



City of San Antonio

Agenda Memorandum

File Number:18-1810

Agenda Item Number: 4.

Agenda Date: 2/15/2018

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Ben Gorzell, Chief Financial Officer

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

San Antonio Public Safety Radio System

SUMMARY:

Approval of these ordinances will:

- A) Authorize a contract with Dailey & Wells Communications, Inc. for the purchase and commissioning of a Phase II Project 25 (P25) public safety radio system for a planned initial capital value of up to \$80,695,423 and ongoing maintenance and support for 15 years following full acceptance for a planned cost of \$27,255,136, to be funded by the City of San Antonio, Bexar, County, and CPS Energy.
- B) Approve the Interlocal Agreement between the City of San Antonio, CPS Energy and Bexar Country for Ownership and Management of a Public Safety Radio System.

BACKGROUND INFORMATION:

- A. In 2004, the City began use of a public safety grade radio system manufactured by Ericsson, Inc. that was installed by the system manufacturer and Dailey & Wells Communications, Inc. The system has been maintained by Dailey & Wells Communications, Inc., and to date, the system has realized 99.99% reliability. This system will reach end of life at the end of 2021, however the City has contractual guarantees from Dailey & Wells Communications, Inc. to maintain the current system through final system acceptance and full commissioning of a new system, regardless of the radio system provider.

On December 7, 2015, the City issued an RFQ to qualify vendors for the replacement and or extension of the current radio system. Five responses were received and four firms were deemed qualified.

The RFP was released on January 7, 2016 and allowed the previously qualified vendors to submit on one or both specific alternatives to the current system. Alternative I - Replacement of the San Antonio Public Safety Radio System and Alternative II - Provide Enhancements and Maintenance for the Legacy Radio System to extend the life of the current system. Both alternatives offered enhanced coverage requirements and new subscriber radios that would be forward compatible. To summarize the detail contained in each alternative, Alternative I had over 2,500 unique requirements. Alternative II had over 320 unique requirements. These requirements were designed and reviewed by the Project Technical Committee comprised of executive/management level representatives from SAFD, SAPD, the San Antonio Information Technology Services Department, Bexar County, and an expert from the City's radio system consultant firm, TeleVate. Eleven addenda were issued that addressed site visit protocols, deadline extensions, and vendor questions as well as clarifications to specifications based on questions received and responses provided. The City received submissions from two respondents on June 3, 2016. One response was from Dailey & Wells Communications, Inc. proposing a solution with Harris manufactured radios and components. The second response was from Central Electric proposing a solution with Motorola manufactured radios and components.

From June 2016 through October 2016, the Project Technical Committee, which now included the County's subject matter expert consultant from Black & Veatch as well as representatives from CPS Energy, met twice a week to discuss the technical merits of the two proposal alternatives. Over the duration of all Project Technical Committee review sessions, over 450 clarification questions were sent to the two respondents.

On October 18, 2016, following a briefing from the Project Technical Committee, an Executive Evaluation Committee comprised of individuals from the City Manager's Office, San Antonio Police, Fire and Information Technology Services Department, Bexar County Manager's Office, Bexar County Sheriff's Office, CPS Energy, UTSA and TechBloc provided unanimous consent to continue reviewing Alternative I - Replacement of the San Antonio Public Safety Radio System. City Council was briefed in an executive session on January 18, 2017, on the recommendation to move forward with Alternative I - Replacement of the San Antonio Public Safety Radio System.

In the following months, the Executive Evaluation Committee met to review information provided by the Project Technical Committee. In addition, select individuals from both of these groups conducted site visits where similarly scoped Project 25 (P25) radio systems were currently in place or under construction. These site visits were occurred in March of 2017 and took place in Houston, Miami, Los Angeles and Las Vegas. This group reported all lessons learned to the Executive Evaluation Committee for consideration.

Additionally, the City engaged Southwest Research Institute (SWRI) to perform testing of the portable radios being proposed by both vendors. Specifically SWRI was to: 1) validate that these radios met the military specifications required by the RFP and 2) subject the radios to specific additional fire testing outlined by the San Antonio Fire Department and not required by the RFP. SWRI concluded that the proposed radios from both manufacturers, Harris and Motorola, passed testing for the required RFP military specifications. With respect to the additional fire testing, the Motorola radios performed better than the Harris radios.

In June 2017, each respondent was allotted three days to provide oral presentations and product demonstrations to the Executive Evaluation and Project Technical Committees. Additionally, each respondent was asked to provide simulated radio environments and hands on access to all subscriber units

(portable and mobile) and console equipment and more than 700 surveys were completed by uniform and civilian radio users / operators regarding the equipment's form, fit and function.

