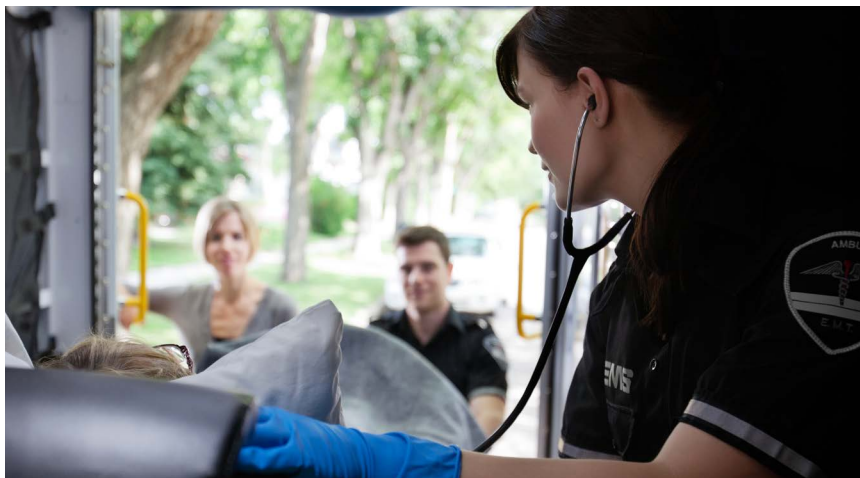




FirstNet™


U.S. DEPARTMENT OF COMMERCE



FY 2014: ANNUAL REPORT TO CONGRESS

*Submitted to the United States Senate Committee on Commerce, Science and Transportation
and the United States House of Representatives Committee on Energy and Commerce*





"We have come together with a unity of purpose because our nation demands it. September 11, 2001, was a day of unprecedented shock and suffering in the history of the United States. The nation was unprepared. How did this happen, and how can we avoid such tragedy again?"

... Congress should support pending legislation which provides for the expedited and increased assignment of radio spectrum for public safety purposes."

*9/11 Commission Report
July 22, 2004*

This Annual Report to Congress is issued pursuant to section 6210 of the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) (“Act”) and reflects the **operations, activities, financial condition, and accomplishments** of the First Responder Network Authority (“FirstNet”)¹ for fiscal year 2014 (“FY14”).²



1 The Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) established FirstNet as an independent authority within the Department of Commerce’s National Telecommunications and Information Administration (“NTIA”).

2 Fiscal year 2014 is the period from October 1, 2013, through September 30, 2014.

STATISTICAL HIGHLIGHTS

OCTOBER 1, 2013 – SEPTEMBER 30, 2014

Board	
New Board Members:	5
Public Board Meetings held:	8
Organization	
Employees Hired in FY14:	67
Office Locations Opened:	2
Outreach Activities	
State Consultation Packages Delivered:	56 states and territories
State Technical Assistance Conference Calls:	44
Completed State Consultation Checklists Received:	27
FirstNet In Person Consultations:	4
Outreach Stakeholder Presentations:	Over 150 in all 56 states and territories, 37 public safety associations and non-governmental organization, 10 tribal organizations, and 14 Federal department and agencies.
Public Safety Advisory Committee Reports delivered to FirstNet:	3
Congressional Hearings:	1
Financials	
H-Block Auction Proceeds:	\$1.56B
NTIA Borrowing	\$1.96B
H-Block Auction Proceeds Deposited in PSTF	\$1.22B
NTIA Net Borrowing Outstanding	\$0.78B
Net Cost of FirstNet Operations	\$0.02B

TABLE OF CONTENTS

INTRODUCTION AND BACKGROUND	1
History, Purpose, and FirstNet Mission	1
Fiscal Year 2014 Overview	1
Vision, Mission, and Objectives for FirstNet	2
Overarching Strategic Goals	3
PARTNERSHIPS WITH LOCAL, STATE, TRIBAL, AND FEDERAL JURISDICTIONS	5
State Consultation	5
State Consultation Checklists and Planning Activities	5
Pilot State Consultations	7
State Use-Cases	7
Future State and Territory Consultation	9
Outreach Information	10
Local and State Outreach and Consultation through State Single Points of Contact	10
Tribal Outreach	11
Environmental and Historic Preservation Coordination	11
Federal Outreach and Consultation	12
Federal Communications Commission Outreach	12
Congressional Testimony and Briefings	13
Communications and Social Media	14
State and Local Implementation Grant Program	14
ORGANIZATION AND CULTURE OF EXCELLENCE	19
Structure and Organization	19
Board Membership	20
Board Committees and Functions	21
Senior Management	23
Culture of Compliance	23
Facilities	25
RESOURCES, DEPLOYMENT, AND OPERATIONS	28
Network and Deployment Strategy	28
Comprehensive Network Solution RFP	28
Public Safety Advisory Committee	29
Public Safety Communications Research Program	29
Early Builder Public Safety Projects	31
Financial Condition	33
Financial Condition	33
Operating Results	34
Significant Accounting Policies and Summary Financial Report	34
Conclusion	37



VISION

As with many bold public policy initiatives, the creation of FirstNet ensued from disaster and tragedy. Although the idea that all first responders across the United States should share one nationwide network existed prior to September 11, 2001, the events of that terrible day inspired collaborative action from public safety and Congress. As Congress directed, FirstNet is working toward the deployment of a single, interoperable platform for public safety communications that will bring dedicated priority wireless broadband services to millions of public safety personnel at the local, state, tribal, and Federal levels.

Introduction and Background

HISTORY, PURPOSE, AND FIRSTNET MISSION

Authorized by Congress in 2012,³ FirstNet will fulfill a fundamental need of the public safety community and is the last remaining recommendation to be addressed of the 9/11 Commission.⁴ FirstNet's mission is to ensure the deployment, and operation of a nationwide public safety broadband network (network) for public safety entities.

Leveraging Long Term Evolution (LTE)⁵ technology standards, up to \$7 billion in funding from spectrum auctions, and a nationwide license of 20 MHz of radio frequency spectrum, the FirstNet network is intended to dramatically increase the safety and capabilities of all of those who serve in a public safety capacity, and thereby further protect the American people.

Public safety, and thus the American people, will benefit from the availability of a dedicated wireless broadband network prioritized for first responders, the economies of scale afforded by a national, commercial standards-based network, and the force of innovation in applications which to date has only been enjoyed by consumers.

This is FirstNet's third Annual Report to Congress. Since the last report, FirstNet has made significant strides toward the development of the network.

FISCAL YEAR 2014 OVERVIEW

During FY14, FirstNet began a formal state consultation to understand public safety's unique needs within each state and territory for the nationwide network. In addition, a public notice was published, that sought input on key legal interpretations of the Act. A comprehensive network draft Statement of Objectives (SOO) and Request for Information (RFI) were released and the FirstNet Board (Board) Committee charters for efficient and transparent Board and management operations were also adopted. FirstNet created and formally adopted a Strategic Program Roadmap (Strategic Roadmap), while growing from a fledgling organization to robust startup. FirstNet staff increased from 8 to 75 full-time equivalent (FTE) employees, which included the hiring of key senior management positions throughout the organization.

³ "The Middle Class Tax Relief and Jobs Creation Act of 2012" P.L. 112-96.

⁴ The Final Report of the National Commission on Terrorist Attacks Upon the United States, available at: <http://www.9-11commission.gov/report/> (last accessed January 12, 2015).

⁵ The FirstNet enabling statute encourages the use of LTE technology, Section 6203 (c) (2).

Much of FirstNet’s planning is embodied in our Strategic Roadmap, which was adopted by the Board in March 2014,⁶ and outlined the milestones FirstNet planned to accomplish in the following year:

- Begin formal in-person state consultations;
- Initiate a public notice and comment process on certain program procedures, policies, and statutory interpretations;
- Release a draft comprehensive network request for proposals (RFP) for comment; and
- Release for comment draft requests for certain network and equipment services proposals.

Two of these milestones were completed in FY14, and significant progress continues on the draft comprehensive network RFP. With these foundational efforts underway, FirstNet has narrowed its focus to the consultative, technical, procurement, and financial aspects of the program. FirstNet made tremendous progress in FY14 yet more remains to be accomplished. This report provides a detailed description of the progress to date and lays out the goals and plans that FirstNet has developed for FY15.

VISION, MISSION, AND OBJECTIVES FOR FIRSTNET

FirstNet has a key vision, mission and objectives to accomplish as we plan and develop the deployment of the nationwide network. They are:

VISION

Empower America’s First Responders with state of the art communication tools.

MISSION

To ensure the building, deployment, operation, and sustainability of public safety’s nationwide, interoperable, wireless broadband network, in accordance with law.

KEY OBJECTIVES

- Provide FirstNet services with features – such as reliability, resiliency, coverage, functionality, interoperability, and network-based applications – that are critical to public safety users and differentiate FirstNet services from commercial broadband services
- Reduce costs for public safety entities by leveraging the value of excess network capacity with partners and enabling pre-emptible demand from other, non-emergency users that place a high value on reliability and other FirstNet features
- Provide mechanisms for public safety entities (directly or indirectly through states) to benefit from the economies of scale created by FirstNet in terms of purchasing, partnering, and information/data.

Each of these points are reflected in our overarching strategic goals.

⁶ First Responder Network Authority, Board Resolution 56, available at: <http://www.firstnet.gov/sites/default/files/FirstNet%20Resolution%2056%20re%20FY%2014%20Program%20Roadmap%20Milestones.pdf> (last accessed January 15, 2015).

OVERARCHING STRATEGIC GOALS

The following four strategic goals have been adopted by the FirstNet organization:

1. Explore and build strong partnerships with local, state, tribal, and Federal jurisdictions.
2. Staff and establish a high-performance organization and a culture of excellence.
3. Ensure all resources are used efficiently to accomplish FirstNet's mission and demonstrate leadership towards self-sustainability to all external stakeholders.
4. Ensure the deployment and operation of a reliable, interoperable, and survivable nationwide LTE broadband network for public safety

These goals will guide our actions during the years to come. FirstNet has an important and difficult task ahead, but with the support of the public safety community, the private sector, and local, state, Federal, and tribal leaders, we strive to succeed in accomplishing our mission.

PARTNERSHIPS WITH LOCAL, STATE, TRIBAL, AND FEDERAL JURISDICTIONS



Partnerships with local, State, tribal, and Federal Jurisdictions

Exploring and building strong partnerships with local, state, tribal, and Federal jurisdictions by leveraging outreach opportunities

FirstNet is dedicated to the development of a sustainable outreach and consultation process consistent with our legal requirements. In this regard, FirstNet's goal is to ensure that the public safety community, public safety communications experts, state Chief Information Officer (CIOs), governor-appointed state single points of contact (SPOCs), tribal representatives, and all other relevant stakeholders engage in the consultation process and provide input into the state plans FirstNet will present for build out of the radio access network (RAN) in each state and territory.

