



WASHOE COUNTY

OFFICE OF THE COUNTY MANAGER

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December 29, 2020

Mr. Dana Mehnert
L3Harris Corporation
1680 University Avenue
Rochester, NY 14610

Via Email to:

Dana.mehnert@L3Harris.com

Dear Mr. Mehnert,

As Chair of the Nevada Shared Radio System (NSRS) Governing Board, I am writing to express our extreme concern with L3Harris' failure to perform, manage and implement this project in accordance with the contract obligations and timelines. Beginning with the launch of this project, NSRS participants have experienced repeated problems of a critical nature; including, but not limited to, the following:

- **Schedule Management Issues:**
Over the past two years, more than forty versions of the project schedule have been issued, and yet, the NSRS project still does not have a realistically executable project schedule. As a result, schedule rework remains an ongoing task for NSRS members, which is having an escalating impact on project costs. At this time, we request a reset of the project schedule with an executable timeline that L3Harris and NSRS can reasonably commit to going forward.
- **Unacceptable Resource Management for L3Harris Employees:**
Our NSRS contract restricts the removal or reassignment of key L3Harris employees assigned to our project without NSRS consent. Over the course of our project, there have been a minimum of four occasions where this provision has been violated. As an example, in February 2019 L3Harris submitted a change order that removed five of six "Key Persons" from our project team even though some remain L3Harris employees. Moving forward, we request that L3Harris commit to retaining a core project team of "Key Persons" with the necessary demonstrated expertise to deliver the project on a timely basis and that NSRS representatives can interview and confirm agreement on the core team members.
- **Unacceptable Resource Management for L3Harris Subcontractors:**
There have been two instances where L3Harris' poor subcontractor management of has caused substantial damage and/or violated best business practices.
 1. In 2019, L3Harris retained a subcontractor assigned to our project which conducted unauthorized grounding remediation work at a site known as Eagle Ridge. In addition to performing the unauthorized work, the quality was subpar and caused substantial damage to equipment in operation and a service outage at the site.
 2. L3Harris subcontracted with a company to perform site surveys and site management functions. It was later discovered by NSRS that this company performed a scope of work without a license to conduct business within Nevada. L3Harris subcontracting with a company not properly

licensed in Nevada is unacceptable as it leaves the NSRS vulnerable to issues of liability and demonstrates L3Harris' lacking oversight of assigned resources to the project. Additionally, this company served in the role of Site Manager at Eagle Ridge during the problems brought forward in bullet one above. As you must understand, the liabilities associated with the use of unlicensed subcontractors are immeasurable. Several unresolved issues remain as a result of this company's site management efforts.

The NSRS will not be able to cover the costs associated with repairing the damage caused by these subcontractors and/or the cost of rework as a result of their failed site management.

- **Cost Management Issues:**

Installation costs for the P25 system and antennas are much higher than anticipated. If not properly managed, L3Harris will deplete the nearly \$4 million set aside in the NDOT contract before Region 2 completion, negatively impacting over 30 remaining sites. NDOT received assurances from L3Harris that \$4 million was sufficient to accomplish the work outlined in a quality manner. NDOT will not accept a change order to complete the remaining work at the sites for which these funds were allocated.

On multiple occasions, L3Harris has double billed NDOT for work. L3Harris invoices often lack sufficient detail to understand the charges and often contain errors requiring an inordinate amount of NSRS staff time to resolve. Recently, L3Harris charged nearly \$160K for installation work at two sites, which in the view of NSRS, is exorbitant compared to similar work in the industry. NDOT has requested that the L3Harris project team take the necessary measures to address and explain these costs. As such, considerable room for improvement remains in the area of cost management by the L3Harris project team.

This letter will serve as notice to L3Harris that absent receiving an immediate and detailed written corrective action plan to address our concerns by January 15, 2021, NSRS will begin execution of corrective remedies as set forth in our respective contracts. The NSRS reserves the right to seek these remedies even if an acceptable correction action plan is received if the terms are not strictly adhered to as the project progresses. We look forward to your timely response.

