

LEGISLATIVE AUDIT DIVISION

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MEMORANDUM

TO: Legislative Audit Committee Members
FROM: Angie Grove, Deputy Legislative Auditor
DATE: November 2010
CC: Brian Schweitzer, Governor
Janet Kelly, Director, Department of Administration
Kevin Bruski, Executive Director, Interoperability Montana Project Directors
RE: Performance Audit Follow-up (11SP-02): Statewide Radio Communications Interoperability (orig. 08P-03)
ATTACHMENT: Original Performance Audit Summary

INTRODUCTION

In January 2009, we presented our performance audit on Statewide Radio Communications Interoperability. The audit made five recommendations directed to the Governor's Office, the Department of Administration (department), and the Statewide Interoperability Executive Advisory Council (SIEC). In August 2010, we began gathering preliminary information from the various partners on their progress in implementing the recommendations. This memo summarizes the results of our follow-up work in addition to presenting background information on radio communications interoperability.

Overview

Because the Interoperability Montana project continues to develop on a voluntary basis without statutory definition or defined funding support, there is still a risk of failure for a statewide interoperable radio communications system.

Audit recommendations addressed the need to establish a statewide interoperable radio communications system in statute, develop methods to coordinate state resources for migration to a statewide interoperable radio communication system, and address several operational issues to promote the long-term success of such a system. The report contained five recommendations. The implementation of two recommendations is ongoing. Due to either a lack of progress or the fact that the various stakeholders do not concur with the findings of the report, three recommendations have not been implemented.

BACKGROUND

Communications interoperability - also compatibility or connectivity - refers to the capability of different electronic communications systems to readily connect with each other and thus enable timely communications. Timely communications, often via wireless radios, are vital to the effectiveness and safety of first responders and their supporting agencies, as well as the safety of the public at large. When communications systems are interoperable, police, firefighters, and other public safety officials responding to a routine incident or catastrophic accidents can talk to each other to coordinate efforts and work effectively together. In Montana, the current effort to develop a statewide interoperable radio communication system is known as Interoperability Montana (IM). IM is coordinated by a volunteer group comprised of local, state, tribal, and federal jurisdictions working towards the goal of statewide radio communications interoperability known as the Interoperability Montana Project Directors (IMPD). However, there is still a risk for failure for the development of a statewide interoperable radio communications system, as the IM project continues to develop on a voluntary basis without any centralized definition which requires any or all public safety disciplines participate. To date, over \$66 million has been invested in the IM project from local, state, tribal, and federal resources. Current estimates place the overall costs to build the IM system at approximately \$117 million.

FOLLOW-UP AUDIT FINDINGS

The performance audit report contained five recommendations. One recommendation was directed to the Governor's Office, one jointly to the Governor's Office and the Department of Administration, and three to the SIEC, a governor-appointed advisory council which provides policy-level direction related to communications interoperability in Montana. The IMPD is essentially the working arm of the SIEC. Recommendations to the council also included the IMPD. As part of follow-up work, we interviewed agency officials and examined project materials related to the development of a statewide interoperable radio communication system. The following summarizes information relating to follow-up audit work and the implementation status of recommendations.

Recommendation #1

We recommend the Governor's Office work with related state agencies and local governments to seek revisions to statutes governing radio communications to:

- A. Establish a statewide interoperable radio communication system.**
- B. Define governance principles, including membership and voting rights.**
- C. Identify system participants and address the inclusion of existing radio systems.**

Implementation Status – Not implemented

The Governor's Office does not concur with this recommendation. They believe that it is inappropriate for them or a Governor-appointed advisory council to take a role in resolving issues which are best solved by the local jurisdictions, which are working to develop local solutions to the issue of statewide radio communications interoperability. As such, no action has been taken on this recommendation. While the Governor's Office is relying on local jurisdictions to resolve issues of leadership and jurisdiction for the IM project, these fundamental issues have not been addressed. Currently, there is no statutory definition on what constitutes a statewide interoperable radio communication system, how the system should be governed, or who should participate. Without legislative definition, there is risk for failure—from a financial and public safety perspective—as the IM project continues to develop on a voluntary basis without any centralized definition which requires that any or all public safety disciplines participate. Currently, there are multiple radio communication systems used across the state by public safety officials, such as sheriffs and firefighters. Due to the fact that these officials generally own and operate radio

communications independently, they are unable to speak easily to each other during a routine incident or catastrophic accidents and coordinate efforts.

Recommendation #2

We recommend the Governor's Office, in conjunction with the Department of Administration, work with state agencies to develop a formal migration plan and develop methods to coordinate state resources relative to statewide radio communications interoperability.