STATE CONSULTATION

FY14 saw the formal start of FirstNet's statutorily mandated state consultation process. Per section 6206(c)(2) of the Act, FirstNet is required to consult, via the SPOCs, with "regional, state, tribal, and local jurisdictions" within all 56 states and territories on key areas including: 1) construction of a core network RAN build out, 2) placement of towers, 3) network coverage areas, 4) adequacy of security, reliability, resiliency, and hardening, 5) assignment of priority to local users, 6) assignment of priority and selection of entities seeking access to or use of the network, and 7) training needs of local users.

STATE CONSULTATION CHECKLISTS AND PLANNING ACTIVITIES

Considerable planning occurred before the FirstNet state consultation meetings began. Discussions in September 2013 led to a high-level framework for state consultation, and FirstNet state consultation staff members were hired in late 2013 and early 2014 to begin formally building the program.

Strategic planning for state consultation activities kicked off with a two-day state consultation process workshop conducted by the FirstNet team on January 16-17, 2014. The purpose of the workshop was to focus on the strategy and tactics needed to begin state consultation, including:

- Setting the strategic vision, goals, and objectives of consultation.
- Understanding purpose of outreach and consultation.
- Developing the overarching state consultation strategy.
- Transitioning the strategy into tactics for the initial consultations.



State Consultation with the State of Maryland

Development of the state consultation process continued with FirstNet delivering workshops to states and territories at NTIA conferences in February and March 2014. The purpose of these workshops was to obtain feedback from states and territories on FirstNet’s state consultation strategy, timeline, and approach.

FirstNet launched the formal state consultation program on April 30, 2014, by sending all 56 states and territories an “Initial State Consultation Package.” This package introduced the consultation process to the states, delivered a “Readiness Checklist” for the states to complete, sought information from the states that will help with FirstNet planning, and provided information on the topics and issues that would be discussed during the Initial State Consultation meetings. FirstNet also provided technical assistance conference calls to answer questions and provide additional clarity on the topics to each state/territory. The Readiness Checklist and technical calls covered a wide variety of discussion points, including:

- Attendees
- Consultation Process
- Eligible Users
- Governance Body
- Major State Events
- Outreach Planning
- Public Safety Stakeholders
- Scheduling
- State Specific Information
- Wireless Contracts
- Barriers
- Coverage
- FirstNet Updates
- Joint Outreach Planning
- Metropolitan/Rural/Tribal POCs
- Public Safety Meetings and Events
- Roles and Responsibilities
- State/Territory Updates
- State's Governance Process
- Next Steps

The top three discussion points across the states and territories were coverage, eligible users, and outreach planning.

Coverage. Coverage was the most frequently discussed topic in the technical assistance conference calls. FirstNet provided a description of coverage objectives and guided the conversation to help states consider their unique coverage needs. In addition, states described state-specific coverage priorities. For example, international borders and waterways present interoperability challenges for FirstNet’s final network. FirstNet explained the planning process to gather state input on coverage needs, including any tools that may be used in the process.

Eligible Users. States expressed interest in understanding the potential types of users of the FirstNet network. FirstNet and the states discussed plans to identify potential users for the network within the state, including local, tribal and other potential users.

Outreach Planning. Outreach maturity among the states ranged from fully operational to just getting underway during FY14. FirstNet and the states discussed the importance of aligning the outreach approach to ensure goals are complementary.

By the end of FY14:

- FirstNet completed technical assistance conference calls with 44 states and territories.
- FirstNet received completed and submitted Readiness Checklists from 27 states and territories.

PILOT STATE CONSULTATIONS

Before engaging in state consultation meetings nationwide, FirstNet piloted the meetings and process with Maryland, Minnesota, Oregon, and Washington. These pilot state consultations served to ensure that the process FirstNet was taking to the states was efficient and effective.

The pilots delivered important insights to FirstNet that we have leveraged as we continue the consultation process. The initial agenda was improved for future state consultations to bring additional information to the state earlier in the meeting and improve dialog around operational data and coverage priorities.

STATE USE-CASES

FirstNet also worked with states to have local public safety officials discuss real-life examples, or use-case scenarios, of how FirstNet could be utilized once the network is built. The use-cases discussed in the consultations provided several different scenarios unique to those states, such as pre-planned events, natural disasters, and planned responses. In each scenario, having the network operational would have likely improved the rapid communication of information on the ground to first responders, which will help them maintain their own safety as well as the safety of those whom they protect and serve.

Maryland Preakness Stakes

This use-case was presented by Chief Walsh of the Baltimore City Fire Department. The Preakness Stakes is the annual horse race that occurs on the third Saturday each May at the Pimlico racetrack in Baltimore, Maryland. The Preakness Stakes draws over 100,000 attendees each year and includes two weeks of events leading up to the main event. First responders that participate include law enforcement, fire, emergency medical services, transportation, special units, and Preakness Stakes/Pimlico resources. Chief Walsh noted several areas where current communications can be improved:

- **More Bandwidth:** A dependable broadband network is key.
- **Network Saturation:** Broadband coverage becomes unreliable with large groups - participants uploading live video feeds and photos, texting, and other data-draining activities congest the commercial networks.
- **Real-time data** (e.g., location, photos with geocoded information) is not available because the public safety entities do not have handheld devices for personnel in the field.

Washington Mudslide

Scott Honaker, Communications Coordinator for the Snohomish County Department of Emergency Management described the mudslide that occurred on March 22, 2014, in Oso, Washington. It was a massive landslide that impacted the Stillaguamish River and



Oso, Washington, Mudslide. March 2014.
Credit: Jonathan Godt, USGS.

flooded adjacent homes. The state highway, SR 530, was impassible and partially destroyed. A fiber line was cut leaving no services for phones, 911, or Internet in areas near the slide.

While the county 800MHz/VHF radio infrastructure worked well, the lone commercial cellular carrier was overloaded, which led to limited communications with the town of Darrington, Washington. The true extent of the disaster was not immediately realized, and initially, just two servicemen arrived at the scene with shovels.

Mr. Honaker described how greater situational awareness could have been developed with aerial photos and videos of the area provided by a public safety broadband network. The mudslide emphasized how public safety entities often must work across multiple platforms and agencies to achieve their mission, with the response including search, rescue, flood assistance, mass casualty/fatality evacuation, infrastructure failure, missing persons, mental health, volunteers, and donations. The disaster stressed the needs of first responders and the importance of reliability, resiliency, and the ability to recover quickly.

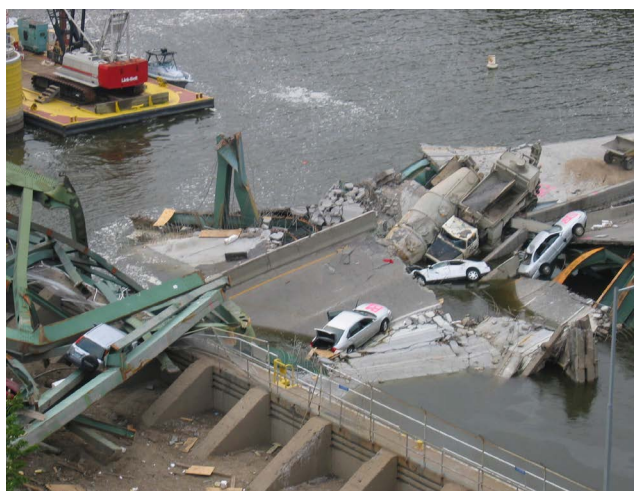
Minnesota Bridge Collapse

Chief John Fruetel of Minneapolis Fire described the I-35W bridge collapse that occurred August 1, 2007, in Minneapolis, Minnesota. The 1,907-foot bridge collapsed over the Mississippi River causing 13 fatalities and 145 injuries. There was a massive emergency response that included the Minneapolis Police Department, Minneapolis Fire Department, Hennepin County Sheriff's Office, U.S. Army Corps of Engineers, U.S. Coast Guard, FBI underwater search and evidence response team, U.S. Naval Sea System Command mobile diving and salvage teams, and twelve other public safety agencies from throughout the United States.

Wireless data was inoperable during the critical first hours of this event. Commercial cell coverage was lost immediately because of the high volume of public use, including from a Minnesota Twins baseball game that was in progress when the collapse occurred. When the stadium notified the 35,000 fans that they needed to find alternate routes home, many used their cell phones to call home and cell coverage was lost. This lack of real-time communication between the incident

commander and those deciding to evacuate the baseball game forced public safety to compete for commercial bandwidth.

In addition, the incident commander did not have real-time visual data of cars that had been on the bridge and had plunged into the water because they had to wait for hand-carried video portraying the moments before the bridge collapsed to know how many cars to search for in the river. Rescue crews were on each side of the river and had difficulties communicating with each other. Chief Fruetel said that dedicated mobile data would have enhanced response by providing key situational awareness.



I-35W Bridge Collapse in Minnesota. August 2007.
Credit: Federal Emergency Management Agency

