committee the Ad Hoc Committee brought up similar questions at their meeting on November 6, 2018. In addition to confirming Contract Law's currently approved billing model would not be changed as a result of the release of the LA-RICS subscription plan, the Ad Hoc Committee also requested Authority staff provide a different scenario that was not included in today's handout that includes (1) a stabilization of a fund that would start and end at \$25, (2) reflect the time it would take to collect partial revenue for the potential debt payment, and (3) information related to the guarantee of the 38,000 radios that are needed to maintain the \$25 per radio rate. Administrative Deputy Orellana-Curtiss stated there is a baseline number of 38,000 radios on the system in order to fully offset those LMR costs at \$25/radio. Administrative Deputy Orellana-Curtiss went on to indicate that Ad-Hoc Committee Members (1) want to see those 38,000 radios by agency with a corresponding time line of when to expect the radios to come on the system, and to analyze whether or not this is fully feasible or achievable by the time the system is going live. If we are unable to achieve the minimum radio count by the go-live date, how will the shortfall be addressed?

Administrative Deputy Orellana-Curtiss stated the 38,000 radios contemplate membership radio count, as well as if outside non-member entities not with the JPA at this time, but have expressed an interest in joining/subscribing. Administrative Deputy Orellana-Curtiss also stated Ad-Hoc Committee Members requested confirmation of inclusion of secondary responders in the target radio count.

Chair Geiger stated second responders should be included. Further, he indicated the net rate should remain the same even when factoring the status of the users (first vs. second responder) even when considering a contract city, Sheriff's Contract Law, JPA membership, etc.

Administrative Deputy Orellana-Curtiss mentioned a request for the Sheriff's Contract Law to participate in the Ad Hoc meetings. Unfortunately, the short notice invitation rendered them unable to attend the November Ad Hoc meeting however will be attending the Ad Hoc meeting scheduled for December 5, 2018. The scenarios addressed today will be shared with the Ad Hoc Committee at the December meeting.

Chair Geiger stated the importance in the rate setting is for the Authority to be transparent with their end user cities. He also stated the importance of Contract Law being present at these discussions, which allow for transparency in the rate setting, as well as validation to the amount and the amount being acceptable. Some Board Members, mainly Mr. Mark Alexander, are concerned with the risk of double billing and would like to see as many line items as possible for transparency. LA-RICS' model will reflect the billing rate for the Sheriff's Department, which is the same rate for all users.



Administrative Deputy Orellana-Curtiss believes Contract Law's participation will be helpful at the Ad Hoc Committee and will relay discussion results at the next Finance Committee meeting, and consequently when the item is taken to the Board.

Administrative Deputy Orellana-Curtiss clarified the initial numbers contemplated for public safety users considered the radio count to be comprised of both portable and mobile radios with them being a per device subscription. She went on to say that out of the 38,000 radios, primary responders were the only ones accounted for, e.g. Sheriff's Department, Fire Department, EMS. Although currently there has been consideration to include some secondary responders in the count, which would allow for further cost discussions.

Chair Geiger stated that despite competing definitions anyone who is currently an LA-RICS member providing a service during a public safety event should be considered a participant and targeted for subscription.

Administrative Deputy Orellana-Curtiss stated that some of the secondary responder categories are comprised of the Department of Public Works (DPW), Animal Care and Control, Probation Department, etc. She mentioned recent discussions with DPW regarding the timing of LA-RICS go-live and their interest in subscribing to the system, especially evident to them during their involvement in the current wildfires. DPW inquired as to what they would need to do to join the same radio system as public safety. Administrative Deputy Orellana-Curtiss realizes that from a user count perspective, the lines of primary and secondary responders can become blurred. However, the numbers currently included in the cost model only account for the projected primary responder users, which are the sworn firefighters and police officers and EMS professionals.

Chair Geiger expressed that from a telecommunications policy perspective, he is concerned that a primary responder cannot be identified until an event occurs. Therefore, he wonders if there are no varied costs other than a volume surge issue where there is no capacity, if there really is a need to know the difference between a primary and secondary responder

Administrative Deputy Orellana-Curtiss stated the Committee's feedback would be well received from the agencies, in which capacity would not be an issue and the system would not be overloaded or degraded in performance, even in the event of a primary responder escalation. She stated that Ad Hoc Committee is proposing one fixed rate regardless if an agency is a current/new member or if the users are primary/secondary responders; there would be a per device cost.



Administrative Deputy Orellana-Curtiss was asked if a device would be billed for inactivity. She stated that the issue has not been considered, although it has been brought up in the past. Some large agencies that have large unused radio reserves set aside for emergency events have brought up this issue. This further complicates the idea of just having a pre-standard cost and a secondary cost for radios that are not routinely used. A usage-based plan was not considered; as a per device cost subscription has always been envisioned.