Respectfully,



Eric P. Brown
Washoe County Manager
Chair, Nevada Shared Radio System
775-328-2000
epricebrown@washoecounty.us

cc

Mr. Nino DiCosmo
L3Harris Corporation
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Lynchburg, VA 24501-6952
Nino.DiCosmo@L3Harris.com



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January 15, 2021

BY ELECTRONIC MAIL (epricebrown@washoecounty.us)

Mr. Eric P. Brown
Washoe County Manager
Chair, Nevada Shared Radio System Governing Board
1001 E. 9th Street
Reno, Nevada 89512

Re: Letter dated December 29, 2020 from the Nevada Shared Radio System (NSRS) Governing Board to L3Harris Technologies, Inc. (L3Harris)

Dear Mr. Brown:

L3Harris is in receipt of the December 29th NSRS Governing Board letter referenced above. I am President of the L3Harris Public Safety Professional Communications (PSPC) Business Sector and Dana Mehnert forwarded your letter to me to provide this response. Mike Hayes is the PSPC Vice President, Programs, and he and John Bowers, our Senior Program Manager, have direct responsibility for L3Harris PSPC management of the NSRS program.

L3Harris has been working with Washoe County, NDOT and NV Energy, the NSRS Members, for the past several months to jointly improve the performance, management and implementation of the NSRS program. These ongoing discussions between L3Harris and the NSRS Members have included the issues listed in the December 29th letter and L3Harris provides the following information regarding these discussions and L3Harris' efforts on these items.

A. Schedule Management

The NSRS program was launched in October 2018. Over the past two years, L3Harris has provided weekly status reports to the NSRS Members. Formal changes to the contract program schedule were submitted and approved in August 2019 and June 2020.

L3Harris is working on an updated and detailed, executable resource-loaded work schedule for the entire program (including all three Regions) to be fully discussed, coordinated and mutually agreed upon by L3Harris and the NSRS Members. The updated schedule will be more granular and will be based on a detailed work breakdown structure (WBS) with dates, tasks and assignments including the specific Member or L3Harris personnel or subcontract personnel responsible for performing the work. The updated schedule will more fully incorporate information from the contract responsibility matrices. L3Harris will work with the NSRS Members actively and collaboratively to develop this comprehensive, updated schedule over the next two months. The plan is to complete the comprehensive schedule update along with the Region 2 detailed design review by April 16th.

L3Harris believes these changes will improve work performance on the NSRS program. The incorporated responsibility matrices are a rough scope of work which can be translated into an appropriate WBS. Combining the information from the responsibility matrices with the judgment of leaders experienced in

large scale deployment will lead to the granular WBS which, when properly sequenced, will become the updated program schedule.

The schedule will incorporate granular resource assignments. The identification and incorporation into a resource-loaded schedule of the specific Member or L3Harris personnel and subcontract personnel assignments will make it much easier to manage timely work performance, obtain detailed status information on the progress of work and recognize and manage resource conflicts.

Finally, the comprehensive and complete program work schedule must better incorporate the work to be performed in all three Regions. While the contract is modeled on regional acceptance of each of the three regions, the schedule must appropriately identify substantial timing risks for critical path items across the entire program associated with long lead items, site acquisition efforts, government permitting, weather restrictions, etc.

Combining all of the above data and objectives into the new resource-loaded program schedule will produce a stable, achievable program schedule.

B. Personnel Management

L3Harris has 21 fully dedicated team members, 20 supporting team members and a team of subcontractors assigned to the NSRS program. Two of the L3Harris Senior Leadership Team members who are direct reports to the President of the L3Harris Business Sector are actively involved in the L3Harris management of the NSRS program. Five of the six Key Persons listed in the contract have indeed been changed and updated with more experienced managers over the past two years. The current roster of L3Harris Key Persons was approved in December 2020 and included in Change Order 13 to the NDOT Contract.

L3Harris understands and agrees that Key Persons cannot transfer to other L3Harris Business Sectors and that all further Key Person changes will have to be reviewed by and consented to by the NSRS Members. L3Harris has reminded all Key Persons in writing that they are ineligible for an internal transfer within L3Harris and the L3Harris Human Resources function has written notice on file that the Key Persons are ineligible for internal transfers.

