

SALT LAKE CITY COUNCIL STAFF REPORT**SPECIAL CIRCUMSTANCE BUDGET AMENDMENT – FISCAL YEAR 2003-04**

DATE: February 6, 2004

SUBJECT: Fiscal Year 2003-2004 Special Circumstance Budget Amendment – Follow-Up Briefing, Hearing

STAFF REPORT BY: Michael Sears

CC: Cindy Gust-Jenson, Rocky Fluhart, Steve Fawcett, DJ Baxter, Chief Dinse, Chief Querry, Mark Peck, Gordon Hoskins, Elwin Heilmann, Susi Kontgis, Kay Christensen and Laurie Dillon

OPTIONS AND MOTIONS:

The City has been sharing Salt Lake County's zone controller and towers for public safety communication needs. Within a few months the County will be shutting down its communications network and joining with the Utah Communications Agency Network (UCAN). Salt Lake City has at least three options: 1) join UCAN, 2) purchase the County's zone controller and add a second tower, and 3) purchase a new "smart zone" controller and add a second tower. The Administration recommends the third option. A "smart zone" controller has the ability to interface directly with the Omni-Link system which other agencies will also utilize. The following motion allows for an appropriation of Capital Improvement Program (CIP) Contingency funds for the purchase and installation of a "smart zone" controller and construction of a scalable public safety communications network.

1. ["I move that the Council"] **Adopt an ordinance amending the fiscal year 2003-2004 budget as proposed.**
2. ["I move that the Council"] **Not adopt an ordinance amending the fiscal year 2003-2004 budget.**

SUMMARY OF BRIEFING

The City Council held a briefing on January 20, 2004 to discuss the proposed amendment to the fiscal year 2003-2004 budget. During the briefing Council Members asked for additional information relating to the specifics of the UCAN proposal and the City owned and operated communications network. A subcommittee was formed and met with Steve Proctor, Executive Director of UCAN and members of the Administration on January 30, 2004.

During the subcommittee meeting, the full scope of the UCAN proposal was discussed and Salt Lake City's required contributions and monthly fees were confirmed. The fee to Salt Lake City to join UCAN for a period of 10 years is as outlined in the transmittal from the Administration and summarized later in this report.

After meeting with UCAN, the subcommittee met with representatives from the Administration who clarified and confirmed the on-going operating costs that are anticipated for the City to own and operate its own communications network. It should be noted that either situation will allow the City to communicate with other governmental agencies. Each provides the same level of connectivity and coverage. If the City were to construct and operate its own network it is still possible to use the UCAN network, likewise UCAN users will be able to use the City's network.

The proposals differ only in two aspects, cost and time on system. The City's proposal is to build and own a scalable public safety communications network. Additional City departments can join the network as they upgrade their radios within the normal replacement lifecycle. Initially there will be 950 Police and Fire radios on the communications network. The cost to purchase and construct the network is \$1,247,600. The City currently has \$640,000 and is seeking an appropriation of CIP contingency funds for the remaining \$607,600. This is a one time capital cost for a system that can last possibly 20 years.

UCAN has proposed a one-time cost to join UCAN for the Police and Fire departments (950 radios only, additional departments will pay whatever the going monthly rate per radio is if they decide to join UCAN). The price is \$2,394,000 which the City must augment with additional Downtown Tower site lease costs of \$110,000. UCAN is also requiring the City to transfer the existing grant funds (\$650,000) to UCAN which results in a total one-time cost to the City of \$1,854,000. This price will allow use of the UCAN system for 10 years. If the City is unable to pay the \$1,854,000 in a one-time lump sum payment, UCAN is willing to finance the charge with a 2% escalating payment. The payment schedule allows for year one costs of \$174,400, total cash outlay if the City chooses to amortize the payments will be \$1,909,619 (in Year 2004 dollars).

All other operating costs for the maintenance of the radios, etc. remain the same as what is currently budgeted for in the on-going budgets of the Police and Fire departments. The Council subcommittee did not verbalize their recommendation at the end of the subcommittee meeting, but will report back to the Council during the briefing on February 10, 2004.

Note: The following information was provided to the Council for the 1/20/briefing. It is provided again for your reference.

The Administration is recommending that the Council adopt an ordinance that would amend the fiscal year 2003-04 budget. The requested budget adjustment would transfer \$607,600 in Capital Improvement Program (CIP) Contingency funds to a new Capital Improvement Program project for the purchase of a smart zone controller. Approximately \$343,000 will remain in the CIP contingency if this request is appropriated. Total cost of the controller and related technology upgrades is \$1,247,600. Grant funds of \$640,000 are available to augment the requested amount. The grant money was previously received by the City and was to be used for equipment purchases.

This budget request is being made at this time to take advantage of the available grant funds and to allow sufficient time to prepare a purchase contract and to install the smart zone controller before the City has possible connectivity issues with the UCAN system and other local public safety entities. The Council may wish to receive an update from Administration during the briefing about the relationship with UCAN.

The transmittal from the Administration highlights the different options that the City may take with regards to a Public Safety Communication Network. The Administration recommends Option #3, which will allow the City to have a separate, city-owned and maintained communication network for the Police and Fire Departments. Communication with other area public safety entities will be possible with a smart zone controller. This option is less than half the cost of the \$2,669,600 required to join the UCAN system (option #1). Option #2 is to purchase the County's existing zone controller. This controller is not a "smart zone" controller and presents some limitation. The total cost of option #2 is \$800,000.

The Council may wish to consider the overall policy question of communication between City departments and other area entities. The requested appropriation will provide a communication network that only the Fire and Police Department will utilize. Other departments such as Department of Community Development, Public Services, Public Utilities and the Airport are on other systems. The proposed system is scalable and with additional equipment, other departments could join. The Council may wish to ask what the intended equipment replacement schedules are for the remaining city departments and whether it is in the best interests of the City to have all City departments on one communication network. Information about the cost of converting all City Departments could also be requested.

This recommendation has been sent to the Capital Improvement Program Committee and is in this year's annual CIP process.