Implementation Status – Partially implemented

In response to this recommendation, the department formed the State Agency Radio Users Task Force in November of 2009. This task force is comprised of representatives from all state agencies which have radio communication needs. The Governor's Office is not a member of the task force. According to department material reviewed, the task force was formed to: 1) develop a better understanding of individual agency radio communication needs, current system capabilities, and future requirements; 2) delineate opportunities for sharing of resources, participating in the statewide interoperability project, or leveraging the use of state assets to improve statewide communications and seek opportunities to work with local government; and 3) create a multi-agency task force to move forward the development of recommendations relative to a formal migration plan and to coordinate state resources supporting statewide communications interoperability.

While the department formed this task force, a formal migration plan has not been developed and there have been limited activities to coordinate state radio resources. The task force initially met to gain an understanding of state agency radio resources; however, no inventory or analysis of current or future radio needs has been completed. The department has coordinated trainings for agencies to input radio resources into a centralized database; however there is no requirement or timeline for agencies to complete this task. As a result, this task has not been completed. Likewise, while the department has developed a spreadsheet to inventory and compile the skills of state agency staff with radio communication expertise, no agency staff have submitted information to be included. The task force continues to meet and often identifies various tasks or action items; however, no one tracks these items to determine if they have been completed or should be revisited. According to department staff, state agencies will continue to pursue legislative appropriations for radio communications individually.

While the formation of the task force is a positive step, there are no identifiable expectations for state agencies to participate toward the goal of a statewide interoperable radio communication system. State agencies with significant radio communication resources—such the Department of Transportation—cite concerns over individual radio communication needs and resources. Relative to a transition to the IM project, agencies continue to cite concerns over radio coverage and placing their radio needs in the care of a project which has not been built out to a level—with no expected completion data—to satisfy their individual needs. These agencies are not currently willing to risk joining the project, due to what appears to them a low probability of success. In addition, the task force has limited leadership or authority to direct agencies to participate or plan for the participation in the IM project. The Governor's Office continues to indicate the IM project is a local effort, which must develop solutions and consensus regarding the project at the local level. However, the participation of executive branch agencies is another matter. State agencies represent a significant number of potential radio users for the IM project. Certainly their participation must be predicated on receiving a level of service which meets their radio communication needs, yet their lack of participation presents a risk to the completion of the IM project. Presently, there is limited leadership for executive branch agencies to plan for the migration or coordination of state resources relative to statewide radio communications interoperability.

Recommendation #3

We recommend the Statewide Interoperability Executive Advisory Council, in conjunction with the Interoperability Montana Project Directors, adopt a formal business planning process, including due consideration of:

- A. Potential system users**
- B. Annual operation costs**
- C. Potential funding sources**

Implementation Status – Being implemented

The Governor's Office does not concur with this recommendation. They believe it is inappropriate for them or a Governor-appointed advisory council to take a role in resolving issues which are best solved by local jurisdictions. Nonetheless, in August of 2010, the IMPD adopted a draft business plan with input from the department. The plan includes the consideration of potential system users, annual operation costs, and potential funding sources. To date, over \$66 million has been invested from local, state, tribal, and federal resources in the IM project. Currently 48 sites have been completed, with 32 in some stage of construction. While the number of sites has fluctuated up to 180 proposed, in the plan the IMPD now proposes limiting the number sites to 120 as a means reduce costs, while still achieving needed coverage. The following list represents average costs associated with the completion of the IM project according to the IM business plan:

- ▶ On average, a radio tower site costs over \$1 million to construct
- ▶ On average, a radio tower site costs \$29,000 to maintain annually
- ▶ Future constructions costs for radio tower sites will be approximately \$51 million
- ▶ Annual maintenance costs for the completed system will be nearly \$6 million

The IMPD has not yet assumed the costs of maintaining the existing system, as these costs still reside with the counties and participants who received the initial grant funding. The business plan indicates that while the IM project initially only focused on law enforcement participation, the plan envisions IM as the radio communication resource for all public safety disciplines at the local, state, tribal, and federal level in Montana.

