



P25 System Construction Cost Increases

P25 Joint Operating Committee – September 8, 2022



Overview

- During the July P25 JOC meeting, we provided an overview of construction cost increases, payments, change orders, etc.
 - **Next Steps were to:**
 - Work with L3Harris on Change Order – Currently discussing details of change order
 - Determine cost increase by agency – Estimates have been provided
 - Discuss with agency finance representatives - **Today**
 - Discuss Strategies to cover additional costs - **Today**



Overview

- Today:
 - Review Project budget, expenditures and fund balance
 - Review details of cost increases by radio site
 - Discuss project and funding timeline
 - Review Cost by Agency
 - Discuss Interlocal Agreement and possible Addendums related to additional payments.



Project Budget

- Original Project total: \$26,537,510
 - The Contract separates payments in three separate “buckets”
 - End-user Radio equipment: \$10,960,587
 - Milestones - \$7,960,052
 - Civils Allowance – \$7,033,223
 - This “allowance” is only made available through Change Orders. Our Contract allows us to negotiate the cost of the services prior to performance of the services.
 - Contract included “extra” site builds as a form of contingency - \$1.6M
 - **Original Radio System total cost: \$14,993,275 (Milestones + Civils Allowance)**
 - **Current Radio System Cost \$15,049,490**
 - Change Orders have added \$56,215.



Funding History

- Washoe County obtained General Obligation Bond financing in September 2020.
 - Par amount \$9,135,000 + premium \$1,411,219.95 – bond fee \$280,550 = **\$10,265,669**
 - Interest rate 1.38%
 - Debt + interest: \$11,663,962
 - Fifteen-year repayment schedule
- P25 Radio System Interlocal Agreement
 - Agency Pre-payments: **\$3,190,942**
 - Agency Debt Service payments
 - **Total - \$11,663,962:** Payments are proportional to agency use of the system as of May 1, 2020.
- **Radio System Fund Total: \$13,456,611**

Agency debt service payments repay debt over 15 years



Project payment Sources

	Funding Source				
Fiscal Year	Washoe County	WCRCS Infrastructure	Partner Agency Pre-payments	Bond Proceeds	Total
FY19	\$ 533,981				\$533,981
FY20	\$ 275,244	\$750,000			\$1,025,243
FY21	\$ 212,818		\$800,000	\$671,758	\$1,684,576
FY22				\$4,462,278	\$4,462,782
Total payments					\$7,706,582
		Remaining funds	\$2,390,942	\$5,109,821	\$7,500,763

The table above reflects all payments to date and remaining funds by source. All remaining project payments will be made from Partner Agency Pre-payments and Bond Proceeds.



Payments History

Two "Buckets" for **project** budget

	Site Civil Allowance payments	Milestone Payments	Total
Total paid	\$1,416,350	\$6,228,741	\$7,031,856
To be paid	\$5,616,873	\$1,731,311	\$7,961,419
Total	\$7,033,223*	\$7,960,052	\$14,993,275*

- **Milestone Payments** are dependent on L3Harris performing certain actions as defined in the System Purchase Agreement. Generally related to Radio System equipment/technology.
- **Site Civil Allowance Payments** require a **Change Order** to access the available funds or to proceed with actions that would require the funds. Generally related to green- or brown-field site construction and existing site remediation.
- * Original Budget



Project Milestone payments

1. System Purchase Agreement Signing: **\$533,981.25 (September 2018)**
2. Commence Network Switching Center (NSC) Install: **\$796,005.24 (November 2019)**
3. NSC Install Complete: **\$1,194,007.86 (January 2020)**
4. Approval of Detailed Design Review: **\$918,728.31 (November 2021)**
5. Region 2 Factory Staging: **\$1,194,007.86 (February 2022)**
6. Region 2 shipment of Radio System Equipment: **\$1,592,010.48 (February 2022)**
7. Region 2 Radio System Installation complete & accepted: \$1,194,007.86
8. Final System Acceptance: \$537,303.54

Milestone payments marked in green are completed



Project Change Orders

Change Orders for Washoe County

1. Milestone Payments Schedule – No Cost
2. **Payment for Services related to site surveys**
 - a) Notice to proceed on site surveys - \$322,048
3. **Site Remediation**, notice to proceed - \$45,304.43
4. Console feature update and invoicing – Project Cost Increase: \$18,204
5. Extend Console pricing to all console purchases through the Harris Contract
6. Console Router Model change – No cost
7. **Greenfield site civils**
 - a) Notice to proceed with not-to-exceed \$3,819,300.02 for greenfield site construction
 - b) Cost is within contract pricing
8. **Microwave System**
 - a) Notice to proceed with not-to-exceed \$2,331,727.35 for new microwave system
9. Smart Breaker design – Project Cost increase: \$6,910
10. Fox Mountain Solar Installation – No additional cost
11. **Remove Forty-nine Mtn and update Civil Construction costs**
 - a) Project Cost increase: \$31,101
12. **Upcoming:** Greenfield site civil construction true-up
 1. Estimated Project Cost Increase \$3.8M +