Oregon Clackamas Mall Shooting

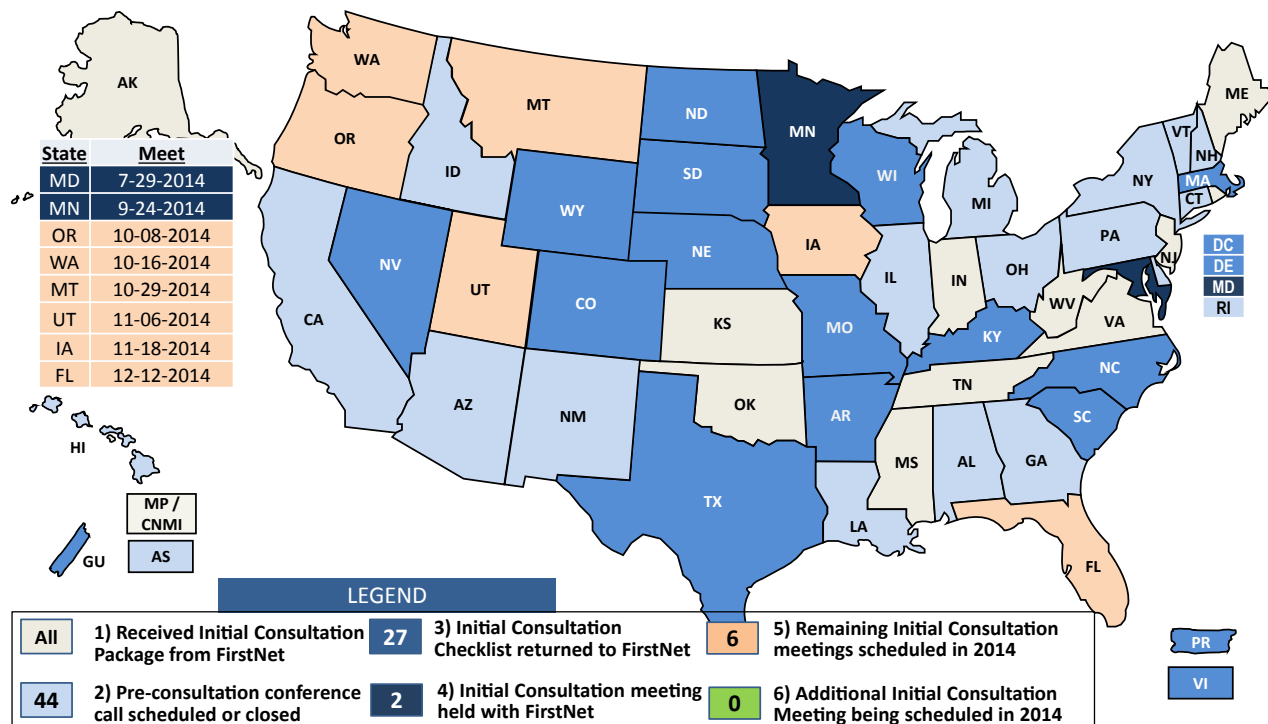
Cheryl Bledsoe from the Clackamas County 9-1-1 office discussed an incident involving an active shooter. This is a scenario that law enforcement, fire, and emergency medical services (EMS) responders prepared for with focused training. On December 11, 2012, an armed gunman entered the largest Clackamas shopping mall. The gunman fired 16 bullets, killed 2 people, and committed suicide. The public safety response included all local first responders and Federal responders. The cellular network was at full capacity, leaving no room for public safety communications since the commercial network providers do not offer priority or pre-emption for public safety specific users. Bledsoe commented that FirstNet could help in this type of event by enhancing support in areas related to 1) situational awareness, 2) interoperability communications, and 3) public information.

FUTURE STATE AND TERRITORY CONSULTATION

FirstNet will continue State Consultation meetings with the states and territories that have submitted completed Readiness Checklists. FirstNet will also continue to work with states and territories that have not yet submitted checklists to provide them information and assistance in order to submit the requested information. FirstNet expects to be able to complete all 56 initial state and territory consultation meetings in 2015.

Additional consultation meetings and engagements will also be scheduled in 2015. These meetings and engagements will be held with states and territories that have collected user and operational data to validate and capture that data for FirstNet planning and design. The number of additional consultation meetings and engagements scheduled is dependent on the states and territories and readiness for user and operational data discussions. We update our consultation meetings online every week. The most current listing and status can be viewed at

<http://firstnet.gov/consultation/meetings>.

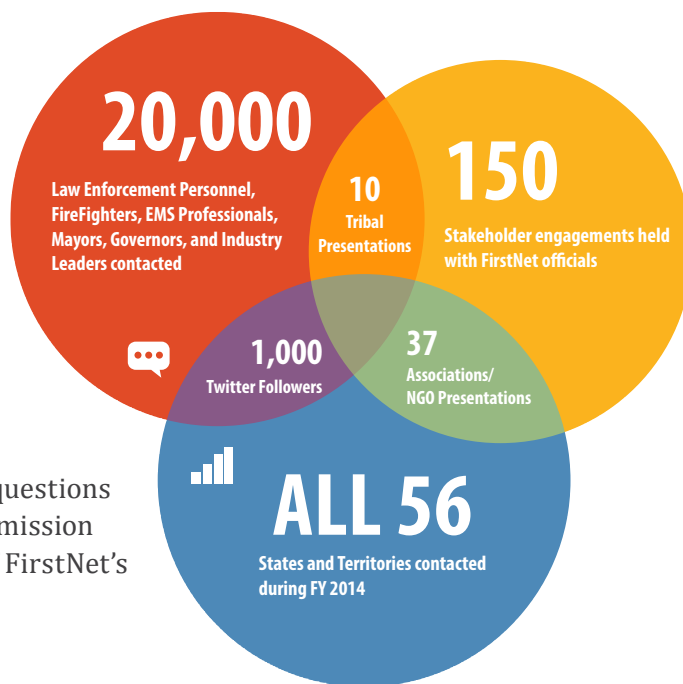


Status as of 9/30/14

OUTREACH INFORMATION

FirstNet has been actively engaged in delivering timely information to our stakeholders. In FY14, FirstNet staff provided presentations at over 150 stakeholder engagements reaching all 56 states and territories, 37 public safety associations and non-governmental organizations, 10 tribal organizations, the 14 Federal departments and agencies serving on the Emergency Communications Preparedness Center (ECPC),⁷ and 18 trade associations. The presentations addressed questions regarding FirstNet's history and its critical mission as well as updates on the implementation of FirstNet's Strategic Roadmap.

These engagements – webinars, meetings, seminars, and major conferences – helped put FirstNet in front of approximately 20,000 law enforcement personnel, fire fighters, EMS professionals, mayors, governors, industry leaders, and many other key stakeholders during FY14. These events offered the opportunity for FirstNet to deliver updates and progress reports to many interested parties. Participation in such a large number of events has helped FirstNet better highlight key items to public safety professionals, elected official, industry members, and press outlets. FirstNet public Board meetings also serve as opportunities for the organization to share information with all interested parties both live and via webcast as the Board discusses matters key to FirstNet's activities, including the state consultation progress, the public notice and comment process, and work toward the development of a comprehensive network RFP.



Outreach Accomplishments in FY14

LOCAL AND STATE OUTREACH AND CONSULTATION THROUGH STATE SINGLE POINTS OF CONTACT (SPOCS)

FirstNet increased its consultation with states and territories in FY14 through implementation of monthly conference calls by region and quarterly webinars with the SPOCs, in addition to supporting state outreach events. In FY14, FirstNet staff participated in 45 state-sponsored forums and two State and Local Implementation Grant Program workshops, conducted seven SPOC webinars, and held 80 monthly SPOC calls. All forums provided participants with direct access to FirstNet staff, the latest information regarding FirstNet progress and planning, and an opportunity for state teams to ask questions and prioritize resource requests. Among other things, FirstNet staff shared information on consultation and outreach efforts spanning multiple state jurisdictions related to tribes, Federal agencies, and public safety associations. Increasingly, the monthly SPOC calls became an interactive forum in which states shared their specific outreach successes and challenges, offered input to one another, and eased the way to share additional

⁷ The ECPC is comprised of 14 Federal departments and agencies: U.S. Departments of Agriculture, Commerce, Defense, Energy, Health and Human Services, Homeland Security, the Interior, Justice, Labor, State, Transportation, and the Treasury. The Federal Communications Commission and the General Services Administration are also members of the ECPC.

resources. In addition, weekly email updates to the SPOCs, initiated in June 2014, have increased the volume of information sharing. Lastly, FirstNet released, and regularly updates, a digital Outreach Toolkit available on the FirstNet.gov resources page,⁸ which includes fact sheets and presentations states can leverage for their outreach and consultation.

TRIBAL OUTREACH

In June 2013, Board member Kevin McGinnis was appointed to be the Board Liaison for tribal outreach. FirstNet participated in ten events sponsored by tribes on a regional and national level, attended the White House Tribal Nations Summit, and sponsored a multi-agency/tribal workshop and a tribal outreach webinar. FirstNet also conducted several in-person visits, including a



Tribal Outreach

June 2014 visit with Alaskan Native public safety providers. Following feedback from tribes and the states in the spring of 2013, and a commitment to assist across traditional state and territorial boundaries, FirstNet sponsored a one-day workshop in November 2013 to seek guidance from tribal representatives and Indian Country professionals on how to approach tribal outreach and education.

Tribal leaders from national and regional associations and public safety departments joined Kevin McGinnis and TJ Kennedy in setting the course for short-term effective outreach and education with federally recognized tribes. The outcomes were a draft plan for messaging priorities, identification of key tribal associations, information on logistics in working with tribal governments, a video training module “Indian Country Overview” to assist FirstNet staff and states in their outreach, increased invitations to tribal events, and an executable plan for the formation of a tribal working group under the auspices of the Public Safety Advisory Committee for continued advice and conversations.

Additionally, FirstNet hired a dedicated full time tribal outreach lead in FY14 and plans to further build this committed team in the coming year.

ENVIRONMENTAL AND HISTORIC PRESERVATION COORDINATION

In January 2014, FirstNet hired its Director of Environmental Compliance and its National Environmental Policy Act (“NEPA”) Coordinator, finalized a list of 19 Categorical Exclusions and Agency Implementing Procedures under NEPA, and initiated a series of meetings with the Council on Environmental Quality to discuss the most appropriate and efficient way for FirstNet to meet its NEPA compliance requirements for the network. It was concluded that the development of five programmatic environmental impact statements (“PEISs”) would be the best way for FirstNet to satisfy both its strategic goals and its compliance requirements. Coordination continued throughout the year with other Federal agencies including the U.S. Fish and Wildlife Service, the

⁸ FirstNet Resources, available at: <http://firstnet.gov/resources> (last accessed January 15, 2015).

Federal Communications Commission, the Advisory Council on Historic Preservation, and the Department of Interior. Two contracts were awarded in September 2014 for NEPA support services and the development of the five PEISs.

In July 2014, FirstNet hired its Federal Preservation Officer (“FPO”) to address compliance with the National Historic Preservation Act (“NHPA”). In addition to employee awareness training in Reston and Boulder on both NEPA and NHPA, the environmental team has briefed the Board on FirstNet’s statutory environmental and historic preservation responsibilities associated with the deployment of the network. In September 2014, the FPO began preparing the agency’s draft Tribal Consultation Policy, attended the White House’s Emerging Lidar Technology Federal Roundtable meeting, and began planning for multiple scoping meetings to be held at six locations throughout the country.

FEDERAL OUTREACH AND CONSULTATION

In late FY13, FirstNet established a formal relationship with the ECPC to serve as the primary body for Federal consultation to FirstNet. The ECPC, administered by the U.S. Department of Homeland Security Office of Emergency Communications, is the Federal interagency focal point for interoperable and operable emergency communications coordination. During FY14, FirstNet participated in ECPC Executive and Steering Committee meetings to provide the latest updates on FirstNet activities.

In February 2014, the ECPC created a FirstNet Consultation Working Group to support FirstNet by coordinating the collection of data related to the needs of Federal users and Federal assets that could be leveraged in building the network. Through three meetings, the group received briefings on detailed plans for state consultation and provided input regarding how FirstNet can best work with the 14 member departments and agencies. Many of the FirstNet Consultation Working Group members have established, or are in the process of establishing, governance bodies to coordinate future data collection efforts that will ultimately inform the 56 plans for the states and territories. Each department and agency has identified a single point of contact to make coordination with FirstNet more effective.



