



# P25 System Construction Cost Increases

P25 Joint Operating Committee – October 21, 2022



# Overview

- During the September 8<sup>th</sup> P25 JOC meeting, we provided an overview of construction cost increases, payments, change orders, etc.
  - **Next Steps were to:**
    - Provide options on how P25 System Cost Increases can be spread across multiple Fiscal Years.
    - Provide update on additional funding options.
    - Provide proposed Interlocal Addendum - Today



# Overview

- Today:
  - Review Project budget, expenditures and fund balance
  - Discuss project and funding timeline Scenarios
  - Review Cost by Agency by Scenario
  - Review possible funding sources
  - 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.



# 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
FY23				\$233,173	\$233,173
Total payments					\$7,939,755
<i>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.</i>		Remaining funds	\$2,390,942	\$4,876,648	\$7,267,590



# P25 Site Infrastructure Cost Increases

- Remaining project funds: \$7,267,590
- Remaining costs:
  - Milestones: \$1,731,311
  - Civil Construction Estimate: \$9,500,000 - \$9,800,000 (range)
  - **Total Estimate: \$11,231,311 - \$11,531,311 (range)**
- Estimated difference between remaining project funds and projected remaining costs: **\$3,963,721 - \$4,269,721**



# P25 Site Infrastructure Cost Increases

- The *following slides* present **three scenarios** in which P25 System construction costs are spread over three fiscal years. For each scenario the following assumptions are made:
  - In FY23, construction of the Cold Springs and Red Peak Radio Sites will be completed.
  - In FY23, Washoe County will pay L3Harris for all construction materials and equipment they have purchased to date.
  - Final System Acceptance will be in Fiscal Year 2025-2026.



# P25 Site Construction – Scenario 1

- **Scenario: Sites on BLM land are delayed due to long permitting timelines.**
- Sites Impacted: Smokey Quartz, Seven Lakes
- This scenario is likely to occur regardless of committee decision.
- Pros:
  - Costs for BLM sites will be delayed by one year (based on current Schedule), allowing us to spread costs over 2+ years.
- Cons:
  - Delays addressing two biggest needs for coverage improvement (Red Rock, Rancho Haven, Fish Springs; areas of Sparks & Spanish Springs).
  - Delaying construction introduces risk that costs will increase.
  - Delaying construction may require two Acceptance phases for the microwave equipment.





# P25 Site Construction – Scenario 1 cost breakdown

Cost Name	FY'23	FY'24	FY'25	FY'26
Ash Field	\$ 674,411.33	\$ 1,156,046.75		
Biltmore	\$ 248,387.49		\$ 380,840.00	
Cold Springs	\$ 764,783.53			
Red Peak	\$ 1,236,431.28			
Seven Lakes BLM	\$ 665,976.33		\$ 1,513,605.50	
Smokey Quartz BLM	\$ 369,403.55		\$ 847,356.00	
Smokey Quartz Power			\$ 180,000.00	
Microwave Change Order	\$ 268,892.00			
Microwave Deployment 2022	\$ 174,879.00			
Microwave Deployment 2023		\$ 349,758.00		
Microwave Deployment 2024			\$ 174,879.00	
Microwave Acceptance Testing		\$ 233,172.92	\$ 58,293.00	
Microwave Completion of Punch List		\$ 93,269.37	\$ 23,317.00	
Contingency			\$ 300,000.00	
Milestone - Installation Complete FY24		\$ 955,206.00		
Milestone - Installation Complete FY25			\$ 238,801.57	
Milestone - Final System Acceptance				\$ 537,303.54
<b>Total</b>	<b>\$ 4,403,164.51</b>	<b>\$ 2,787,453.04</b>	<b>\$ 3,717,092.07</b>	<b>\$ 537,303.54</b>
<b>Cumulative Total --&gt;</b>	<b>\$ 4,403,164.51</b>	<b>\$ 7,190,617.55</b>	<b>\$ 10,907,709.62</b>	<b>\$ 11,445,013.16</b>
<b>Fund Balance at end of FY</b>	<b>\$ 2,864,426.05</b>	<b>\$ 76,973.00</b>	<b>\$ (3,640,119.07)</b>	<b>\$ (4,177,422.61)</b>