P25 Site Infrastructure Cost Increases

- Remaining project funds: \$7,500,763
- Remaining costs:
 - Milestones: \$1,731,311
 - Civil Construction: \$9,646,876 (Estimate)
 - **Total: \$11,378,188**
- Difference between remaining project funds and projected reimagining costs: **\$3,877,424**



L3Harris Presentation on costs of site construction



Washoe County Construction Schedule

Name	Payment	Project Schedule Date (Month-Year)	Fund Balance after payment
Cold Springs Site Construction	\$764,783.54	Nov-22	\$ 6,735,979.46
Red Peak	\$1,236,431.28	Jan-23	\$ 5,499,548.18
Smokey Quartz	\$1,396,759.30	May-23	\$ 4,102,788.88
Microwave payments	\$582,931.00	Jun-23	\$ 3,519,857.88
Seven Lakes	\$2,179,581.83	Jun-23	\$ 1,340,276.05
Ash Field	\$1,830,458.08	Jul-23	\$(490,182.03)
Microwave payments	\$349,759.00	Jul-23	\$(839,941.03)
Biltmore	\$629,227.00	Jul-24	\$(1,469,168.03)
Final Microwave payments	\$676,944.00	May-24	\$(2,146,112.03)
R2 Acceptance	\$1,194,007.86	May-24	\$(3,340,119.89)
Final System Acceptance	\$537,303.54	October-25	\$(3,877,423.43)

Based on current schedule we will run out of funds by the end of this fiscal year (FY23) and will need additional funds in FY24.



Cost share - Agency Totals

Agency	Percentage	Percent Share WCRCS P25 2020	Agency Contribution 2020 P25 Construction	Radio IDs June 30, 2022	Percent Share June 30, 2023	Agency Contribution Active Radios
Reno Tahoe Airport Authority	5.48	5.48%	\$213,720	278	4.88%	\$190,311
US Drug Enforcement Agency	0.48	0.48%	\$18,720	26	0.46%	\$17,799
Pyramid Lake Paiute Tribe	1.73	1.73%	\$67,470	85	1.49%	\$58,189
City of Reno	23.59	23.59%	\$920,010	1,310*	22.99%	\$896,788
Reno Sparks Indian Colony	1.25	1.25%	\$48,750	70	1.23%	\$47,920
City of Sparks	9.03	9.03%	\$352,170	468	8.21%	\$320,379
Truckee Meadows Fire & Rescue	6.12	6.12%	\$238,680	335	5.88%	\$229,331
Nevada System of Higher Education, UNR, TMCC	1.4	1.40%	\$54,600	76	1.33%	\$52,027
North Lake Fire Protection District	2.13	2.13%	\$83,070	113	1.98%	\$77,357
US Department of Veteran's Affairs	0.4	0.40%	\$15,600	23	0.40%	\$15,745
Truckee Meadows Water Authority	1.87	1.87%	\$72,930	106	1.86%	\$72,565
Washoe County School District	17.95	17.95%	\$700,050	1,157*	20.31%	\$792,048
Air National Guard	0.59	0.59%	\$23,010	30	0.53%	\$20,537
Washoe County	27.98	27.98%	\$1,091,220	1,620	28.44%	\$1,109,005
TOTAL			\$3,900,000	5,697		\$3,900,000



Interlocal Agreement

- P25 Radio System Interlocal – Cost Distribution
 - Section 12 – Operations and Maintenance payments
 - Section 13 – Infrastructure Payments
 - Infrastructure payments should not change unless a new member is accepted onto the system.
 - Pre-payment: those agencies that pre-paid are not obligated any additional payments related to the P25 Infrastructure.



Interlocal Agreement - Addendum

- Additional costs are would be divided proportionate to the number of radios, based on LIDS, each agency operates on the system.
 - LID Count on June 30, 2022.
- Specify each agency's share in an addendum
- Specify when County will invoice agencies (July 1, 2023) and by when each agency shall submit payments (July 31, 2023).
- Additional provisions could address:
 - Excess funds
 - Non-payment



Next Steps

- Washoe County: Work with Harris on Change Order
 - Reduce costs
 - Modify Schedule?
- Future Meetings
 - October P25 JOC – Discuss Change Order details
 - Finalize Addendum text
 - Finalize Agency share of total additional cost
 - November or December Special Meeting of P25 JOC
 - Approve Addendum and recommend approval/signature by agency boards/councils/executives.