One of the ideas taken from the field visits to other cities was how to best position the City to ensure that vendor performance, project delivery, and the placement of appropriate risk with the vendor. It was an effort to ensure clarity and equalize the business terms of the proposals to meet the specifications of the RFP prior to evaluation and scoring. The Executive Evaluation Committee created a sub-committee comprised of the two radio system consultants (City and County), internal and external legal counsel and individuals from the San Antonio Police, Fire and Information Technology Services Departments, Bexar County and CPS Energy to meet with both respondents in order to achieve these objectives. This sub-committee met with each respondent four times from August 2017 to September 2017. Following these parallel negotiations, both respondents were allowed to submit revised proposals to account for technical and contract term alignment. Following this exercise, the sub-committee reconvened and developed the structure for a Best & Final Offer request.

A request for a Best & Final Offer was released to both respondents on October 10, 2017 and responses were received on October 18, 2017. Subsequent clarification requests were sent to both vendors on October 30, 2017 and November 1, 2017.

The proposals were evaluated based on a total of 100 points: 15 points allotted for Experience, Background, and Qualifications; 40 points allotted for Proposed Plan (Executive Evaluation Committee-30 points and Project Technical Committee-10 points); 10 points allotted for Small Business Enterprise Prime Contract Program, 5 points allotted for the Mentorship Incentive API; 10 points allotted for the Local Preference Program; 5 Points allotted for the Veteran Owned Small Business Preference Program; and 15 points allotted for Respondent's pricing. A total of 10 points out of the Proposed Plan scoring criteria were allotted to the Technical Committee to score the technical merits of each proposal.

The Project Technical Committee convened on January 11, 2018 to score the technical merits. One pre-designated representative from the City of San Antonio Police, Fire and Information Technology Services Department, Bexar County and CPS Energy scored the purely technical aspects of Overall Solution & Design, Coverage, Subscriber / Console Equipment, Migration Plan, Implementation / Services, Operations & Maintenance and Vendor Innovativeness. Scores were collected and an aggregate score for each Respondent's technical solution was reserved for inclusion to the scores for the Executive Evaluation Committee.

The Executive Evaluation Committee convened on January 12, 2018 to complete the evaluation and scoring. The Evaluation Committee members scored each Respondent's Experience, Background & Qualifications and Proposed Plan. These scoring categories took into consideration the vendor's written proposals and oral presentations, experience and qualifications of the prime vendors, the proposed teams, ability to provide maintenance and support, the systems being proposed, transition plans, survey results, SWRI testing results, financial capabilities of the prime, technical committee scoring and input, and subscriber equipment. The Small Business Office scored the Small Business Prime Contract Program and Mentorship Incentive API. The Finance Department scored the pricing portion and presented the points assigned based on the Local Preference Program and the Veteran Owned Small Business Preference Program. Upon completion of comprehensive, fair, and thorough evaluation and scoring process, Dailey & Wells Communications, Inc. received the highest number of points with 86.16 points out of 100 available points. The Evaluation Committee recommended Dailey & Wells Communications, Inc. for contract award.

The City engaged representatives of Dailey & Wells Communications, Inc. in negotiations to finalize a proposed agreement. While a majority of the contract had been negotiated in the summer of 2017 as part of

the approach to negotiate with both vendors, the City identified other key contractual terms to be included in the agreement. One of those terms included a specific contractual provision dealing with the purchase of Fire portable radios. Harris is developing a Fire specific radio scheduled to be released in 2019. In the additional fire testing conducted by SWRI and not required in the RFP, the Motorola radios performed better than the Harris radios. In addition, the surveys of the portable radios by fire uniform personnel indicated a preference for the Motorola radio. While radios and subscriber equipment is only one of many requirements within the RFP, the City recognizes the importance of portable radios to firefighting. As such, we required specific language in the contract which provides flexibility on the purchase of fire radios. This contractual provision includes:

- The San Antonio Fire Department (SAFD) will have input into the design of new Harris fire radio.
- SAFD will conduct independent testing and its own field testing of the new Harris fire radio.
- SAFD, in its sole discretion, will purchase the best fire radio available which could be the new Harris fire radio, Motorola radio, or any other radio that operates on a P25 compliant system. The selection of a fire radio by SAFD would occur over the next 2 to 3 years.
- Additionally, if the Harris fire radio is not selected by SAFD, it has no impact on the threshold for flexibility on the quantity of hardware to be purchased, pricing, and discounts included in the contract with Dailey Wells. If the Harris fire radio is not purchased, the savings under the contract with Dailey Wells would be used towards the purchase of the radio selected by SAFD.

Other key contractual terms include the following:

System Implementation

- The scheduled for implementation of the new Phase II P25 System is 42 months.
- It includes 11 major milestones and on the ground testing with participation from first responders.
- The inclusion of delivery guarantees which ensure it is the vendor's responsibility to correct.
- The last 2 major milestones are the 60-day burn in and project completion. The 60-day burn in is the testing period with all parties on the system and confirmation that the system is ready for use. Of the capital cost, 14% is tied to the completion of these last two milestones.