# P25 Site Construction – Scenario 2

- **Scenario: Choose to delay Construction of “Northern” Sites, construct Smokey Quartz in summer, 2024.**
- Sites impacted: Seven Lakes, Ash Fields
- Pros:
  - Costs for Northern sites will be delayed by one year (based on current Schedule)
  - Radio Coverage for highest population area is prioritized (Smokey Quartz is constructed in summer of 2024.)
- Cons:
  - Delays addressing one of the needs for coverage improvement (Red Rock, Rancho Haven).
  - Delaying construction introduces risk that costs will increase.
  - Delaying construction may require two Acceptance phases for the microwave equipment.



# P25 Site Construction – Scenario 2

## cost breakdown

Cost Name	FY'23	FY'24	FY'25	FY'26
Ash Field	\$ 674,411.33		\$ 1,156,046.75	
Biltmore	\$ 248,387.49		\$ 380,840.00	
Cold Springs	\$ 764,783.53			
Red Peak	\$ 1,236,431.28			
Seven Lakes BLM	\$ 665,976.33		\$ 1,513,605.50	
Smokey Quartz BLM	\$ 369,403.55	\$ 847,356.00		
Smokey Quartz Power		\$ 180,000.00		
Microwave Change Order	\$ 268,892.00			
Microwave Deployment 2022	\$ 174,879.00			
Microwave Deployment 2023		\$ 349,758.00		
Microwave Deployment 2024			\$ 174,879.00	
Microwave Acceptance Testing		\$ 233,172.92	\$ 58,293.00	
Microwave Completion of Punch List		\$ 93,269.37	\$ 23,317.00	
Contingency			\$ 300,000.00	
Milestone - Installation Complete FY24		\$ 955,206.00		
Milestone - Installation Complete FY25			\$ 238,801.57	
Milestone - Final System Acceptance				\$ 537,303.54
<b>Total</b>	<b>\$ 4,403,164.51</b>	<b>\$ 2,658,762.29</b>	<b>\$ 3,845,782.82</b>	<b>\$ 537,303.54</b>
<b>Cumulative Total</b>	<b>\$ 4,403,164.51</b>	<b>\$ 7,061,926.80</b>	<b>\$ 10,907,709.62</b>	<b>\$ 11,445,013.16</b>
<b>Fund Balance at end of FY</b>	<b>\$ 2,864,426.05</b>	<b>\$ 205,663.76</b>	<b>\$ (3,640,119.07)</b>	<b>\$ (4,177,422.61)</b>



# P25 Site Construction – Scenario 3

- **Scenario: Construct sites when all construction requirements are met (e.g. BLM permitting).**
- Sites impacted: N/A
- Pros:
  - Sites will be constructed when ready and poor coverage areas will be addressed as soon as possible; Radio Coverage for highest population area is prioritized.
- Cons:
  - Less certainty about when funds are needed. May require additional funding earlier.