Federal Outreach

FirstNet now has a dedicated Federal outreach lead and is working to hire additional staff to actively engage each department and agency one-on-one in the coming fiscal year. FirstNet also plans to engage other non-ECPC member agencies in order to further consult with Federal departments and agencies both at headquarters and regional offices and begin data collection activities related to potential users and coverage requirements.

FEDERAL COMMUNICATIONS COMMISSION (FCC) OUTREACH

FirstNet continues to consult with the FCC on a range of issues as it plans for network build out and operation. FirstNet staff meets regularly with the Public Safety and Homeland Security Bureau on issues relating to Band 14 spectrum, working with the Bureau to permit experimental use of spectrum licensed to FirstNet that allows first responders to better understand the value of the network for their missions. Additionally, FirstNet has consulted with the FCC on FirstNet's public notice and comment process and has sought the FCC's expertise on issues relating to public safety users and NG911. FirstNet will be an important enabler for public safety when public safety answering points (PSAP's) migrate to next generation 911 (NG911) as dispatch centers will be able to send and receive data, photos, and videos to and from law enforcement personnel, firefighters, and EMS professionals while leveraging the FirstNet network. The FCC has been extremely helpful in providing insight on technical and network security issues.



Congressional Testimony

Technology Officer, RF Communications Division at Harris Corporation; Darryl Ackley, Cabinet Secretary, New Mexico Department of Information Technology; and Dereck Orr, Program Manager, Public Safety Communications Research, Office of Law Enforcement Standards at the National Institute of Standards and Technology (NIST).⁹

Separately, FirstNet staff continued meetings with staff and Members in both Houses of Congress, providing updates on FirstNet's actions throughout the year.

CONGRESSIONAL TESTIMONY AND BRIEFINGS

During FY14, FirstNet testified before the U.S. House of Representatives Committee on Energy and Commerce's Subcommittee on Communications and Technology on November 21, 2013. The hearing, entitled "Oversight of FirstNet and the Advancement of Public Safety Wireless Communications," included testimony from FirstNet's former Chair, Samuel Ginn; David Turetsky, then Chief of the Public Safety and Homeland Security Bureau at the FCC; Stu Davis, State Chief Information Officer and Assistant Director, Ohio Department of Administrative Services; Dennis M. Martinez, Chief

⁹ More information including Chair Ginn's testimony can be found at: <http://energycommerce.house.gov/hearing/oversight-firstnet-and-advancement-public-safety-wireless-communications> (last accessed January 14, 2015).

COMMUNICATIONS AND SOCIAL MEDIA

An important factor in all of FirstNet's outreach is how our message is disseminated. FirstNet is committed to being open and transparent and has increased its level of communications with stakeholders during FY14 through a new website and across several social media platforms. In March 2014, FirstNet launched its own website, establishing an online identity and providing an immediate, accessible outlet for information delivery. The FirstNet website receives approximately 17,000 visitors per month, and provides a one-stop shop for all FirstNet resources and information, such as access to live and archived Board presentations, fact sheets and other outreach material, vendor requests and information, and an active blog site.

FirstNet added to its online presence by launching several social media sites in FY14. In May 2014, FirstNet launched its Twitter account, delivering and highlighting FirstNet and industry news to over 1,000 followers in a real-time format. A Flickr site was also launched with a catalogue of more than 400 photographs – which are all available to stakeholders for use in developing their own presentations. In a similar format, the FirstNet YouTube site, also launched in FY14, offers a series of informative videos aimed at law enforcement, fire, EMS, and SPOCs.

STATE AND LOCAL IMPLEMENTATION GRANT PROGRAM (SLIGP)

SLIGP is a formula-based, matching grant program administered by NTIA, which awarded grants totaling \$116.56 million to 54 states and territories (recipients). The program is designed to assist regional, state, local, territorial, and tribal government entities as they plan for the network. SLIGP funding priorities include establishing a governance structure to consult with FirstNet, developing procedures to ensure local and tribal participation in the consultation process, creating a process for education and outreach around the network, identifying potential public safety users of the network, developing staffing plans that include local and tribal representation, and preparing a comprehensive plan describing the public safety needs that they expect FirstNet to address as part of their existing Statewide Communications Interoperability Plans (SCIP). The table below shows the Federal funds awarded to each recipient.

Recipient	Federal Funds Awarded	Recipient	Federal Funds Awarded
Alabama	\$2,044,932	Montana	\$1,816,415
Alaska	\$2,005,869	Nebraska	\$1,510,750
American Samoa	\$502,930	Nevada	\$1,972,666
Arizona	\$2,911,147	New Hampshire	\$879,887
Arkansas	\$1,595,711	New Jersey	\$2,711,928
California	\$5,676,786	New Mexico	\$1,899,423
Colorado	\$2,500,989	New York	\$4,867,212
Connecticut	\$1,406,257	North Carolina	\$3,203,088
Delaware	\$724,613	North Dakota	\$1,167,975
District of Columbia	\$636,722	Ohio	\$3,638,690
Florida	\$4,916,040	Oklahoma	\$1,924,814
Georgia	\$3,306,657	Oregon	\$2,148,448
Guam	\$529,300	Pennsylvania	\$3,955,098

Recipient	Federal Funds Awarded	Recipient	Federal Funds Awarded
Hawaii	\$872,075	Puerto Rico	\$1,432,624
Idaho	\$1,490,242	Rhode Island	\$755,863
Illinois	\$4,067,403	South Carolina	\$1,853,522
Indiana	\$2,354,504	South Dakota	\$1,238,103
Iowa	\$1,656,258	Tennessee	\$2,361,340
Kansas	\$1,800,790	Texas	\$5,859,404
Kentucky	\$1,852,548	U.S. Virgin Islands	\$515,628
Louisiana	\$1,928,721	Utah	\$1,782,235
Maine	\$1,045,904	Vermont	\$710,941
Maryland	\$1,985,361	Virginia	\$2,756,850
Massachusetts	\$2,162,120	Washington	\$2,642,591
Michigan	\$3,347,017	West Virginia	\$1,121,498
Minnesota	\$2,389,660	Wisconsin	\$2,294,933
Missouri	\$2,477,551	Wyoming	\$1,350,593
Total Awarded		\$116,560,626	

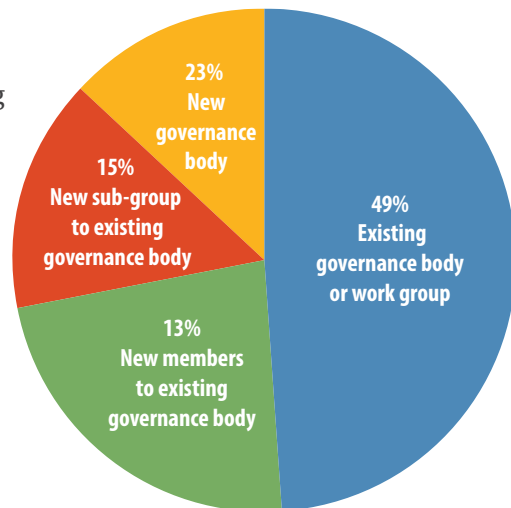
SLIGP Federal Funds Awarded by Recipient

SLIGP PHASE 1 ACTIVITIES

SLIGP Phase 1 provides funding for recipients to develop or enhance their governance, conduct education and outreach to all relevant stakeholders, prepare for consultation with FirstNet, identify potential users of the network, and update their SCIP.

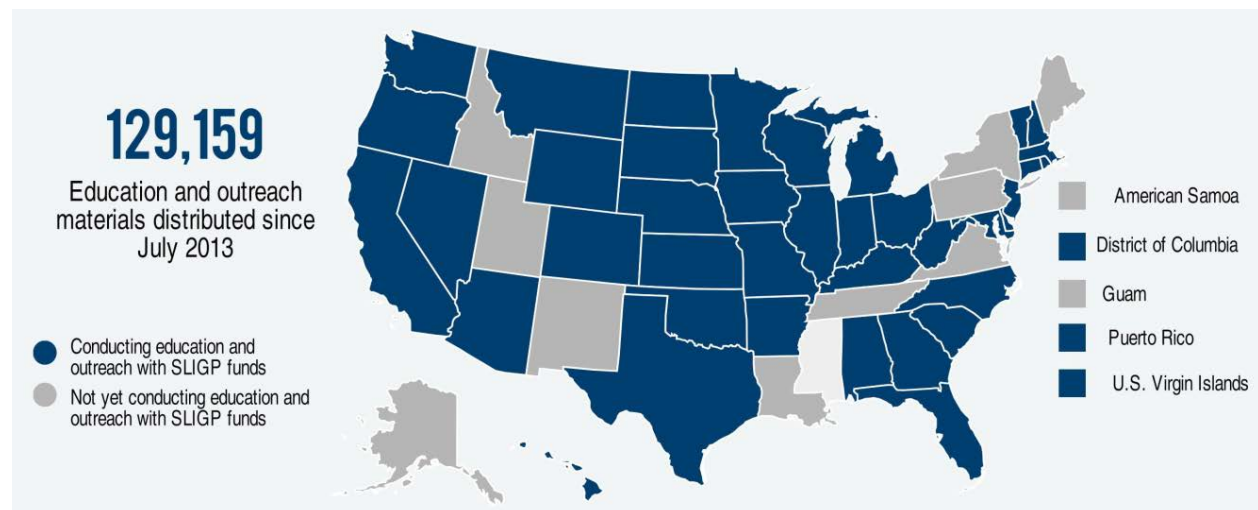
Governance

SLIGP funding priorities for governance activities include establishing a governance structure or expanding existing structures to ensure local and tribal representation, and preparing to consult with FirstNet. Recipients have taken different approaches to governance. Most states and territories elected to use existing governance groups that were set up to support their SCIP or related programs. Others added members, created committees, or created entirely new governance bodies specifically to support public safety broadband. The pie graph to the right shows the percentage of SLIGP recipients that have taken each approach, as of April 2014.



Education and Outreach

SLIGP funding priorities for education and outreach include developing an outreach plan to engage critical stakeholders across recipient states and territories. Outreach activities may also support identifying potential network users. As of September 2014, SLIGP recipients have developed and distributed over 129,150 outreach materials through websites, workshops, conferences, webinars, newsletters, emails, presentations, recipient-specific branding and logos, handouts, and social media sites like Twitter, Facebook, and YouTube.¹⁰



SLIGP Outreach Activities

FirstNet Consultation

Preparing for consultation with FirstNet is another key activity under SLIGP Phase 1. Recipients have elected to use SLIGP funds to respond to the FirstNet public notice and comprehensive RFI released in September 2014, reserve meeting space for consultation engagements, cover travel expenses for stakeholders from across the state or territory, and develop meeting materials.