Due to declining federal grants and limitations on those resources to fund ongoing maintenance and operation, the IMPD is planning to pursue legislative appropriations and user fees as major sources of funding to build out and support the system. As part of the plan, the IMPD recently adopted a user fee structure of \$100 per radio. Assuming that 80 percent of federal and state agencies participate and 50 percent of counties, cities, and tribal nations participate, the IMPD estimates that user fees will generate about \$1.5 million annually when the project is completed. In the 2013 Legislature, the plan calls for a cost structure with user fees covering 25 percent of costs and legislature appropriations covering 75 percent of costs to maintain the system. Until then, the IMPD plans to forward an appropriation request for 2011 and rely on user fees in built out areas, federal grants, and the reallocation of build out funds—where appropriate and possible—to support annual operations. However, if the IMPD is successful in 2013 asking for legislative appropriations and users voluntarily support the system though fees as projected, it is still uncertain if the plan's proposed funding scenario is enough to support annual costs for operations and maintenance. According to the plan, the IMPD plans to ask the 2011 Legislature to assign an interim legislature study to funding requirements for IM and recommend long-term funding sources. If

an interim study is assigned, the legislature should take steps to ensure the scope of a study does not duplicate the performance audit completed by the Legislative Audit Division in 2009.

While the IMPD has taken a positive step in developing a business plan to address the completion and maintenance of the system, the future of the IM project is still uncertain. The current basis for the successful build out of the project is predicated on significant legislative appropriations and local, state, tribal, and federal radio users voluntarily participating in the completed system via a user fee. The plan acknowledges there are risks. The plan indicates that IM has not identified funds to support operations costs for FY2011-2013. According to the plan, if funds are not identified over the next three years, the project will essentially come to a halt. Build out activities would be reduced to only those funded by federal grants. Most likely, a statewide system would never be built and current equipment would require replacement long before all sites were built. Based on our review of the business plan and speaking with project participants, the IM project has made limited progress since the performance audit in 2009. If the project continues to make limited progress, local, state, and federal partners will continue to operate their existing systems and maintain the status quo (no statewide interoperable system). There will continue to be a limited ability for agencies to respond effectively to a public safety emergency. For example, while the IM project expected to complete a second demonstration project along the Montana Highline by the end of 2008, the project is still not fully operation, due in part to ongoing system issues and a lack of funding resources.

Recommendation #4

We recommend the Statewide Interoperability Executive Advisory Council, in conjunction with the Interoperability Montana Project Directors, adopt industry operational best practices for asset management of a statewide interoperable radio communication system.

Implementation Status – Not implemented

The Governor's Office does not concur with this recommendation. They believe it is inappropriate for them or a Governor-appointed advisory council to take a role in resolving issues which are best solved by local jurisdictions. Nonetheless, in August of 2010, the IMPD adopted a draft business plan with input from the department. The plan indicates asset management will be provided as part of a service strategy and will constitute a portion of ongoing annual expenditures. However, the plan does not provide any details on how this will occur or how operational best practices will be incorporated into the process. According to IMPD staff, it is the responsibility of individual counties to track their radios resources. IMPD staff indicate there is a centralized database resource which allows would allow local governments to track radio assets but it is at the discretion of locals to use this database. Consequently, some counties track radio resources while others do not. IMPD staff indicate that due to issues of local control over radio resources, counties are often unwilling to inventory and catalog their resources. As a result, managing radio resources from the perspective of a statewide system would be challenging. As noted, over \$66 million has been invested in the IM project from local, state, tribal, and federal resources. These expenditures generally represent costs such as infrastructure improvement and construction (radio towers) and equipment purchase (handheld radios). Adopting operational best practices for asset management will improve the ability of the IM project to manage radio assets and plan for equipment repair, replacement, and obsolescence.

Recommendation #5

We recommend the Statewide Interoperability Executive Advisory Council, in conjunction with the Interoperability Montana Project Directors, develop a long-term staffing plan for a statewide interoperable radio communication system.

Implementation Status – Not implemented

The Governor's Office does not concur with this recommendation. They believe it is inappropriate for them or a Governor-appointed advisory council to take a role in resolving issues which are best solved by local jurisdictions. Nonetheless, in August of 2010, the IMPD adopted a draft business plan with input from the department. The plan includes a section which describes a staffing plan for the IM project. This staffing plan describes how in the short-term IMPD staffing is constrained by available funding, but will add additional staff as the size of the network and revenues increase. The staffing plan provides details on how staffing for the IM project will be based on minimal personnel costs while maintaining network services, with many professional and specialized functions obtained via contracted services and vendors. The staffing plan does not discuss how the various communications staff leveraged by the IMPD from the multiple local, state, tribal, and federal agencies which have been involved in the IM project will be involved in future staffing needs. According to IMPD staff, there is no staffing plan in terms of incorporating the many communication staff of local, state, tribal, or federal agencies which have contributed—and continue to contribute— staff resources to the project. IMPD staff indicate they do not see the staff from those various agencies ever disappearing; rather IM would contract with these agencies to provide certain services for the IM system. Staff indicate this is more of a long-term vision for staffing which has not been formally defined. In addition, IMPD staff indicate agencies would not be willing to relinquish these staff, as they may have other duties beyond radio communication needs.

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