# P25 Site Construction – Scenario 3

## cost breakdown

Cost Name	FY'23	FY'24	FY'25	FY'26
Ash Field	\$ 674,411.33	\$ 1,156,046.75		
Biltmore	\$ 248,387.49		\$ 380,840.00	
Cold Springs	\$ 764,783.53			
Red Peak	\$ 1,236,431.28			
Seven Lakes BLM	\$ 665,976.33		\$ 1,513,605.50	
Smokey Quartz BLM	\$ 369,403.55	\$ 847,356.00		
Smokey Quartz Power		\$ 180,000.00		
Microwave Change Order	\$ 268,892.00			
Microwave Deployment 2022	\$ 174,879.00			
Microwave Deployment 2023		\$ 349,758.00		
Microwave Deployment 2024			\$ 174,879.00	
Microwave Acceptance Testing		\$ 233,172.92	\$ 58,293.00	
Microwave Completion of Punch List		\$ 93,269.37	\$ 23,317.00	
Contingency			\$ 300,000.00	
Milestone - Installation Complete FY24		\$ 955,206.00		
Milestone - Installation Complete FY25			\$ 238,801.57	
Milestone - Final System Acceptance				\$ 537,303.54
<b>Total</b>	<b>\$ 4,403,164.51</b>	<b>\$ 3,814,809.04</b>	<b>\$ 2,689,736.07</b>	<b>\$ 537,303.54</b>
<b>Cumulative Total --&gt;</b>	<b>\$ 4,403,164.51</b>	<b>\$ 8,217,973.55</b>	<b>\$ 10,907,709.62</b>	<b>\$ 11,445,013.16</b>
<b>Fund Balance at end of FY</b>	<b>\$ 2,864,426.05</b>	<b>\$ (950,383.00)</b>	<b>\$ (3,640,119.07)</b>	<b>\$ (4,177,422.61)</b>



# Scenarios w/ Agency Contribution

## S1 & S2 – Split cost over two years & cover balance in FY26

	FY23	FY24	FY25	FY26
Total Costs by FY	\$ 4,403,164.51	\$ 2,787,453.04	\$ 3,717,092.07	\$ 537,303.54
Cumulative Total -->	\$ 4,403,164.51	\$ 7,190,617.55	\$ 10,907,709.62	\$ 11,445,013.16
Fund Balance at end of FY	\$ 2,864,426.05	\$ 1,897,032.55	\$ (0.00)	\$ (0.00)
<b>Agency Contributions</b>		<b>\$ 1,820,059.54</b>	<b>\$ 1,820,059.52</b>	<b>\$ 537,303.54*</b>

## S3 – Pay as you go

	FY23	FY24	FY25	FY26
Total Costs by FY	\$ 4,403,164.51	\$ 3,814,809.04	\$ 2,689,736.07	\$ 537,303.54
Cumulative Total -->	\$ 4,403,164.51	\$ 8,217,973.55	\$ 10,907,709.62	\$ 11,445,013.16
Fund Balance at end of FY	\$ 2,864,426.05	\$ 0.00	\$ 0.00	\$ 0.00
<b>Agency Contributions</b>		<b>\$ 950,383.00</b>	<b>\$ 2,689,736.07</b>	<b>\$ 537,303.54 *</b>

\*If contingency is not needed or only partially used, the FY26 contributions would be reduced by the unused amount.



# Cost by Agency – S1 & S2

Agency	Radio IDs June 30, 2022	Percent Share June 30, 2023	Agency Contribution FY24	Agency Contribution FY25	Agency Contribution FY26	Total Agency Contribution FY24-FY26
Reno Tahoe Airport Authority	278	4.88%	\$88,814.56	\$88,814.56	\$26,219.13	\$203,848.25
US Drug Enforcement Agency	26	0.46%	\$8,306.40	\$8,306.40	\$2,452.15	\$19,064.94
Pyramid Lake Paiute Tribe	85	1.49%	\$27,155.53	\$27,155.53	\$8,016.64	\$62,327.70
City of Reno	1,310	22.99%	\$418,514.66	\$418,514.66	\$123,550.58	\$960,579.89
Reno Sparks Indian Colony	70	1.23%	\$22,363.38	\$22,363.38	\$6,601.94	\$51,328.70
City of Sparks	468	8.21%	\$149,515.16	\$149,515.16	\$44,138.68	\$343,169.00
Truckee Meadows Fire & Rescue	335	5.88%	\$107,024.74	\$107,024.74	\$31,594.99	\$245,644.48
Nevada System of Higher Education, UNR, TMCC	76	1.33%	\$24,280.24	\$24,280.24	\$7,167.82	\$55,728.30
North Lake Fire Protection District	113	1.98%	\$36,100.88	\$36,100.88	\$10,657.42	\$82,859.18
US Department of Veteran's Affairs	23	0.40%	\$7,347.97	\$7,347.97	\$2,169.21	\$16,865.14
Truckee Meadows Water Authority	106	1.86%	\$33,864.54	\$33,864.54	\$9,997.22	\$77,726.31
Washoe County School District	1,157	20.31%	\$369,634.70	\$369,634.70	\$109,120.62	\$848,390.02
Air National Guard	30	0.53%	\$9,584.31	\$9,584.31	\$2,829.40	\$21,998.01
Washoe County	1,620	28.44%	\$517,552.48	\$517,552.48	\$152,787.74	\$1,187,892.69
	5,697		\$1,820,059.54	\$1,820,059.54	\$537,303.54	\$4,177,422.62