SLIGP MONITORING ACTIVITIES

To best enable recipients and NTIA to be good stewards of Federal funds, the SLIGP program office monitors recipient progress toward SLIGP priorities through quarterly reporting and progress calls, site visits, and in-person engagements. The NTIA program office has an agreement with the NIST Grants Management Division to provide grants management support.

Quarterly Reporting and Progress Calls

Each quarter, SLIGP recipients are required to submit a performance progress report (“PPR”) to the program office detailing their progress against program milestones, details regarding their staffing and contractual support, and expenditures. NTIA reviews recipients’ PPRs, provide requests for clarification, and assist with any revisions. In conjunction with the PPR review process, NTIA conducts quarterly progress calls with each recipient to follow up on items reported in the PPR, answer any grants management questions, and discuss program successes and challenges that occurred during the quarter.

¹⁰ The state of Mississippi chose to decline its SLIGP grant and is therefore not a beneficiary of the program.

Site Visits

Through site visits, NTIA meets with recipient staff face-to-face to monitor for grant compliance, address any grants management concerns, and discuss progress relating to program priorities in greater detail than during the quarterly progress calls. NTIA conducted 9 site visits to recipients in FY14 and plan to conduct another 20 in FY15.

In-Person Engagements

In early 2014, NTIA hosted two regional workshops in Atlanta, GA, and Phoenix, AZ, to help states and territories provide input and prepare for FirstNet. The workshops provided a forum for recipients to interact with FirstNet and NTIA in person. Recipients discussed progress toward SLIGP priorities, shared best practices, and received compliance information from NTIA.

ORGANIZATION AND CULTURE OF EXCELLENCE



Organization and Culture of Excellence

Establish a culture of excellence and empower employees to attain FirstNet's goal to develop a high-performing organization

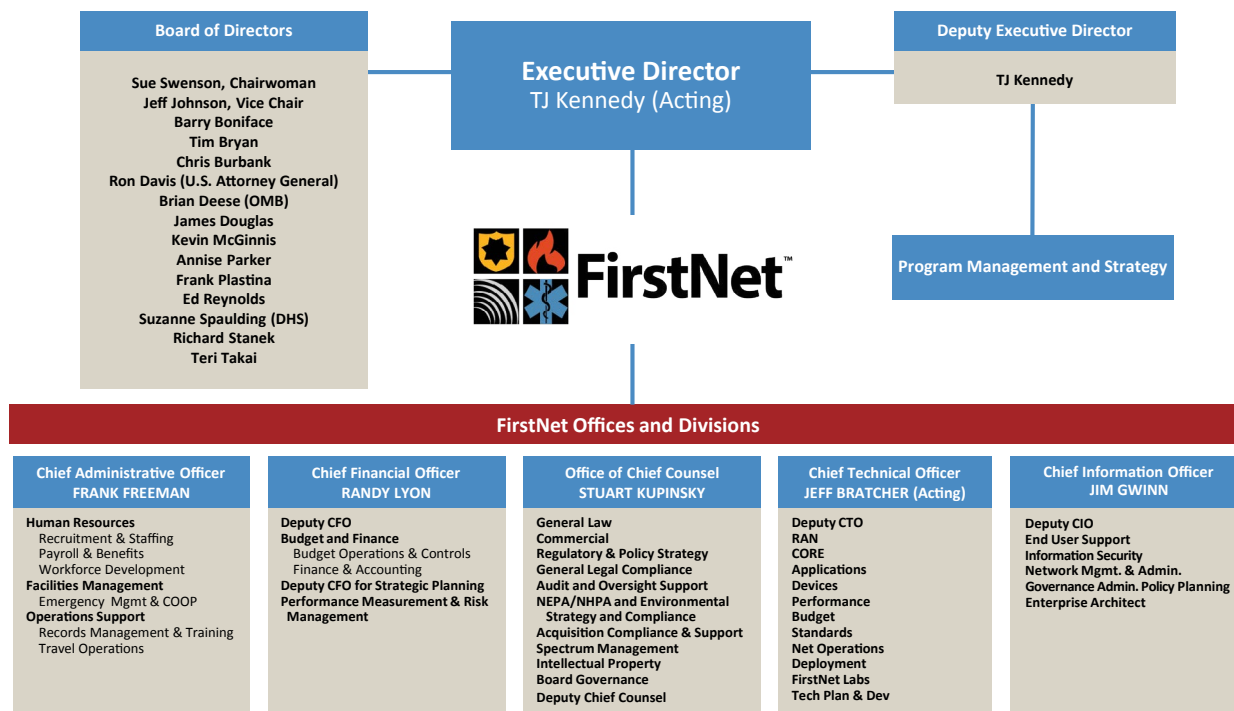
FirstNet was established to ensure priority wireless broadband communications services, devices, and applications to millions of public safety personnel at the local, state, tribal, and Federal levels. To best serve public safety, FirstNet must create an efficient, diverse, and effective organization – an organization that is open and transparent and that takes the best management and organizational concepts from the private and public sectors to meet the unique needs of our mission.

In FY14, FirstNet laid the groundwork to build a high performance organization with an entrepreneurial culture of innovation by recruiting, hiring, and retaining highly-skilled and dedicated Federal employees. FirstNet has focused on being a diverse and veteran-friendly organization that employs Federal staff from all three Federal Government services: the Competitive Service, the Excepted Service, and the Senior Executive Service.

As we continue to hire engineers, outreach personnel, and other experts to plan and deploy the network, the time it takes to bring this expertise on board can be improved. The level of skill, and expertise that FirstNet requires, is unique. It must leverage wireless broadband engineering talent and experienced public safety communications professionals, as well as senior management with private and public sector backgrounds. FirstNet, however, has struggled to hire the staff it needs in the timeframes required.

STRUCTURE AND ORGANIZATION

During FY14, FirstNet established its organizational structure, creating and staffing six management offices beneath the General Manager (renamed Executive Director in FY15). These offices and their requisite divisions structure FirstNet to allow it to take advantage of both private and public sector best practices when creating organizational processes and culture.



FirstNet Organization as of 2/1/15

BOARD MEMBERSHIP

As Congress directed, FirstNet is comprised of a fifteen-person Board, with the Secretary of Homeland Security, the Attorney General of the United States, and the Director of the Office of Management and Budget serving as permanent members. Congress charged the Secretary of Commerce (Secretary) with appointing twelve non-permanent Board members.¹¹

Our first Board Chair, Samuel Ginn, led the organization from its inception until the summer of 2014, when our new Chair, Sue Swenson, was appointed. In September 2014, five new Board members replaced those members whose terms had ended or who had stepped down. The five new Board members are:

- Chris Burbank, Chief of Police, Salt Lake City Police Department
- James H. Douglas, former Governor of Vermont
- Annise Parker, Mayor, City of Houston, Texas
- Frank Plastina, technology executive, North Carolina
- Richard Stanek, Sheriff, Hennepin County, Minnesota

These Board members replaced the following:

- Charles Dowd, Deputy Chief, New York City Police Department
- F. Craig Farrill, Wireless Telecommunications Executive
- Paul Fitzgerald, Sheriff, Story County, Iowa
- Samuel 'Sam' Ginn, Telecommunications Executive
- Wellington Webb, former Mayor, City of Denver, Colorado

¹¹ By law, the term of all non-permanent Board members is three years. The terms of the inaugural non-permanent Board members are staggered, with four members serving three years, four serving two years, and four members serving one year. Non-permanent Board membership is limited to two consecutive full three-year terms.

BOARD COMMITTEES AND FUNCTIONS

On December 17, 2013, the FirstNet Board passed Board Resolution 47,¹² which approved the charters of the (a) Finance Committee, (b) Governance and Personnel Committee, (c) Technology Committee, and (d) Outreach Committees of the Board.¹³

FINANCE COMMITTEE

The Finance Committee was established to review, approve, oversee, and recommend actions related to FirstNet's financial, budgetary, and business development activities.¹⁴ It also maintains oversight of FirstNet's compliance program.

Members of the Finance Committee: Tim Bryan, Brian Deese, Jim Douglas, Sue Swenson, Frank Plastina, Ed Reynolds.

GOVERNANCE AND PERSONNEL COMMITTEE

The Governance and Personnel Committee was established to review, approve, oversee, and recommend actions related to FirstNet's governance policies and procedures, employee hiring, and employee performance evaluations.

Members of the Governance and Personnel Committee: Barry Boniface, Tim Bryan, Jeffrey Johnson, Sue Swenson, Teri Takai.

TECHNOLOGY COMMITTEE

The Technology Committee was established to review, oversee and recommend actions related to FirstNet's medium and long-term technology strategies, plans, and research and development.

Members of the Technology Committee: Barry Boniface, Chris Burbank, Kevin McGinnis, Frank Plastina, Ed Reynolds, Suzanne Spaulding.

OUTREACH COMMITTEE

The Outreach Committee was established to review, approve, oversee, and recommend actions related to FirstNet's state, Federal, rural and tribal outreach and consultation and how those users will be provisioned and served.

Members of the Outreach Committee: Ron Davis, Jim Douglas, Jeffrey Johnson, Kevin McGinnis, Annise Parker, Suzanne Spaulding, Rich Stanek, Teri Takai.

¹² First Responder Network Authority, Board Resolution 47, available at: <http://www.firstnet.gov/sites/default/files/resolution-47-committee-charters-aug-2013.pdf> (last accessed January 9, 2015).

¹³ Committee charters may be found on the FirstNet website, available at: <http://firstnet.gov/board/committees> (last accessed January 9, 2015).

¹⁴ In September 2014, the full Board approved Board Resolution 62, delegating to the Finance Committee oversight of specific budget expenditures that would be deemed authorized expenditures of the Board.

