



**CITY OF BEVERLY HILLS
STAFF REPORT**

Meeting Date: April 22, 2014

To: Honorable Mayor & City Council

From: Erick Lee, Division Commander 

Subject: Review of Proposed Los Angeles Regional Interoperable Communications System (LA-RICS) Joint Powers Authority Funding Plan

Attachments:

1. Draft Comments on Proposed Funding Plan
2. Transmittal Letter and Draft Proposed Funding Plan

INTRODUCTION

This report provides an update on the City's participation in interoperable communications efforts in Los Angeles county and seeks direction on the "Funding Plan" comments that staff will be transmitting to the Los Angeles Regional Interoperable Communications System (LA-RICS) JPA.

The City of Beverly Hills has a longstanding commitment to interoperable communications and understands the tangible benefits to public safety that are realized by having its police and fire personnel operating on a regional communications network along with other first responders. To that end, the City is a member of two joint powers agencies that relate to its interoperable communications needs. One of these joint powers agencies LA-RICS.

LA-RICS seeks to establish both a Land Mobile Radio (LMR) system and a public safety broadband data (LTE) system to meet or enhance current public safety radio communications needs and to provide an architecture capable of expanding to meet future needs. The vision of LA-RICS is to create communications systems that will support all 88 cities and 34,000 public safety employees (police, fire, and public health) in Los Angeles County. Its membership includes the County of Los Angeles, nearly every incorporated city in Los Angeles County, the Inglewood Unified School District, the Los Angeles Unified School District, and the University of California, Los Angeles (UCLA).

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LA-RICS anticipates having its LMR system operational in three (3) to four (4) years and its LTE system operational in 2015.

The City joined LA-RICS in 2009 alongside other independent cities to help shape the future of interoperable communications in the Los Angeles region. By participating as a member of LA-RICS over the past five (5) years, the City of Beverly Hills has had a voice and a vote during its developmental phase. Up to this point, no costs have been incurred by the City for joining LA-RICS.

A key provision of the LA-RICS Joint Powers Agreement is that construction of the system cannot start until after the JPA adopts a plan to fund the system (Funding Plan). This Funding Plan must specify a means or formula for funding the construction, operation and maintenance of the system and include an allocation of costs among the members, subscribers, and/or other funding sources. Because LA-RICS is preparing to enter the construction phase of the LTE aspect of the project in the next few months, it has reached the point where long-term financial commitments from its members will be required. Thus, the JPA cannot move on until it adopts the Funding Plan.

On March 6, 2014, the Board of Directors voted to release the proposed Funding Plan to the JPA membership for a 60 day comment period. This comment period is specified in the Joint Powers Agreement as a precursor to the actual adoption of the plan. At the conclusion of this 60 day period, the Board will have the option of adopting the plan as proposed or revising the plan to address issues raised by members during the comment period. The Board has designated May 6, 2014 as the end date for the comment period. Once the Board adopts the Funding Plan, member agencies will have a period of at least 35 days to withdraw from LA-RICS. Agencies that withdraw during this period will not be liable for any costs incurred by the JPA.

A copy of the proposed Funding Plan was transmitted to the City Council as an informational item on April 1, 2014. It is also included as Attachment #2 to this report.

DISCUSSION

Over the next 15 years, LA-RICS is planning to expend over \$500 million to develop, construct, and maintain its systems. While the initial costs of development and construction are anticipated to be funded by federal grants, the annual costs for operations and maintenance (O&M), administration, capital replacement, and repayment of loans from the County of Los Angeles (related to the cash match on a grant to establish the LTE system) will be allocated to the JPA's membership. The annual costs to be allocated by LA-RICS to the JPA membership total nearly \$25 million as follows:

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System	Cost Component	Annual Cost	Total Cost
LMR	O&M	\$3,726,600	\$9,824,800
	Capital Replacement	\$4,806,800	
	Administration	\$1,291,400	
LTE	Cash Match on Grant	\$1,875,000	\$14,964,900
	In-Kind Match on Grant	\$1,871,900	
	O&M	\$6,473,900	
	Capital Replacement	\$3,452,700	
	Administration	\$1,291,400	
Total			\$24,789,700

The above costs for operating and maintaining the LMR and LTE systems are established in agreements with the vendors contracted by LA-RICS. Costs associated with administration are estimates from LA-RICS staff. Costs related to capital replacement are estimates only and may change if the Funding Plan ultimately adopted by the Board of Directors does not include the development of a fully-funded capital equipment replacement fund. Costs associated with matching funds for grants may change if the Board of Directors adopts a Funding Plan that does not include payments to agencies for providing in-kind contributions of infrastructure or property as part of the LTE grant match requirements.