C. Subcontractor Management

L3Harris has reviewed and reinforced its subcontractor management procedures with our Supply Chain and Programs Teams to ensure that: (a) fully qualified subcontractors are engaged for NSRS program work; (b) all subcontract work is performed by qualified personnel on a timely basis; and (c) all subcontract work is inspected for compliance with contract requirements and industry standards and approved on site by L3Harris site managers before the subcontract work is accepted and the subcontractor released from the site.

Regarding the August 2019 Eagle Ridge site incident referenced in the first subparagraph of the December 29, 2020 letter, L3Harris has previously acknowledged our responsibility for the actions of our two subcontractors on the Eagle Ridge site. L3Harris has requested a meeting with the property owner to review the Eagle Ridge site issues. Once this meeting is scheduled, we will request participation from NDOT. The two subcontractors are no longer affiliated with the NSRS program.

Regarding the subcontractor business license issue in the second subparagraph, L3Harris has reviewed our Nevada compliance procedures and confirmed the proper licensing of our subcontractors. L3Harris will use these same procedures to confirm the proper licensing of all new subcontractors.

D. Cost Management

L3Harris understands and agrees that the \$4.1 million NDOT System Equipment Installation Services allocation discussed in the first subparagraph is a fixed price sum with respect to an established scope of work and that L3Harris will be responsible for any cost overruns for performing this established scope of work. L3Harris also understands that only a mutually agreed upon scope of work change may result in an agreed upon future change in this amount.

L3Harris also recognizes the NSRS Members' concern that the \$160,000 amount appears to be a high cost for installation work performed at the first two sites. L3Harris reviewed the tasks involved and has further tightened our subcontractor cost management procedures including obtaining firm, fixed price cost estimate approvals for subcontract work before the subcontractors are approved to work on a site, subcontract work inspection, and subcontract invoice review and validation.

Finally, with respect to the observation of double billing on the NSRS program, L3Harris has meticulously reviewed the high volume of bills for the program and believes that there are two such occurrences representing a total amount of \$37,077 (out of total program billings of \$9.5 million to date) when L3Harris inadvertently and mistakenly provided a second invoice for the same work performed by a subcontractor. In each case L3Harris expeditiously corrected these mistakes. As a safeguard, L3Harris has further tightened our procedures to avoid such errors in the future by adding additional customer invoice review and validation procedures before invoices are released to NSRS Members. L3Harris also found two inadvertent double payments by NSRS Members totaling approximately \$126,000; L3Harris immediately returned these duplicate payments to the NSRS Members.

In conclusion, the success of the NSRS program is critical to NSRS Members and your users and is also critical to L3Harris. L3Harris wants to continue building a trusting and collaborative partnership with the NSRS Members and the Governing Board to provide an industry-leading mission critical communications network. As part of that process, L3Harris requests a meeting with the Governing Board to review the NSRS program and have an informational only (non-actionable) discussion regarding the matters presented in this letter.

Sincerely,

L3HARRIS TECHNOLOGIES, INC.,

acting through its Public Safety & Professional Communications Business Sector

By:



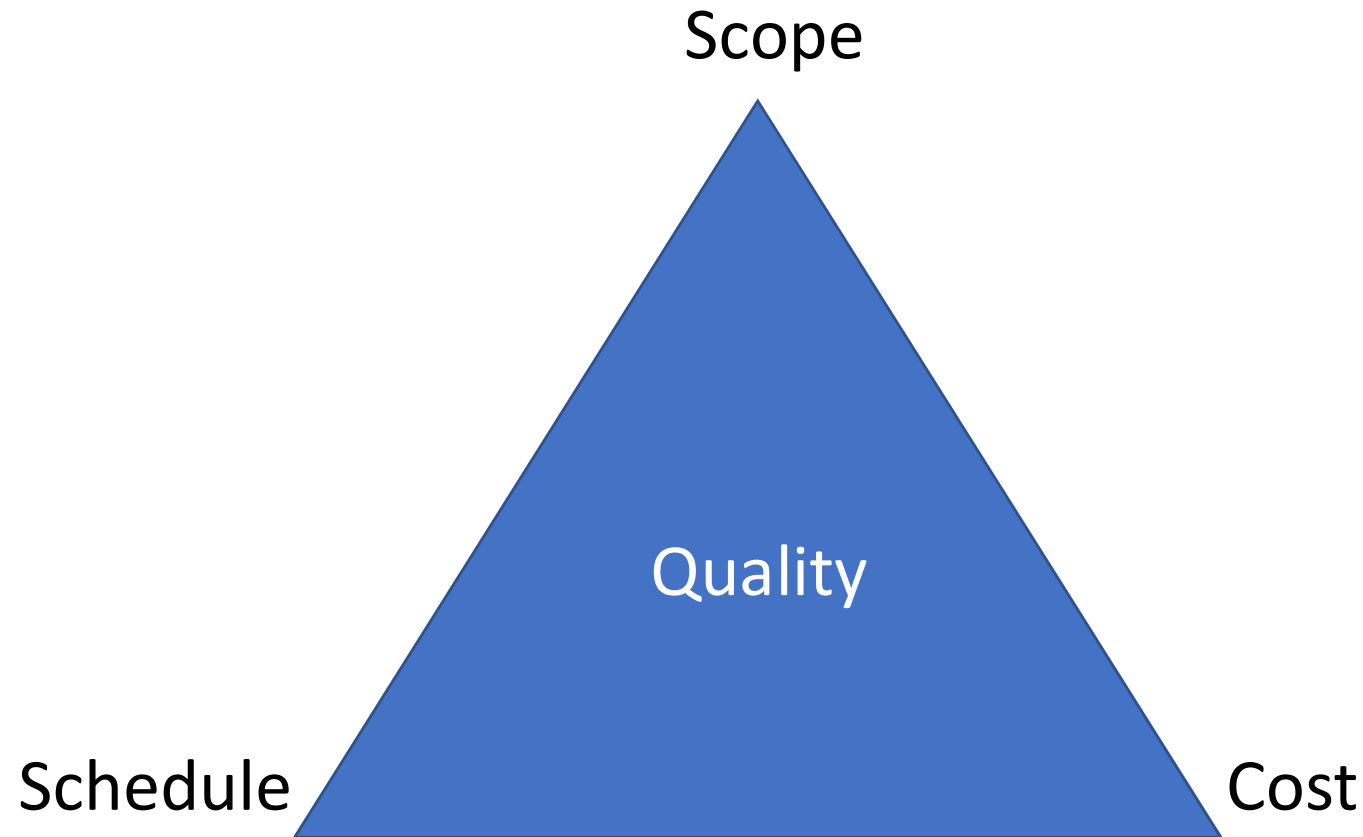
Nino DiCosmo
President, Public Safety & Professional Communications

Cc: Seth Daniels, P.E., State of Nevada, Department of Transportation (SDaniels@dot.nv.gov)
Jason Murphy, NV Energy (JMurphy@NVEnergy.com)
Dana Mehnert, L3Harris
Mike Hayes, L3Harris
Jayne Leighton, L3Harris
John Bowers, L3Harris



Nevada Shared Radio System
Governing Board Project Status
November 12, 2020

PM Iron Triangle – Triple Constraint



Agenda Item #4 - Status

Schedule

Milestones	Contract Schedule	Current Schedule	Delta
System			
Contract signed	10/1/2018	10/1/2018	0
Region 0/1			
Detail Design Review approval	12/1/2019	9/29/2020	(303)
Factory acceptance approval	9/18/2019	7/6/2020	(292)
Installation complete	11/30/2020	7/6/2021	(218)
Regional Acceptance	5/21/2021	9/30/2021	(132)
Region 2			
Detail Design Review approval	6/1/2020	12/22/2020	(204)
Factory acceptance approval	1/28/2021	8/5/2021	(189)
Installation complete	11/26/2021	12/17/2021	(21)
Regional Acceptance	7/14/2022	5/19/2022	56
Region 3			
Detail Design Review approval	12/1/2020	4/8/2021	(128)
Factory acceptance approval	4/29/2022	9/29/2021	212
Installation complete	3/27/2023	9/26/2022	182
Regional Acceptance	10/23/2023	2/20/2023	245
System			
Final 30-Day Operational Test	11/22/2023	3/23/2023	244
Final System Acceptance	12/27/2023	4/21/2023	250