THE FIRSTNET BOARD



Barry Boniface



Tim Bryan



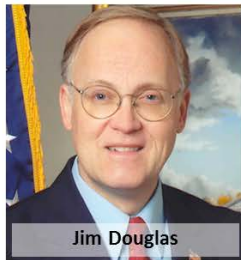
Chris Burbank



Ron Davis



Brian Deese



Jim Douglas



Jeffrey Johnson

Sue Swenson
Chair

Kevin McGinnis



Annise Parker



Frank Plastina



Ed Reynolds



Suzanne Spaulding



Rich Stanek



Teri Takai

Barry Boniface^{2,3}
Telecommunications executive and private equity investor
* Term expires August 2016

Jim Douglas^{1,4}
Former Governor of Vermont from 2003 to 2011
* Term expires August 2017

Frank Plastina^{1,3}
Telecommunications/technology executive
* Term expires August 2015

Tim Bryan^{1,2}
CEO, National Rural Telecom Cooperative
* Term expires August 2015

Jeffrey Johnson (Vice-Chair)^{2,4}
CEO, Western Fire Chiefs Assoc.; former Chair, Oregon State Interoperability Council
* Term expires August 2016

Ed Reynolds^{1,3}
Telecommunications executive (retired)
* Term expires August 2017

Chris Burbank³
Chief, Salt Lake City Police Dept.; First VP, Major Cities Chiefs Association
* Term expires August 2017

Sue Swenson (Chair)^{1,2}
Telecommunications / technology executive
* Term expires August 2016

Suzanne Spaulding^{3,4}
Representing the Secretary of the Department of Homeland Security
* Permanent Member

Ron Davis⁴
Representing the United States Attorney General
* Permanent Member

Kevin McGinnis^{3,4}
Chief/Community Paramedicine, North East Mobile Health Services
* Term expires August 2015

Rich Stanek⁴
Sheriff of Hennepin County, MN and National Sheriffs' Association Executive Committee Member
* Term expires August 2017

Brian Deese¹
Representing the Director of the Office of Management and Budget
* Permanent Member

Annise Parker¹
Current Mayor of Houston, Texas
* Term expires August 2015

Teri Takai^{2,4}
Government information technology expert; former CIO, States of Michigan and California
* Term expires August 2016

1. Finance Committee
2. Governance and Personnel Committee
3. Technology Committee
4. Outreach Committee

The FirstNet Board held a total of 8 public meetings during FY14 (4 public, in-person Board meetings, 3 public Board telephone conferences, and 1 public telephone conference by the Finance Committee). The Act requires a minimum of one public meeting of the Board per quarter. The dates for the public Board meetings were as follows:

- October 25, 2013 (phone)
- December 16-17, 2013
- March 10-11, 2014
- April 8, 2014 (phone)
- April 25, 2014 (Finance Committee via phone)
- June 2-3, 2014
- August 15, 2014 (phone)
- September 16-17, 2014

SENIOR MANAGEMENT

The executives of the organization focus on the technical, business, and legal requirements essential to making the network a reality. FirstNet senior management is comprised of the following positions and individuals:

- Executive Director, formerly General Manager¹⁵ – TJ Kennedy (Acting)¹⁶
- Deputy Executive Director – TJ Kennedy¹⁷
- Chief Counsel – Stuart Kupinsky
- Chief Financial Officer – Randolph Lyon
- Chief Administrative Officer – Frank Freeman
- Chief Technology Officer – Jeffrey Bratcher (Acting)¹⁸
- Chief Information Officer – Jim Gwinn

At the June 2014 Board meeting, Chair Sue Swenson announced that a search for a permanent Executive Director would be launched. This search is underway and is expected to be completed in fiscal year 2015.

CULTURE OF COMPLIANCE¹⁹

FY14 was a key turning point in FirstNet's growth as an organization and in its governance and oversight practices. For almost all of FY13, FirstNet's management staff were effectively the appointed members of the Board and all support services had to be provided by NTIA, the Department of Commerce, the Department of Commerce Office of Acquisition Management, and other third parties.

¹⁵ First Responder Network Authority, Revised Bylaws, available at: <http://www.firstnet.gov/sites/default/files/bylaws-of-firstnet-revised-december-2014%20%28board-meeting%29.pdf>.

¹⁶ FirstNet's first General Manager Mr. Bill D'Agostino stepped down from his position in April, 2014. Mr. Kennedy was then appointed in an Acting capacity.

¹⁷ *Id.*

¹⁸ FirstNet's first Chief Technology Officer, Ali Afrashteh, was selected in April 2014 and served for six months until December 2014 when it was announced that he was stepping down for personal reasons. FirstNet's current Deputy Technology Officer Jeffrey Bratcher, is filling the role of acting Chief Technology Officer while the search for a permanent replacement is underway.

¹⁹ On December 5, 2014, the Department of Commerce's Investigator General (IG) released their report entitled "FirstNet Must Strengthen Management of Financial Disclosures and Monitoring of Contracts," available at: <http://www.oig.doc.gov/Pages/FirstNet-Must-Strengthen-Management-of-Financial-Disclosures-and-Monitoring-of-Contracts.aspx>.

Since that time, however, the significant changes in the FirstNet organizational structure have provided greater resources, rigor, and oversight in the management of FirstNet operations. By hiring senior management leaders and staff during FY14, FirstNet has implemented policies and procedures that provide clear direction and structure for the organization. FirstNet has also incorporated lessons learned from an Inspector General report examining certain Department processes relating to Board member financial disclosure filing practices and identification of potential conflicts of interest and procurement oversight practices.

FirstNet has completed the following key compliance and governance efforts in FY14:

Hired an experienced management team in the areas of management, operations, user advocacy, technology, legal/compliance, finance, human resources, and administration. FirstNet's Chief Counsel was hired in early FY14, which enabled FirstNet to dedicate resources to create a compliance committee and implement key policies and procedures within FirstNet.

Implementation of a Program-Specific Compliance Program. To foster high ethical standards and address compliance-related risks associated with FirstNet, a compliance program was created, which is overseen by a cross-functional committee of senior executives and ultimately by the Finance Committee of the Board. This compliance committee, which includes all of the senior management team and the Deputy Chief Counsel is responsible for the day-to-day oversight and implementation of FirstNet's compliance program which leverages both commercial best practices and existing Department and NTIA requirements.

Developing of a set of core values to help firmly establish FirstNet's culture of compliance. These core values, which have been approved by the FirstNet Compliance Committee, establish a minimum set of principles and expected behaviors from all FirstNet staff and Board members.

Regular ethics and procurement training and oversight for Board members and FirstNet staff. Ongoing ethics education helps keep Board members and staff informed of their obligations relating to ethics issues and conflicts of interest in particular, while annually required procurement compliance training educates Board members and staff on the intricacies and regulations of the Federal procurement system. In addition to ongoing and annual training for Board members and staff, Board members are counseled on conflicts of interest prior to each Board meeting, reminded of their obligations under applicable ethics laws, including timely filing of financial disclosure reports, and the necessity to recuse themselves from any Board matters that could give rise to conflicts of interest concerns.



Chair Sue Swenson speaking to FirstNet team members



FirstNet Board Meeting

Developing FirstNet-specific policies and procedures to supplement Department of Commerce policies and guidelines. FirstNet continues to develop and implement relevant policies and procedures specific to FirstNet's unique mission. Certain key policies implemented in 2014 include a vendor communications policy that requires pre-clearance by FirstNet legal and/or Department of Commerce personnel prior to communications with parties who have a potential financial interest in FirstNet. FirstNet also has developed a policy to ensure timely submission of required reports, and a policy to ensure accurate timesheets.

Initiating internal risk assessments to help identify the greatest compliance risks FirstNet faces. The results help FirstNet evaluate vulnerabilities, develop mitigation strategies, and supplement current compliance efforts with additional safeguards as necessary.

FACILITIES

Key to any organization's operations and culture are its facilities. At FirstNet's inception, personnel were housed in temporary office space in the Department of Commerce's Herbert C. Hoover Building. Based on projected growth and limited office space, FirstNet could not permanently be housed in the Department of Commerce building, we therefore worked with the General Services Administration (GSA) to locate suitable office space.

FirstNet identified and secured office space in a facility that would make the best use of taxpayer's funds, while also meeting its needs. FirstNet's facility requirements were as follows:

- Available within 60 – 120 days to accommodate rapid on-boarding of staff
- Occupancy cost is competitive within the DC metro market
- Meets Federal Government security requirements
- Easy access to commercial airport
- Easy access to Department of Commerce, Congress, supporting Federal agencies
- Space available for long-term lease (5+ years)

Additionally, FirstNet looked at vacant Federal space before considering commercial market opportunities.



FirstNet's Reston Facilities at the USGS

RESTON, VIRGINIA

GSA conducted a search of available Federal space and proposed vacant space in the U.S. Geological Survey (USGS) building in Reston, Virginia. The USGS building had space that was immediately available for occupation/move-in and swing space to accommodate staff during renovations to upgrade the facility to meet FirstNet's needs. In June 2014, FirstNet moved into the USGS building where it occupies 21,600 square feet of office space. A renovation construction contract was awarded in September 2014 to improve the office space, with an estimated construction completion date of July 2015.

BOULDER, COLORADO

FirstNet's technical center and the Office of the Chief Technical Officer are located in Boulder, Colorado. The Boulder location enables interactions with the Department of Commerce's Public Safety Communications Research (PSCR) program, which is headquartered at the Department of Commerce laboratories in Boulder as well. The FirstNet Boulder location will also facilitate collaboration with telecommunication companies in the western United States. GSA procured a lease in a commercial building for 28,590 square feet. FirstNet plans to complete minor renovations to accommodate personnel growth in FY15.



FirstNet's Boulder, CO technical offices

RESOURCES, DEPLOYMENT, AND OPERATIONS



Resources, Deployment, and Operations

Ensuring the building, deployment, and operation of a reliable, interoperable and sustainable nationwide LTE broadband network for public safety

NETWORK AND DEPLOYMENT STRATEGY

COMPREHENSIVE NETWORK SOLUTION RFP

FirstNet's strategic program roadmap led to a procurement strategy focused on the development of a Comprehensive Network Solution RFP. The technical team within FirstNet narrowed its efforts on the completion of market research and the development of a strategy needed for this large-scale acquisition. In April 2014, FirstNet released an Applications RFI, bringing to 12 the number of RFIs issued across FY13 and FY14 that focused on individual components of the network. The results of these 12 RFIs, and the findings from numerous vendor meetings conducted by FirstNet, were studied and assisted in the development and release of the 13th RFI in September 2014 along with a draft Statement of Objectives. This RFI focused on soliciting feedback for a Comprehensive Network Solution as opposed to individual network components. This Comprehensive Network Solution RFI formed the basis for the FirstNet Procurement process that will lead to a final RFP that will identify commercial partner(s).

The FirstNet technical team is leading the analysis of the industry and public responses to the Comprehensive Network RFI, with support across the FirstNet organization. This analysis will result in a final Market Research Report that will inform the development of the Comprehensive Network Solution RFP and the specific acquisition documents that will be required for the RFP.

FirstNet received additional information from the public safety community regarding site hardening, which was outlined in a Public Safety Grade Report²⁰. The technical team, in conjunction with FirstNet's Public Safety Advisory Committee, began an analysis of the suggestions listed in the report to determine their applicability to the FirstNet network, their cost, and how they would affect user fees and sustainability.