This Funding Plan therefore assumes that all costs are fixed—at least through the contract periods of the agreements. While the total system costs to be apportioned will not vary, the plan calls for distributing the costs among members through formulas that use the following variables which attempt to reflect the proportional use and/or impact on the systems for each jurisdiction:

- Resident population
- Number of radios in inventory
- Average monthly number of radios used
- Number of dispatched calls for service
- Number of high speed data units in inventory
- Maximum amount of data available
- Average amount of data used

Based on the cost models outlined in the proposed Funding Plan that use the above variables, potential costs to the City are as follows:

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System	Proposed Total LA-RICS Annual Costs	Beverly Hills' Share of Proposed Annual LA-RICS Costs
LMR	\$9,824,800	\$75,200
LTE	\$10,359,502 – \$14,964,900	\$173,968 – \$251,300
TOTAL	\$20,184,302 – \$24,789,700	\$ 249,168 – \$326,500

It's important to note that the above costs do not include the costs of maintaining the City's user equipment (mobile and portable radios, dispatch consoles, etc.) or any infrastructure necessary to maintain operations unique to the City. The range of costs specified for the LTE system relate to unresolved issues of whether LA-RICS will adopt a Funding Plan that includes payments to members for providing infrastructure to the JPA and whether that plan will include provisions for a capital replacement fund.

Comparison of With Current Costs

The City's current costs for operating and maintaining its own radio system infrastructure are listed below. Costs for "local government" relate to the non-public safety departments (Public Works Services, Community Services, Policy and Management, etc.).

LMR ANNUAL COSTS - CURRENT			
Department	Infrastructure	Maintenance	Total
Police	\$256,814	\$79,623	\$336,437
Fire	\$172,752	\$53,560	\$226,312
Local Government	\$296,146	\$91,817	\$387,963
Total	\$725,712	\$225,000	\$950,712

While the costs associated with the City's LMR system are considerably higher than those proposed by LA-RICS (\$75,200), it's important to note that the City's current costs include those necessary to operate, maintain, and eventually replace infrastructure that has been custom built for the City's unique geography and provides excellent radio coverage for first responders. Furthermore, the costs identified as current City expenditures include service agreements with vendors that are directly responsible to the City and, in most cases, are contracted to respond to the City's urgent needs within hours of being notified of issues that affect the Police and Fire Departments' use of the radio system. It is the vision of LA-RICS to construct a system that would eventually supersede the need for independent agencies to own and maintain their own LMR systems. However, LA-RICS is still in a planning and developmental phase. Therefore, it is unknown when the LMR system offered by LA-RICS would actually be able to

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provide coverage and service locally in Beverly Hills that would meet the needs of the City's first responders.

The City's current costs for contracting with commercial carriers to provide wireless data (LTE) service to Police and Fire Department vehicles are listed below. (This analysis does not consider the costs to provide LTE service to non-public safety departments because the LTE system contemplated by LA-RICS is for public safety use only).

LTE ANNUAL COSTS - CURRENT	
Department	Commercial Carrier Cost
Police	\$36,203
Fire	\$21,397
Total	\$57,600

The costs currently incurred by the City for wireless data service are significantly less than those proposed by LA-RICS (anywhere between \$173,968 and \$251,300 depending on the cost model considered). However, it's important to note that the City's current arrangements with its commercial carriers do not provide the public safety departments with any enhanced or priority access on the data networks. Therefore, in times of emergencies or when the commercial carriers' systems are overloaded, Police and Fire personnel's access to these systems are limited.¹ In contrast, LA-RICS is planning to develop an LTE system for public safety use only that would be available to police and fire personnel during times and/or incidents when standard commercial systems are typically unavailable.