# Costs by Agency - S3

Agency	Radio IDs June 30, 2022	Percent Share June 30, 2023	Agency Contribution FY24	Agency Contribution FY25	Agency Contribution FY26	Total Agency Contribution FY24-FY26
Reno Tahoe Airport Authority	278	4.88%	\$46,376.42	\$131,252.70	\$26,219.13	\$203,848.25
US Drug Enforcement Agency	26	0.46%	\$4,337.36	\$12,275.43	\$2,452.15	\$19,064.94
Pyramid Lake Paiute Tribe	85	1.49%	\$14,179.84	\$40,131.22	\$8,016.64	\$62,327.70
City of Reno	1,310	22.99%	\$218,536.38	\$618,492.94	\$123,550.58	\$960,579.89
Reno Sparks Indian Colony	70	1.23%	\$11,677.52	\$33,049.24	\$6,601.94	\$51,328.70
City of Sparks	468	8.21%	\$78,072.54	\$220,957.78	\$44,138.68	\$343,169.00
Truckee Meadows Fire & Rescue	335	5.88%	\$55,885.26	\$158,164.22	\$31,594.99	\$245,644.48
Nevada System of Higher Education, UNR, TMCC	76	1.33%	\$12,678.45	\$35,882.03	\$7,167.82	\$55,728.30
North Lake Fire Protection District	113	1.98%	\$18,850.85	\$53,350.92	\$10,657.42	\$82,859.18
US Department of Veteran's Affairs	23	0.40%	\$3,836.90	\$10,859.04	\$2,169.21	\$16,865.14
Truckee Meadows Water Authority	106	1.86%	\$17,683.10	\$50,045.99	\$9,997.22	\$77,726.31
Washoe County School District	1,157	20.31%	\$193,012.66	\$546,256.74	\$109,120.62	\$848,390.02
Air National Guard	30	0.53%	\$5,004.65	\$14,163.96	\$2,829.40	\$21,998.01
Washoe County	1,620	28.44%	\$270,251.09	\$764,853.86	\$152,787.74	\$1,187,892.69
	5,697		\$950,383.00	\$2,689,736.07	\$537,303.54	\$4,177,422.61





# Available WCRCs Funds for Construction

- Debt Service Fund: ~\$150k
  - Infrastructure: ~\$170k (by the end of FY23)
  - Expansion: ~\$20k
  - Operations: \$
- 
- This Slide will be updated prior to the P25 JOC meeting



# 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, 2024, 2025) and by when each agency shall submit payments (July 31, 2023, 2024, 2025).
- Additional provisions could address:
  - Excess funds
  - Non-payment



# Next Steps

- Washoe County:
  - Continue to work with L3Harris to efficiently construct and implement the P25 Radio System.
- Partner Agencies:
  - Work with Washoe County to finalize Interlocal Addendum including finalization of costs and payment timeline.
- Future Meetings:
  - January P25 JOC: approve Interlocal Addendum