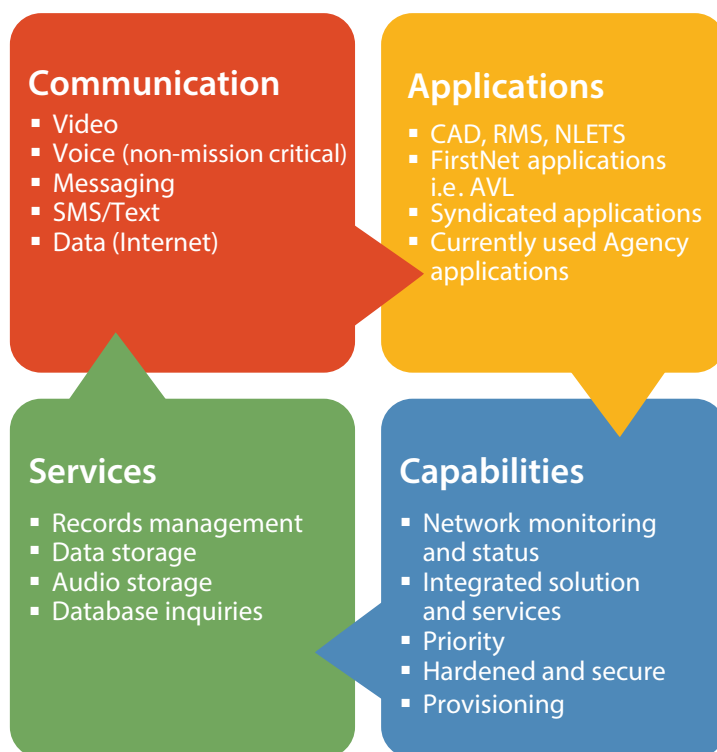


Figure 1. Key Elements of the FirstNet NPSBN

20 The National Public Safety Telecommunications Council, "Defining Public Safety Grade Systems and Facilities." May 22, 2014. Available at: http://www.npstc.org/download.jsp?tableId=37&column=217&id=3066&file=Public_Safety_Grade_Report_140522.pdf.

PUBLIC SAFETY ADVISORY COMMITTEE (PSAC)

The PSAC, a 40-member committee established in February 2013 pursuant to the Act, provided significant recommendations and advice to FirstNet in FY14 on critical issues through approximately 15 engagements, frequent calls with the Outreach Board Committee Chair, numerous meetings and calls with FirstNet management, and independent work by PSAC members outside regular engagements.²¹ The PSAC collaboratively developed and delivered the following documents to FirstNet this fiscal year:

- **Human Factors Report** (November 2013): Analyzes the long-range impacts of the network on the way law enforcement, fire, and EMS operate and consider the impact the network will have on their duties once it is built and operating.²²
- **Potential Users – National Public Safety Broadband Network (NPSBN)** (July 2014): Identifies and categorizes lists of potential network users.
- **Use Cases for Interfaces, Applications, and Capabilities for the NPSBN** (July 2014): Documents envisioned use cases for interfaces, applications, and capability for the network.

In June 2014, the FirstNet Board formally adopted the PSAC charter²³, which outlines the PSAC's management structure, and details how the PSAC will coordinate with FirstNet going forward. As requested by FirstNet, the PSAC is establishing a Tribal Working Group and an Early Builder Working Group. The Tribal Working Group is tasked with providing advice on tribal outreach, education, and inclusive consultation strategies to ensure full participation by tribal entities in the network. The Early Builder Working Group is tasked with providing advice on early builder strategies and lessons learned to assist in planning efforts for the network. Additionally, in the coming year FirstNet has tasked the PSAC with providing critical advice and recommendations on an initial framework for implementing access prioritization, user pre-emption, and prioritized application use.

FirstNet also participated in many PSAC member annual conferences and meetings, taking advantage of a valuable opportunity to reach the public safety community across all disciplines. FirstNet also hosted two public safety association engagements in April and September to provide DC-based association staff with the latest updates on FirstNet. These briefings were well received and will continue in the coming year.

PUBLIC SAFETY COMMUNICATIONS RESEARCH (PSCR) PROGRAM

The PSCR Program resides within the Department of Commerce laboratories in Boulder, Colorado, and is a joint effort between the NIST Communication Technology Lab and the NTIA Institute for Telecommunication Sciences. The PSCR program provides research, development, testing, and evaluation to foster nationwide public safety communications interoperability. PSCR has also taken a lead role in public safety broadband wireless communications standards development, testing, and evaluation. Drawing on critical requirements provided by public safety practitioners, the PSCR program provides leadership to wireline and wireless standards committees developing standards for voice, data, image, and video communications.

21 A full list of PSAC members and organizations is available at: <http://firstnet.gov/about/public-safety-advisory-committee> (last accessed January 12, 2015).

22 The FirstNet PSAC Human Factors Report, available at: <http://www.firstnet.gov/sites/default/files/PSAC%20Human%20Factors%20Report-FINAL.pdf>

23 First Responder Network Authority Board Resolution 59, available at: http://www.firstnet.gov/sites/default/files/Board%20Resolution%2059%20on%20PSAC%20Charter_0.pdf (last accessed January 12, 2015).

The PSCR Program continues to perform technical research and development work on behalf of FirstNet in the following three key areas via funding provided by an inter-agency agreement:

- Representing FirstNet in international standards development bodies, such as the 3rd Generation Partnership Project (“3GPP”) and the Alliance for Telecommunications Industry Solutions (“ATIS”) to ensure future FirstNet network requirements will be developed in the appropriate open standards processes (examples include: Push-To-Talk, Proximity Services, and Group Communications);
- Testing and Evaluation of key LTE features that are critical to FirstNet service offerings such as Quality of Service, priority usage, and pre-emption of secondary users in times of network congestion and overload; and
- Simulation and modeling efforts in support of developing approaches for cell site network planning and excess capacity analysis for secondary users.



PSCR Program housed in Boulder, Colorado

FirstNet utilization of PSCR for standards development

Working directly with PSCR, FirstNet continues to make significant progress within the worldwide standards body, Third Generation Partnership Project (3GPP), which is creating the technical specifications for LTE technology.²⁴ According to the 3GPP website, “(t)he 3GPP unites seven telecommunications standards development organizations ... known as ‘organizational partners’ and provides their members with a stable environment to produce the Reports and Specifications that define 3GPP technologies.”²⁵ As a result of this collaboration, FirstNet has helped to develop broad international coalitions to push for the prioritization of public safety standards development within 3GPP for LTE technology.

Testing, evaluation, modeling, and simulation

Through testing, evaluation, modeling, and simulation we have validated certain key elements and features for priority and preemption within the LTE environment. Further refinement is required and underway to fine-tune these elements. In addition, the FirstNet technical team has assisted in validating certain key assumptions within the FirstNet Strategic Roadmap, including the modeling of cell site locations nationwide and the amount of excess spectrum capacity that may be available for secondary use.

²⁴ In the enabling statute, FirstNet is assigned the responsibility of representing public safety at the formal standards bodies - Section 6206 (c) (7).

²⁵ About 3GPP, available at: <http://www.3gpp.org/about-3gpp/about-3gpp> (last accessed January 12, 2015).

Next steps for PSCR and PSAC Collaboration

FirstNet will continue to work with PSCR and the PSAC throughout the development of the network. We have already seen tremendous benefit from our cooperative relationship with PSCR and we look forward to achieving additional successes through the Inter-Agency Agreement. We will also be working very closely with the PSAC in order to help define the framework for priority and preemption on the network. Leveraging our public safety experts for this important task is crucial if we are to successfully reach a solution to these challenging undertakings.

Streamlining of Acquisition and Procurement

One major hurdle in the deployment of the network will be acquiring the equipment and services needed. FirstNet has followed the Federal Acquisition Regulation (FAR) to comply with the Act's "open and transparent" requirements.²⁶ The FAR process for acquiring goods and services, compared to private sector acquisition and procurement, is generally more cumbersome and costly, takes more time, and tends to provide less flexibility to allow for complex negotiations and future modifications of existing awards.

EARLY BUILDER PUBLIC SAFETY PROJECTS

During FY14, FirstNet executed three spectrum manager lease agreements (SMLAs), with Adams County in Colorado,²⁷ the State of New Jersey,²⁸ and, the State of Texas (allowing for public safety broadband network service in Harris County). FirstNet reached similar agreements in FY13 with the Los Angeles Regional Interoperable Communications System Authority ("LA-RICS") and the State of New Mexico. As a result, FirstNet now is able to work closely with five early builder projects to gather key learning lessons that will help drive efficiencies and better understanding of key factors important to the design and development of the FirstNet nationwide network. Four of these projects are funded through the NTIA Broadband Technology Opportunities Program (BTOP). The Harris County project was funded through a Department of Homeland security grant.

LA-RICS

The targeted key learning conditions plan for LA-RICS focuses on secondary responder partnerships, quality of service, and priority and preemption techniques to ensure the network properly serves public safety. Specifically, FirstNet seeks to learn from LA-RICS' efforts to establish partnerships with utilities and secondary responders, while ensuring the network mechanisms are in place to alert and manage operations during network congestion events that may impact performance to the end public safety user. As a fully functional network is required to commence testing of the technical aspects of this project, FirstNet has been supporting the project to date with planning, deployment, and implementation guidance. Construction began in November 2014 and is scheduled for completion by July 2015. FirstNet will continue to work with NTIA to monitor deployment progress.



²⁶ The FAR, codified in Parts 1 through 53 of Title 48 of the Code of Federal Regulations, generally governs acquisitions of goods and services by executive branch agencies, and implements numerous acquisition statuses.

²⁷ Adams County Communications Center, Inc.

²⁸ Through the State of New Jersey Office of Information Technology.

New Mexico

The New Mexico Early Builder network is being built to support several key goals that will also likely to be challenges for FirstNet. New Mexico is building sites adjacent to the Mexican border to understand the impacts of shared international spectrum use. Specifically, Mexico's choice of the Asia-Pacific Telecommunity band plan could pose significant interference on the border with the United States. Addressing these cross-border interference challenges will be a key learning opportunity for FirstNet. New Mexico is also developing key learning opportunities on Federal partner use of the network and integration of the radio access network to a remote core. FirstNet anticipates that within FY15, New Mexico will launch its LTE network, meeting the BTOP award funding and deadlines as coordinated with NTIA.



New Jersey

The State of New Jersey's key learning plan focuses on demonstration and documentation of the use and capabilities of rapidly deployable assets, conducting emergency management exercises and training activities with these deployable assets, and documenting best practice Network Operations Center notification approaches, including trouble ticketing, prioritization, reporting, and close-out. Given that deployable assets will likely be a key element of the network, FirstNet has worked actively and collaboratively with the state and NTIA to support planning and implementation of these capabilities. In FY15, we expect the New Jersey network to be deployed, integrated, and tested – commencing initial operations in three areas of the state. We also plan to continue implementation of the defined key learning objectives in concert with the state.