Costs to Withdraw Now and Rejoin at a Later Date

As indicated above, the Joint Powers Agreement allows for member agencies to withdraw from the JPA at no cost within 35 days of the Board of Directors' adoption of the Funding Plan. Because the details about which of the benefits offered by LA-RICS would actually be realized by the City in the near future are unknown at this time, it may be advantageous for the City to withdraw from LA-RICS once the Funding Plan is adopted and then rejoin at a later date when the systems are more mature and costs are clearly articulated. Doing so would allow the City to recoup the full return on its investment for its current LMR system and

¹ The City is registered with the US Department of Homeland Security's Government Emergency Telecommunications Service (GETS) and the Wireless Priority Service (WPS) programs. These programs provide the City with priority access to the public telephone network and regional cellular phone networks, greatly increasing the probability of making phone calls in times of emergency when landline and wireless networks are congested. However, these programs do not provide the City with priority access to wireless data networks.

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then make plans for an eventual migration to LA-RICS at a later point in time if the City's communications needs could be better met by the JPA.

However, the proposed Funding Plan does not indicate with specificity what financial obligations would be incurred by agencies that withdraw now and then choose to join at a later date. A brief section of the plan describes why certain fees and charges should be levied against "late adopters" and how such penalties should encourage members to remain in the JPA. However, this section is unclear about what charges would actually be assessed for joining at a later date. Because LA-RICS intends to build its systems with enough capacity to allow all public safety agencies in the county to operate on them effectively, it is not planning to scale its efforts back if and when members withdraw from the JPA. Thus, members that withdraw and then later rejoin would be assured that enough capacity would remain available for them to operate on the systems if they rejoin. However, these agencies would need to pay back fees to LA-RICS for costs that were incurred by the rest of the JPA to ensure that sufficient capacity remained available. As the proposed Funding Plan is currently written, the City might be liable for an assortment of fees if it withdraws from the JPA within 35 days after the plan is adopted and then rejoins the JPA in the future. While the plan does not clearly articulate these fees, they would increase each year the City did not participate in LA-RICS. If the City waited 10 years to rejoin, it's likely that the one-time buy in fees would exceed \$400,000.

Continued Benefits of Membership in ICIS

Besides being a member of LA-RICS, the City is also a charter member of the Interagency Communications Interoperability System (ICIS) Joint Powers Authority (JPA). (Other ICIS members include the cities of Burbank, Culver City, Glendale, Montebello, Pasadena, and Pomona). Total ICIS system users include roughly half of the municipal fire departments and 14 law enforcement agencies in Los Angeles County. Overall, ICIS provides radio communications for local governments that serve more than 1.5 million residents and have jurisdiction for over 170 square miles. The City currently utilizes the ICIS system for radio communications.

If the City ultimately withdraws its membership from LA-RICS, it would continue to enjoy interoperable communications throughout the Los Angeles county region via the ICIS radio network. While plans have not been solidified, LA-RICS has indicated that it intends to develop a connection between its LMR system and ICIS to ensure interoperable communications between all first responders in the county.

Comments on the Proposed Funding Plan

After carefully reviewing the proposed Funding Plan, staff has developed the comments included as Attachment #1 (Draft Comments on Proposed Funding Plan). These comments center around issues of Funding Plan resiliency, costs and service levels, return on local investment, increase in the project's scope, and compliance with the Joint Powers Agreement. While these comments are not a comprehensive list of deficiencies in or concerns with the plan, they address salient and foundational issues that should be rectified by the Board of Directors to ensure the eventual plan adopted by Board permits the maximum feasible participation by member agencies.

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FISCAL IMPACT

There is no fiscal impact at this time. Once the LA-RICS Board of Directors ultimately adopts the Funding Plan, the City will have no less than 35 days to withdraw from the JPA without penalty.

RECOMMENDATION

Staff recommends that the City Council provide direction on whether to transmit the comments identified in Attachment #1, in whole or in part, to the LA-RICS Board of Directors before the 60 day comment period expires on May 6, 2014.


David L. Snowden, Chief of Police

Approved By