Project Financials (All Members)

- Total Contract Value: \$108,464,583
- New Change Orders: \$151,514
- Invoices Paid to Date: \$24,350,923
- Civils (Included above, on a Cost-plus basis):
 - Budgeted: \$27,059,793
 - Committed: \$13,966,331
 - Remaining: \$13,093,462

Cost Control

- Site remediations and civils are much higher than anticipated, running as high as \$160K for work at two sites compared to comparable work throughout the industry
- At this rate, L3Harris will deplete the funds set aside for site development mid-way through the project
- L3Harris is reviewing their supplier process
- L3Harris has double-billed Members for work on multiple occasions
- Actual costs and supporting documentation lags the completed work by months, risking Members funding



Agenda Item #4 - Progress

Region 0

- Detail Design Review completed and approved
- Factory acceptance completed and approved
- Network Switching Center installed and commissioned
- Grounding remediation – 11 of 11 complete
- Site installations – 11 of 11 complete
- Site development – 2 of 2 complete
- Regional acceptance is part of Region 1

Region 1

- Detail Design Review completed and approved
- Factory acceptance completed and approved
- Grounding remediation – 17 of 19 sites complete, 2 sites delayed
- Site installations – 15 of 27 sites completed, balance planned for the new year
- Site development – 2 sites, both near completion
- Regional acceptance scheduled for Sep 2021

Region 2

- Site surveys nearing completion
- Design packages received mid-October, updates in progress
- Detail design review scheduled for mid-December
- Factory acceptance 2Q2021

Region 3

- Project schedule under review



Customer Satisfaction



- Primary causes for dissatisfaction are lateness of deliverables, erratic quality, and overall consistency
- Recent L3H communication announcing that a “key person” was moving off the project – last of original proposed team

Schedule Performance



- The project schedule is unrealistic
- The project schedule went through 33 revisions in 2019, and 30+ revisions this year
- Dates and commitments are consistently missed requiring revised plans
- Late delivery and poor quality of required documentation causes site visits/implementations to be delayed

Technical Performance



- L3H team appears unaware of EDACS operational requirements during transition
- Addressing EDACS Migration Gateway issues
- New customer integration issues
- Terminal equipment limitations to support transition

Staffing



- Contractually, personnel are not allowed to move off the project except for leaving L3H
- In February 2019, 4-months after contract signing, L3H removed five of six “key persons” off the project, some staying with L3H in other positions/departments
- Contractual commitment to replace personnel within 30-days, took up to 120 days
- Resource management is an ongoing challenge

Quality



- Poor quality documentation remains an ongoing issue
- L3H recently implemented a quality process improvement, however, work remains in this area to meet expectations
- Region 2 DDR had to be cancelled due to poor quality of design packages

Supplier(s)



- L3H subcontractor caused damage to the site owner's operational equipment, resulting in critical outages
- L3H subcontractors worked on the project without a NV license – immediately terminated
- L3H subcontractors conducted grounding remediation on the wrong buildings on two separate occasions, valued at over \$75,000 (credits issued following Members review)
- Non-conforming bids being passed through to Members

Site Civils / Construction



- Site survey subcontractor delivered poorly written reports with inaccurate or missing data, resulting in numerous revisits to sites to collect the correct information
- Subcontractor workmanship has been sub-standard resulting in site revisits and increased time and costs for Members

Corrective Actions taken by both L3H and Members

- Members and L3H increased communication at multiple levels for improved planning
- L3H assigned additional personnel to the project team
- L3H restructured internal organization to provide better project support
- L3H increased engagement to meet certified payroll requirements
- L3H and Members refined subcontractor vetting and approval process
- Members established bi-weekly reviews with L3H executive management
- L3H developed get well plans and Members monitored planned actions
- Members established a process to review and approve on-site activities