Texas

The SMLA with the State of Texas was executed in August 2014. Thirteen LTE sites, built under a FEMA Port Security grant awarded in 2011, cover a large area within Harris County, Texas, and already support some police and fire capabilities. Harris County is focusing on several operational key learning lesson opportunities, including operational training, operations during special events (when commercial networks sometimes reach capacity limits), analytics on user and network usage, and evaluating extended LTE coverage for rural areas. Further, the state will work with FirstNet to transition its local core network to the nationwide network. In combination, these key learning opportunities are expected to provide FirstNet with significant understanding of how to operate the network in the unique public safety environment.



Colorado

Adams County, Colorado's BTOP-funded network has 15 of 16 LTE sites on air and is beginning to gain public safety user interest. Adams County is focused on three key learning opportunities: user device testing, demonstrations of public safety functionality, and network performance testing. With close proximity to the FirstNet Boulder office, Adams County is well positioned to provide real-world learning opportunities critical to the development of initial network capabilities and ongoing evolution of devices and services.



In addition to the focus on the key learning opportunities defined in the key learning plans, FirstNet is also using these projects to gather informal key lessons learned that will also benefit the development of the nationwide network. These informal key learning opportunities continue to directly benefit our consultation and outreach teams, our RFP development teams, as well as other FirstNet offices.

FINANCIAL CONDITION

Developing cost containment measures to ensure all resources are used effectively to meet FirstNet's mission and demonstrate leadership towards self-sustainability to all external stakeholders

FINANCIAL CONDITION

Until FirstNet deploys a network and has reached critical mass of subscription paying users, the organization will continue to operate as a startup. During this phase, FirstNet's only sources of funding are NTIA's authority to borrow up to \$2 billion in initial capital from the Treasury and any proceeds from FCC auctions in excess of the amounts NTIA borrows up to an additional \$5 billion. To date, no operating revenues have been realized and spending from the borrowing has been focused on building the organization and implementing the Strategic Roadmap. Key spending priorities included putting in place the staffing - both federal and contracted experts - necessary to support the various consultation and outreach efforts that took place across the country, performing the market research, technical drafting of acquisition documents, reviewing RFI responses, and creating the internal capability required to support the FirstNet mission.

In FY13, NTIA borrowed \$37 million of the \$2 billion made available by the Act from the Treasury. In FY14, NTIA borrowed an additional \$1.96 billion. Cumulatively through FY14, NTIA has transferred \$43.3 million of these funds to FirstNet to support operations. Additional sums will be made available in future years as FirstNet continues to prepare for, and deploy the network.

In addition to the NTIA borrowing in FY14, the FCC completed its auction of the H block, raising \$1.56 billion. As required by the Act, \$1.22 billion (the auction proceeds, net of a deduction for funding FCC auction costs) reimbursed Treasury for that amount of the NTIA borrowing. At the end of FY14, NTIA and FirstNet had available approximately \$1.94 billion to support future activity. The AWS-3 auction has since had positive results and FirstNet is confident that the remaining authorized funding will be forthcoming.

FirstNet's operating results are highlighted in the table below, which contains summary financial data from FirstNet's audited FY13 Financial Report and unaudited FY14 financial results. While FirstNet believes that the financial data presented are accurate, FirstNet's FY14 financial results will be audited by an independent auditor procured by the Secretary of Commerce. Upon completion of the auditor's work, the results of the audit will be provided to Congress, the President, and the FirstNet Board and also will be made available to FirstNet stakeholders and the public on the FirstNet.gov website.

Selected Financial and Operating Data (\$ in Thousands)			
At September 30 and for the year ended - unaudited:	FY 2014	FY 2013	Percent Change FY 2013 vs FY2012
Financial Data			
Operating Revenues	-	-	n/a
Operating Expenses	24,388	17,002	43%
Other Income	71	-	n/a
Operating Deficit	24,317	17,002	43%
Net Deficit	22,662	17,002	33%
Contributions Received from NTIA to Fund Operations	23,129	18,023	28%
Total Assets	9,951	5,191	92%
Net Position	3,635	1,021	256%
Operating Data			
Number of Employees (Excluding Board Members)	75	8	838%

OPERATING RESULTS

FirstNet continued to operate pre-revenue in FY14. Operations were financed by an NTIA cash contribution of \$23.1 million and a receivable of \$2.2 million due from the funds NTIA borrowed from the Treasury. Before depreciation, total operating expenses during the year were \$24.3 million and FirstNet paid \$0.9 million to acquire capitalized assets. The operating expenses were a 43 percent increase over the prior year, primarily reflecting the increase in personnel and activities to execute the Strategic Roadmap. Contractor support costs also increased as FirstNet expanded its outside experts to include program management and communications specialists to support the Comprehensive Network Solution RFP development process and outreach and consultation activities, including establishing the FirstNet website.

SIGNIFICANT ACCOUNTING POLICIES AND SUMMARY FINANCIAL REPORT

Spectrum License Valuation

On November 15, 2012, the FCC granted FirstNet a license for use of the public safety broadband spectrum (763-768/793-798 MHz) and the adjacent D Block (758-763/788-793 MHz), a commercial spectrum block that the Act required the FCC to reallocate for public safety use, under the call sign WQQE234. In accordance with the Act, the license was granted to FirstNet at no cost. Further, under current law the license is not tradable or exchangeable in any market, and any valuation based upon potential cash flow would be speculative and unreliable as any usage of the license would be dependent on a future procurement by FirstNet to allow covered leasing agreements. Therefore, FirstNet does not present a value for the license in its financial statements at this time.

Presentation of Net Position and NTIA Borrowing

Under the Act, borrowing authority resides solely with NTIA and borrowed funds are maintained as a fund balance with Treasury in the Public Safety Trust Fund (PSTF), an NTIA Treasury account.²⁹ As such, when FirstNet incurs cash expenses (or purchases assets), NTIA pays these amounts on FirstNet's behalf without requirement for reimbursement. FirstNet reports these payments as contributed capital in the balance sheet and as a capital receivable to offset current liabilities.

Limitation on Administrative Expenses

In establishing FirstNet, Congress limited the amount FirstNet can spend on administrative expenses to \$100 million during the first 10 years of operation. Constraining administrative costs to this total (less than 1.5 percent of the \$7 billion of funding made available from auction receipts) may limit FirstNet's flexibility to grow and adapt as needed and may introduce risks to the program. After significant financial modeling, this cap has been identified as a future barrier for FirstNet progress because it is projected to limit administrative costs to impractical levels. Management estimates that to operate within the limitation, FirstNet and the public will have to accept risks to FirstNet operations necessitated by the requirement to limit FirstNet's internal capacity to manage human resource, budget and finance, procurement, information technology, board activities, and legal services that support the FirstNet program. As of September 30, 2014, FirstNet has paid \$8.5 million in administrative expenses subject to the limitation.

Summary of Administrative Expenses Paid Subject to Limitation (\$ in Thousands)	
10-Year Administrative Expenses Limitation	100,000
FY 2013 Administrative Expenses Paid	2,319
FY 2014 Administrative Expenses Paid	6,152
Cumulative Administrative Expenses Paid	8,471
Administrative Expenses Available for Payment in Future Periods	91,529

²⁹ Net Position is the excess of assets over liabilities.

Summary Financial Report (\$ in Thousands)			
FY 2014 Results Unaudited	FY 2014	FY 2013	Percent Change FY 2013 vs FY2012
Summary Balance Sheet			
Receivables	6,388	4,170	53%
Property, Plant and Equipment	2,404	-	n/a
Other Assets	1,159	1,021	14%
Total Assets	9,951	5,191	92%
Accounts Payable	5,216	3,931	33%
Other Liabilities	1,100	239	360%
Total Liabilities	6,316	4,170	51%
Net Position	3,635	1,021	256%
Total Liabilities and Net Position	9,951	5,191	92%
Summary Statement of Operations			
Operating Results			
Operating Expenses	24,388	17,002	43%
Less: Other Income	71	-	n/a
Net Cost of Operations	24,317	17,002	43%
Less: Gain on Donated Property Received	1,655	-	n/a
Net Deficit	22,662	17,002	33%
Summary Statement of Cash Flows			
Net Cash Used to Finance Operations and Asset Purchases	23,129	13,853	67%
Less: Capital Contributions - Received	23,129	13,853	67%
Cash Balance at Year End	-	-	n/a

CONCLUSION

FirstNet is a unique and complex organization with a purpose that comprises the essence of public service: to serve our states, cities, and communities by helping to make those whom they protect, safer each day. FirstNet's mission to ensure the building, deployment, and operation of the nationwide public safety broadband network has the potential to revolutionize public safety communications and fulfill the 9/11 Commission's recommendation. This network will increase the capabilities of public safety and protect the American people for years to come.

FirstNet made significant progress in FY14 towards realizing its mission. As evidenced in this report, FirstNet has used four strategic long-term goals to guide its actions during the past year and will continue to do so. During FY14, FirstNet laid the foundation for a high-performing organization that will be able to meet the needs of the public safety community by hiring its executive leadership and continuing to appoint thought leaders from public safety and the private and public sectors to the Board. FirstNet pursued its goal to build strong partnerships with local, state, tribal, and Federal public safety agencies by formally launching our statutorily required state consultation process, and by coordinated outreach efforts that reached over 20,000 police officers, fire fighters, emergency medical technicians, mayors, governors, industry leaders, and other key stakeholders.

FirstNet ensured resources are being used efficiently to accomplish our mission by establishing the FirstNet Finance Committee of the Board, establishing FirstNet-specific ethics and compliance policies, hiring a Chief Financial Officer, and by being highly efficient with its budget. Finally, FirstNet took key steps in FY14 towards the deployment and operation of a reliable, interoperable, and survivable network by issuing a public notice for comment regarding key legal interpretations of the Act, releasing a comprehensive network RFI – our thirteenth RFI thus far, releasing a draft Statement of Objectives for the acquisition of the nationwide network, and continuing progress towards the release of a draft RFP scheduled for spring 2015.

FirstNet looks toward the future with confidence that it has been given the necessary tools to ensure the construction of a network that will finally bring next generation priority wireless broadband communications to millions of first responders at the local, state, tribal, and Federal levels. FirstNet has a difficult task ahead, but with the support of the public safety community, the private sector, and local, state, Federal, and tribal leaders, we anticipate success in accomplishing our mission.

Additional Information:

Please visit our website for additional resources, Board presentations, and vendor communication contact forms at: www.firstnet.gov

For further information or questions, please contact FirstNet Office of Government Affairs at: governmentaffairs@firstnet.gov

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