Administrative Deputy Orellana-Curtiss recalled that at the last Finance Committee meeting, Chief Bundesen's requested the Authority bring forth examples of the other regional communication systems, e.g. ICIS, due to the vast interest in the region.

Chair Geiger encouraged agencies to view this as a capital infrastructure expense. As either having it or not, rather than a per use one-off, more like a cell phone hourly use. It does seem to require an adjustment, but allows for a cost rating advantage knowing that everyone with access to the system will benefit, due to the amount of users.

Administrative Deputy Orellana-Curtiss inquired with Chair Geiger if there was something under the umbrella of the Authority that addresses the need to store radios for mutual aid instances, something that the Authority can consider, in an effort to alleviate individual agencies of the burden.

Committee Member Bill Song commented that the Sheriff's Department does have a large cache of radios in which 90% of the time are unused. The current wildfires are a perfect example of such instance, in which stored radios were distributed. Therefore, the concern is, e.g. if 1,000 to 1,500 radios that are stored yearly for \$25 a monthly fee, will quickly become costly. Providing management with the opportunity to question the expense.

Chair Geiger believes that by viewing a use model of radio overflow, there might be a marginal number of users from contract cities. As well as how those numbers for both look. Chair Geiger wonders what steps will be taken in order to provide system access for the Feds or individuals from outside jurisdictions that opt to join. Whether or not there is a counter of radios for them to draw on, there will be users on the system coded in.

Administrative Deputy Orellana-Curtiss stated that she would note it as an item for further discussion at the Ad Hoc Committee. The Ad Hoc Committee wanted to address Value Add Options, which was previously discussed at the last Finance Committee meeting. Value Add Options would allow the LA-RICS menu to include radio service, a Push-to-Talk (PTT), computer at a dispatch, or Records Management System (RMS), which may be beneficial to prospective users/ subscribers and

economies of scale. The option to include Value Add Options would make it available to those who want it, which would add a couple of dollars to their radio subscription rate. Others may not want it and can choose a different path. Administrative Deputy Orellana-Curtiss went on to say that the Operations and Technical Committees are going to include this topic on their Agenda as a discussion item. Currently, members of Sheriff and Fire are working with their respective staff looking at the procurement for RMS, in an effort to compare numbers and see the effect it would have on the subscription rate over time. Whether feedback from the user is good or bad, it is something that LA-RICS can consider as a policy. Some thought should be placed on what happens in the event that the Authority exceeds the revenue required to offset the LMR System Operations and Maintenance (O&M) cost. Finance Ad Hoc talked about what the Authority would do as far as guaranteeing the number of radios if the Authority is not able to reach the minimum number required to offset the LMR O&M cost. On the other hand, what if the Authority exceeds those numbers, then the Authority would have excess revenue and would have to consider what to do with those funds. The question would then be if a reduction on the per radio subscription cost would be an option or look at some of the value add options and procure a value add for the system.

Chair Geiger's initial reaction is that a surplus in funds, which is a good scenario, could create a difficult situation if users find out about the surplus and request a rate reduction. Aside from placing the surplus funds for system replacement, Chair Geiger does not want it run into debt service, until resolve of the issue. He is hopeful that debt service will not be an issue, but is concerned about system replacement and keeping the cost down when the time is right. He would like to have surplus discussions before issues arise; it is a lot easier in the abstract.

Administrative Deputy Orellana-Curtiss concurred with Chair Geiger as to making a decision before they arise. She stated that numbers for the O&M and the lifecycle/system replacement are being analyzed. LA-RICS is contemplating issuance of a Request for Information (RFI) in an effort to obtain updated numbers without reverting to Motorola Solutions, Inc. (Motorola) and avoid having them revisit their originally proposed figures. LA-RICS also hopes to bring some of that information together with RMS PTT and the Computer Aided Dispatch (CAD) figures for Ad Hoc and this Committee to discuss.

Chair Geiger asked Administrative Deputy Orellana-Curtiss where was LA-RICS in term of the target 38,000 users, assuming that all members have joined and contract cities deploy. He also wanted to know the delta between what LA-RICS has and what is needed.

Administrative Deputy Orellana-Curtiss stated that currently there are 28,000 member only. This number includes the 24 existing members that have been with LA-RICS

since the funding plan and the opt-out period. There are other agencies that have expressed interest i.e. the City of Downey and Metropolitan Transit Authority (MTA) are interested and would like to know what the subscription rate is in order to make their decision. These two agencies are not reflected in the report, but will be included in the schedule and timeline that Ad Hoc Committee requested. In an effort show a visual timeline of how LA-RICS would achieve the 38,000 members, the report will also include identified agencies and the projection of time for them to join and onboard.

Chair Geiger asked Administrative Deputy Orellana-Curtiss how did LA-RICS set-up the 38,000 mark and if it is a realistic mark.

