



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: JULY 14, 2015**

**FROM: RIVERSIDE POLICE DEPARTMENT      WARDS: ALL**

**SUBJECT: PUBLIC SAFETY COMMUNICATIONS SYSTEM PROPOSAL TO MIGRATE TO  
THE COUNTY OF RIVERSIDE PUBLIC SAFETY ENTERPRISE  
COMMUNICATION SYSTEM – SUPPLEMENTAL APPROPRIATION**

## **ISSUES:**

City Council consideration for 1) approval of the proposal to migrate the public radio system to the Riverside County Public Safety Enterprise Communication System (PSEC); 2) execution of contracts with the County of Riverside for the use of the PSEC system and contracts to purchase equipment; 3) supplemental appropriation of up to \$7,000,000 for the purchase of services and equipment required to implement the system; 4) direct the Finance Department to issue a request for proposal to solicit proposals from banks and other financing companies to provide the required capital lease financing; and 5) adopt the attached reimbursement resolution.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve the proposal for the Riverside Police Department to join the Riverside County Public Safety Enterprise Communication System (PSEC); and
2. Authorize the City Manager, or his designee, to execute contracts with the County of Riverside for the use of the PSEC system and other contracts to purchase services/equipment; and
3. Authorize a supplemental appropriation in an amount up to \$7,000,000 to accounts to be assigned by the Finance Department for the purchase of services and equipment required to implement the City's migration to the County's PSEC system; and
4. Authorize an increase in estimated revenue of \$7,000,000 to reflect the proceeds of a future capital lease to finance these purchases; and
5. Direct the Finance Department to issue a request for proposal (RFP) to solicit proposals from banks and other financing companies to provide the required capital lease financing; and

6. Adopt the attached reimbursement resolution that will allow for the reimbursement of the cost of these purchases from the proceeds of the future capital lease.

### **COMMITTEE RECOMMENDATION:**

On June 17, 2015, the Public Safety Committee, with Chair Soubirous, Vice Chair Melendrez and Member Davis present, unanimously approved the proposal to support migrating the Riverside Police Department radio system to PSEC, with direction to forward the report for presentation to the City Council.

### **BACKGROUND:**

For the past several years, the Riverside Police Department has been evaluating several options for replacement of the existing public radio communication system. The City's current radio system is a conventional analog UHF system originally built in 1973. The equipment was upgraded over fifteen years ago and uses the same technology that was available in the 1970s. The majority of the hardware has reached its useful life and is no longer available or supported for maintenance.

The City is in need of a new radio system that has a reliable infrastructure, secure communications (encryption), increased channel capacity and interoperability (ability to seamlessly communicate with other agencies). The County of Riverside's Public Safety Enterprise Communication System (PSEC) meets those needs in a fiscally responsible approach.

These purchases are proposed to be financed with a capital lease over a period of ten (10) years, which will match the term of the financing with the anticipated useful life of the equipment. The Finance Department will return to the City Council later this Fiscal Year for approval of the capital lease financing following release of a Request for Proposal to solicit financing proposals. Under the reimbursement resolution, to be approved, the purchases can begin and be reimbursed from the proceeds of the financing upon award.

### **FISCAL IMPACT:**

The cost associated with the purchase of this equipment will be financed over a period of ten (10) years, with payments on the proposed capital lease beginning in Fiscal Year 2016/2017. Adoption of a reimbursement resolution will allow the City to begin the project without incurring financing costs prior to the delivery of service/equipment and/or significant payments to vendors. Once significant payments begin to occur, staff will release the proposed RFP and obtain the financing later in Fiscal Year 2015/2016. As a result of the delayed implementation of financing, the City will realize an interest cost savings in the Fiscal Year 2015/2016 budget.

Based on a capital lease totaling \$7,000,000, it is anticipated that the debt service will be approximately \$776,000 per year assuming a 2.0% interest rate and a 10-year term. Recent interest rates for similar capital leases have been lower than 2.0%, so a lower rate may be obtained. Sufficient appropriations will be included in the Fiscal Year 2016/2017 General Fund budget to fund the debt service.

The subscriber costs for access to the County's PSEC system will begin in Fiscal Year

2020/21 and will total \$302,568 in that year. Costs will escalate by 6% per year through the end of the contract term in Fiscal Year 2025/2026, when the subscriber costs will total \$404,880. Both the contract with the County of Riverside and the City's financing of the equipment will terminate during that Fiscal Year and at that time, the City Council may choose to continue with PSEC or move in a different direction without any financial penalty or residual costs.

Prepared by: Sergio G. Diaz, Chief of Police  
Certified as to  
availability of funds: Brent A. Mason, Finance Director/Treasurer  
Approved by: Alexander T. Nguyen, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Concurs with:

  
MICHAEL SOUBIROUS, Chair  
Public Safety Committee

Attachment: Resolution