

DATE ISSUED: November 30, 2005 REPORT NO. 05-237

ATTENTION: Honorable Mayor and City Council Docket of
December 5, 2005

SUBJECT: 800 MHz Public Safety Radio System Upgrade Procurement

REFERENCE: Public Safety Communications Project Status Report, Manager's Report
05-051, dated February 24, 2005
Public Safety Funding Plan, Manager's Report 04-101, dated May 7, 2004
Comprehensive Public Safety Needs Assessment, Manager's Report
04-057, dated March 12, 2004

SUMMARY

Issues

1. Should the City Council authorize the City Manager to award a contract to Motorola, Incorporated to purchase a SmartZone 4.1 Communications System Upgrade?
2. Should the City Council authorize the City Manager to enter into the Master Lease Purchase Agreement with Motorola, Incorporated to finance the SmartZone 4.1 Communications System Upgrade over a 7- year term?
3. Should the City Council authorize the City Manager to execute the Fifth Amendment to the Agreement between the City of San Diego and Motorola, Incorporated?
(Contract RR-276605)

Manager's Recommendations

1. Authorize the City Manager to award a contract to Motorola, Incorporated to provide a SmartZone 4.1 Communications System Upgrade.
2. Authorize the City Manager to execute the purchase of the SmartZone 4.1 Communications System Upgrade over a seven year period utilizing the Master Lease Purchase Agreement with Motorola, Incorporated.
3. Authorize the City Manager to execute the Fifth Amendment to the Agreement between the City of San Diego and Motorola, Incorporated. (Contract RR-276605)

Fiscal Impact - The City of San Diego received a proposal from Motorola, Incorporated for a 4.1 SmartZone Radio System Upgrade to the existing 800 MHz Public Safety Radio System for a total cost of \$15,100,150.09. The following is a cost breakdown for this project:

Motorola 4.1 SmartZone Pricing Summary		November 1, 2005
Equipment Sub-Total	\$9,986,146.16	
Integration Services Sub-Total	\$5,090,077.60	
Sub-Total	\$15,076,223.76	
Shipping Discount	(\$750,000.00)	
Sales Tax	\$773,926.33	
System Total	\$15,100,150.09	

The sales tax is paid upon delivery of the equipment and will be funded from the IT Fund as allocated in the FY 06 budget. Annual lease purchase payments for the remainder of the project cost over the 7 year period are projected to be approximately \$2.4 million, which will need to be appropriated as part of the FY07 budget process and subsequent years.

BACKGROUND

On March 2, 2005, the Office of the CIO appeared before the Public Safety and Neighborhood Services Committee to present an update on the status and implementation of the Public Safety Communications Project (PSCP) and interim steps being taken until funding can be allocated to meet this critical public safety need. The committee directed the City Manager to implement a contingency plan to upgrade the City's 800 MHz Radio System and other related components to ensure that Police and Fire Rescue Departments continue to be provided with reliable, cost effective wireless communications to meet their missions in serving the citizens of San Diego.

DISCUSSION

Upgrade of 800 MHz Public Safety Radio Communications System

The City's existing public safety communications systems were implemented in the late 1980s and early 1990s. The major systems installed at that time were the Police and Fire Rescue Facilities, the 800 MHz Radio System, the Mobile Data Terminal (MDT) System, the Digital Microwave System, and the 9-1-1 Dispatch and Computer Aided Dispatch Systems for Police and Fire-Rescue Departments. These systems were anticipated to have a 15-year life cycle, and were partially funded in 1991 through a voter-approved General Obligation Bond payable over a 20-year period. These debt payments (approximately \$2.3 million annually) are scheduled to be completed by FY 2012; as of June 30, 2005, the principal outstanding is \$13.0 million. Several of these systems have already undergone upgrades. The most critical public safety communications system placed in service as part of the General Obligation bond funded components were the 800 MHz Radio System. This radio system provides voice

communications for approximately 13,000 users, including Police, Fire Rescue, Water, MWWD, San Diego Unified School District, City of Poway, and the San Diego Community College District. The 800 MHz Radio System also provides critical interoperable communications to all first responder agencies within the County of San Diego and with the radio users utilizing the County's Regional Communications System (RCS).

The overall public safety communications plan that was approved by the Mayor and City Council in 2004 at an estimated cost of \$150 million is still a high priority unfunded need for the City. This contingency plan for the proposed upgrade of the radio system is a short term solution specifically focused to ensure that public safety departments have reliable communications.

The City was notified by Motorola, Incorporated that parts and equipment for the existing 800 MHz Radio System will only be available until December, 2006. After that time, there is no guarantee that sufficient parts will be available to maintain the existing 800 MHz Radio System. The timeline for upgrading this system is 12 to 18 months, and proactive planning and implementation for system replacement has reached a critical juncture.

In addition to the issues of age and reliability of the existing 800 MHz Radio System, there are improvements in technology that will enhance the City's public safety communications over the next seven years. The City and County have been working together on the implementation of a Regional Communications Plan that will deliver the highest level of interoperability with Federal, State and Local agencies through open standards, enhanced efficiency and effective use of public resources through shared systems and coordinated planning. Implementing this upgrade is consistent with this Regional Communications Plan.

The Master Lease Purchase Agreement with Motorola, Incorporated

The Office of the CIO, in partnership with the City Treasurer's Financing Services Division, assessed two lease-purchase financing options to fund this communications system upgrade. The team looked at the option of having Motorola, Incorporated finance the purchase. For over 30 years, Motorola Customer Financing has provided government agencies such as the City of San Diego with funding solutions to facilitate the acquisition of essential public safety communications equipment such as the 4.1 SmartZone Radio System Upgrade. The Master Lease Purchase Agreement presented by Motorola, Incorporated provides the City with funding over a seven year period. A second funding plan the team explored is the City's Equipment and Vehicle Financing Program (EVFP), operated to acquire equipment critical to City operations.

After analysis of both proposals it was determined that the financing terms offered by Motorola are more cost effective and the proposal offers the City more flexibility in terms of execution of the financing and accessing funds. Based on current interest rates, the borrowing rate offered by Motorola is approximately 4.62% which is projected to result in an annual lease payment of approximately \$2.4 million over a 7 year term. Actual interest rate and the lease payment obligation will be set at the time funds are drawn in installments when the project phasing occurs.

The Fifth Amendment to the Motorola, Incorporated Agreement

In September of 1990 the City of San Diego entered into the original Agreement (RR-276605) with Motorola, Incorporated for the 800 MHz Public Safety Radio Communications System and related infrastructure. Since that time, there have been four previous Amendments that included the procurement of equipment and services from Motorola, Incorporated to support this system and other wireless technologies utilized by the City. This Fifth Amendment is specific to the purchase of the equipment and services required to provide the City with the 4.1 SmartZone upgrade. Nothing in the Fifth Amendment affects any rights or obligations contained in the original Agreement or subsequent amendments.

CONCLUSION

The order for the 4.1 SmartZone Radio System Upgrade must be placed by the end of calendar year 2005 because Motorola, Incorporated will no longer be offering this technology for purchase after this time. It is crucially important to upgrade the current obsolete system and the required infrastructure to support it. Without critical public safety wireless communications system and equipment, reliable communications from dispatchers and management to police officers, fire crews, lifeguards and EMS responders could impact the City's ability to provide timely and dependable public safety services to our citizens.

Respectfully submitted,

Rey Arellano
Chief Information Officer

Approved: P. Lamont Ewell
City Manager

ARELLANO/SJL