Administrative Deputy Orellana-Curtiss stated that LA-RICS took some of the regional input that the Chief and others have received at meeting they have had with agencies, which have chosen to opt-out awaiting the release of the subscription rate. LA-RICS believes it is reasonable. Now whether or not there is an introductory rate that does not include the lifecycle, therefore the initial five (5) year rate that was contemplated would only require 26,000 radios on the system in order to achieve O&M offset. It does not include the capital replacement number. Therefore, it provides LA-RICS with five (5) years to bring users onto the system. Now, if LA-RICS wants to contemplate the full LMR cost lifecycle capital replacement number, then LA-RICS will need to guarantee the 38,000. Depending on how soon LA-RICS publishes rates, only then will the feasibility of bringing outside agencies between now and 2021. This is what LA-RICS is going to look at on the timeline.

Chair Geiger stated that timing was essential when looking for a patron. He stated that if patron/guarantor early on discussed a 38,000-member radio system, which may be more difficult than simply excluding capital replacement going with a low number and possible discussions of them being a guarantor for a pre-procurement.

Administrative Deputy Orellana-Curtiss stated that LA-RICS started to reengage with the 88 agencies, since the initial work performed was from many years ago when the funding plan was originally considering a subscription rate model. Those require updating. Therefore, LA-RICS has reengaged the full list of 88 agencies, to get a better understanding of current agency status as of today. LA-RICS would like to know if they have any recent equipment purchases, or have they bought into radio systems, since they have an end of life projected date and keeping record of it, which will also be included in the potential rollout timeline and updating the numbers for the primary and secondary responders.

(DISCUSSION ITEM E TAKEN OUT-OF-ORDER AND PROCEEDED WITH ADDRESSING AGENDA ITEM F AHEAD OF AGENDA ITEM E)

E. Los Angeles Interoperable Communications System Authority – Homeland Security Grant Award Compliance Assessment

Administrative Deputy Orellana-Curtiss stated if there is a Board meeting in December, 2018, the Authority will do a Receive and File to the Board for the attached Agenda item E. The California Governor's Office of Emergency Services (CalOES) is the administrator at the State level of our Urban Area Security Initiative (UASI) grant, which is the grant for the deployment of the LMR System. Administrative Deputy Orellana-Curtiss shared that CalOES conducted an audit that covered eight (8) grant award years, UASI '08 through UASI '16. It was a huge feat and staff can attest to the requests for records. CalOES conducted onsite visits and in person interviews, in which eight (8) years of activities and contracts, claims, and drawdowns were reviewed. Administrative Deputy Orellana-Curtiss noted there were no findings and the only recommendation was for the Authority to update their Fiscal Manual. By coincidence, when CalOES issued that comment, the Authority had just submitted an amendment to the Board regarding interest earned on grant funds. The Authority explained and presented policies to CalOES that contained the day-to-date details of grant management which were approved by the Finance Committee and the Board of Directors. CalOES' audit included the audit findings as being sufficient and was presented to the UASI Approval Authority on Tuesday, November 13, 2018. The Approval Authority voted and approved the UASI '19 award, of which the Authority has a commitment of \$35 million.

F. Regional Interoperable Radio System Member and Subscriber Dues

**(DISCUSSION ITEM F TAKEN OUT-OF-ORDER AND
PROCEEDED BEFORE AGENDA ITEM E)**

Administrative Deputy Orellana-Curtiss proceeded to discuss Agenda Item F (Regional Interoperable Radio System Member and Subscriber Dues). She referenced the Orange County System Subscription, but was not able to provide a sample copy due to its volume and complexity; she will provide simple subset of it later on. Administrative Deputy Orellana-Curtiss mentioned there are many caveats regardless of membership status and agency representation (e.g. Fire, public safety, or health; rates change due to population; affiliate or subscriber, etc.) that affect the pricing in Orange County's subscription model. LA-RICS is working on getting those numbers for the Finance Committee. It is not apples to apples comparison, but Interagency Communication Interoperable (ICI) System is \$31 per radio, in addition to providing a buy-in for member consideration. The numbers for Orange County differ between disciplines, which are not very clear, but seem to have varying menu items, some better than another, which may be the reason for the different rates. The Operations and Technical Committee members probably can provide a better

understanding of these differences, and hope to have the information available by the next meeting. In an effort to be competitive with ICIS' \$31 rate, LA-RICS is aggressively pushing efforts to reach the 38,000 users in order to maintain the \$25 rate.

Administrative Deputy Orellana-Curtiss stated that Ad Hoc Committee is scheduled to meet on December 5, 2018.

VIII. ADMINISTRATIVE MATTERS (None)

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 2:04 p.m. The next meeting is on Thursday, December 20, 2018, at 1:30 p.m., at the LA-RICS Headquarters, 2525 Corporate Place, Large Conference Room, Monterey Park, CA 91754.

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AND FILED