

ATTACHMENT 2

DRAFT RESPONSE FROM COUNTY
ADMINISTRATOR TO CITY OF PALM COAST
DATED NOVEMBER 18, 2015

Dear Mr. Reischmann,

I am writing in response to your recent email to the County Attorney regarding our 800 MHz Interlocal Agreement with the City of Palm Coast. I am unsure who has given you the information in support of your emailed position, but to say the information is partially accurate would be an overstatement. The following information will relay a more accurate account about any phase II expansion and the Interlocal Agreement.

The City staff participating on the informal Communications User Group has heard information on the 800MHz radio system many times during their monthly meetings. It is the same information we have been trying to provide to Mr. Landon directly for years, although to date he has not availed himself to meet with us on this issue (see attached letter).

First, let me start by saying the City of Palm Coast joined the Board of County Commissioners existing 800MHz system similar to the other cities and system users in the County. It was not a consolidation as you have phrased it, although some City equipment was added to the County system to minimize the City's impacts and there were some direct costs in order to integrate the City into the system, altering the original plan. Keep in mind, the City's first responders were already a planned part of the system from the onset. Also, at that time, the City chose not to partner with the County and instead built its own single tower, million dollar plus system for its other users.

Through this Agreement we welcomed the City and made it financially attractive to come onto the County's system. Joining the existing 800 MHz system gave the City's other users such as public works and utilities an enhanced, much broader and more reliable radio system to utilize. As it relates to the County, it was of very little benefit to our established system. These added users, when combined with the City's first responders, who were already on the system, made the City the largest end user with approximately 450 devices/users. The County sacrificed existing user capacity and gave the City access to a quality radio system with no ongoing system costs and for a minimal capital cost. The County pays all ongoing operational and maintenance costs which are substantial on annual basis, in addition to the continuing debt service payments running through 2020/21.

The Interlocal agreement was put into place as a way to offset the loss in system user capacity from the City's additional users by adding additional system channels (phase II expansion) to accommodate more users, if necessary. This was essentially a capital fee to help expand the system with the other half of any expansion coming from the County. Changes in the system related to user capacity was estimated at the time to be approximately \$3,000,000 (\$1,500,000 City/ \$1,500,000 County). The Agreement provided this cost to be slightly more or less in the future based on inflation, changes in technology, and based on the actual design versus just a study estimate. Any costs would be split equally and whenever we undertook the channel expansion project (phase II), the City would have a seat on the selection committee, so they could be involved in the process. We did not know exactly when we were going to need the additional capacity and the agreement provided for 15 years for this channel expansion to occur. Our capacity is doing fine for now so we have had very little reason to discuss expansion (likely due to the downturn) and may not need to for another 5 or more years.

To date, we have not done anything with a phase II expansion, with one exception. Several years back when the FCC was reorganizing frequencies, we had the opportunity to acquire additional frequencies. We knew there would eventually be a need for these frequencies to serve any future user expansion. The County did acquire 5 additional frequencies before they were privately sold or otherwise taken. Since the added frequencies would be part of any user expansion, at that time, we asked the City if it would share in the \$14,000 cost of acquiring the frequencies from the escrowed funds. The City said no, and we did not take any monies from the \$900,000 dollars in escrowed funds. The County paid for the additional frequencies and placed them into active use as part of the FCC requirements for frequencies.

The County is undertaking many other improvements to the overall system that are not part of any phase II user expansion and are in no way connected to the Interlocal Agreement. This may be where some of the larger numbers that are being discussed are coming from. These improvements are primarily related to tower replacement (for hurricane sustainment), new towers for better County coverage in remote County areas (future), tower ownership, and the requirement that we migrate to a digital 800 MHz system (P25) as our current EDACS system is facing end of life support from the manufacturer. These projects are entirely at the County's capital, maintenance and operational expense and are solely a Board of County Commissioners decision. Again the City's representatives on the communications user group have been briefed on these issues on many occasions. The City's representative should have conveyed this up to Mr. Landon and reported back with any questions or concerns. We have offered to brief Mr. Landon personally or the City Council. In his email to an EOC accounting clerk several years ago, it seems he was confused between the New World CAD data system and the 800 MHz radio systems in our Interlocal Agreement.

Whether it is the current EDACS system or the P25 system that we must migrate to, both are 800 MHz systems that rely on frequencies with similar user capacities per frequency. Any user capability expansion will essentially be the same project with the same type of costs. Any cost differences over the amounts estimated are expected to be minor, but nonetheless it could be higher or lower than three million dollars. These other projects unrelated to the Phase II expansion are totally consistent with the Interlocal Agreement. The Agreement does not say or imply that the County would not maintain its system with an unsupported platform (EDACS) or somehow the City could now decide all aspects of a ten+ million dollar radio system because it paid some minor monies to partially offset a portion of its impacts. That language does not exist, nor will it be considered with a new Interlocal, especially when the County is facing upwards of a fifteen million dollar plus upgrade to maintain the existing capacity and system. We would welcome 50% participation in all the system costs if the City would like that type of input into the system.

From our perspective, it seems like there is a lot of misunderstandings on the City's part about the system in general and specifically this Interlocal Agreement. For many years now, we have simply asked Mr. Landon to honor the Interlocal Agreement and bring the City out of default for its remaining payments of \$600,000 or cancel the Interlocal Agreement through action of the City Council.

With regard to the number of meeting opportunities they are literally too numerous to mention and even though his Council has approved this Agreement, the County cannot compel the City Manager to meet. Mr. Landon's staff representatives (Assistant Fire Chief Gerald Forte; Leo Chumaceiro, firefighter – CAD Specialist, and Lt. Jeff Gates) have met monthly, many times with the informal Communications User Group headed by the Emergency Management Director as discussed in the Interlocal Agreement. To say the County has somehow defaulted on a small project, that was never started (nor is required to start yet), based on not having a special five year meeting, is an interesting approach.

Nonetheless, you as the City's legal counsel have requested the return of the escrow funds paid to date (\$900,000). If that is the course you wish to pursue, there is no problem. We would need a formal action from the City Council to withdraw from the Interlocal agreement in written form. This is the same thing we requested from Mr. Landon in 2013 (see attached letter). If this occurs radio users from the City will be generally limited to emergency first responders. Conversely, if you desire to adhere to the Agreement, please pay the amount required. We are good either way. There is no need to make up the outlandish accusations in the email. In the end we just need to know for system planning purposes. Otherwise we would be happy to go over this with the City Council in a presentation, if the no one else wants to meet with us.

It is our desire to work with, and support, the City. However, we are not supportive of the undercurrent being created by the City Manager to form some type of control board over the County Commission assets. This would be no different than the County as a major utility user, paying a utility impact fee to join the City's utility system and somehow now expecting a controlling seat on how the City operated the City owned utility. I would guess this would be unacceptable to the City, as it should be. From the information in the email sent, we also see no clear need or reason to modify the Interlocal agreement at this time.

As always, you may contact Mr. Hadeed at 313-4005 or Mr. Landon may contact me at 313-4001. We will await your reply and support your decision to remain with the Interlocal Agreement or dissolve the Interlocal as the City may wish.

Most sincerely,



Craig M. Coffey,
Flagler County Administrator

Attachments:

1. Letter to Mr. Landon November 20, 2013 with email to County Accounting Clerk
2. Powerpoint Presentation used for a Flagler County Board of County Commissioners Workshop and the informal Communications Users Group.