Pricing

- The total planned capital expenditure is up to \$80.7 million to be shared by the City of San Antonio, Bexar County, and CPS Energy based upon the terms of the Interlocal Agreement. This amount includes \$1.3 million to exercise an option under the RFP to purchase 2 mobile towers that can be used in emergency situations or a catastrophic loss of a tower.
- The planned ongoing maintenance and support for 15 years following full acceptance of the system is \$27.3 million.
- The inclusion of contract guaranteed discounts for future purchases.
- A most favored nation pricing clause which provides for an additional bulk purchase of equipment in the future if more favorable pricing is provided by the vendor on a comparable system.
- Flexibility in the purchase of hardware quantities up to 5% with no impact on pricing or discounts. The fire portable radios are excluded from this threshold.

Project Protections

- The contract includes a letter of credit in the amount of \$500,000 that is renewable annually during system implementation. The letter of credit can be drawn upon if the vendor has been notified of a major default and the vendor has not been responsive.
- Liquidated damages of up to \$3.2 million if certain key milestones have not been met.

- A manufacturer guarantee from Harris Corporation that if Dailey Wells goes bankrupt or the City issues a notice of termination to Dailey Wells for non-performance, Harris Corporation assumes the remaining duties and obligations under the contract through system implementation.
- A performance and payment bond equal to the contract price and subscriber radio purchases.

B. The City of San Antonio, Bexar County, and CPS Energy negotiated an Interlocal Agreement for the ownership and operation of the public safety radio system. Bexar County Commissioner's Court approved the Interlocal Agreement on January 11, 2018. CPS Energy's Board approved the Interlocal Agreement on January 29, 2018. The Interlocal Agreement provides the basis for the governance structure of the upcoming Alamo Area Regional Radio System (AARRS). Per the Interlocal Agreement, the costs for all shared capital equipment will be apportioned as follows: City of San Antonio - 56%, CPS Energy - 22%, Bexar County - 22%. In addition, the Interlocal Agreement states that all costs for owner specific capital equipment will be borne entirely by such owner. The Interlocal Agreement apportions Operations and Maintenance (O&M) costs to each of the system owners. In the first two years following system delivery, O&M costs will be allocated in proportion to the number of radios each owner has programmed to access the radio system. In subsequent years, O&M costs will be allocated to each owner in proportion to each owner's average airtime usage.

ISSUE:

A. The new public safety radio system will provide the City of San Antonio with a P25 compliant radio system. P25 is a suite of technical standards utilized by public safety and first responders throughout the United States and in over 80 countries worldwide. This system will enable interoperability between agencies and jurisdictions regardless of the manufacturer of their radios or radio system. The new public safety radio system will allow for denser coverage throughout the City and greater coverage into more rural areas of Bexar County.

This contract will be awarded in compliance with the Small Business Economic Development Advocacy (SBEDA) Program. Dailey & Wells Communications, Inc. is a small, minority firm that received ten (10) evaluation preference points as they are located within the San Antonio Metropolitan Statistical Area and have agreed to meet the five percent (5%) small business enterprise (SBE) subcontracting goal. Further, Dailey & Wells Communications, Inc. also received the five (5) mentorship incentive points that were allocated for respondents that applied to become a mentor in the City's Mentor Protégé Program.

This contract was awarded in accordance with the Local Preference Program. Both respondents received 10 points for being headquartered within the City of San Antonio.

The Veteran-Owned Small Business Preference Program was applied to this contract; however, none of the respondent firms are Veteran owned therefore no points were awarded.

B. The Interlocal Agreement will provide the framework for operation of the new Phase II P25 public safety radio system. The Interlocal Agreement documents the terms for shared ownership of the new system including, but not limited to, financial contributions, fiscal controls, governance, management, vendor oversight, construction, testing, delivery, operation, maintenance, technology upgrades and enhancements, selection of equipment, and the admission of radio subscribers.

ALTERNATIVES:

- A. Should this contract not be approved, the City could continue to utilize the current public safety radio system; however, the current system would no longer be supportable beyond 2021 without upgrades. This could severely impact the ability for first responders to communicate during emergency situations.

Should the Interlocal Agreement not be approved, owners of the public safety radio system would not have an agreed upon structure for the allocation of system costs and governance of the system.

FISCAL IMPACT:

- A. Funding and cost sharing for total capital expenditures of up to \$80,695,423 associated with the Public Safety Radio System along with funding and cost sharing for ongoing maintenance and support for 15 years following full acceptance at a planned cost of \$27,255,136 are depicted in the table below.
- B. The Interlocal Agreement provides for the allocation of costs associated with the Public Safety Radio System.

| Expenditure (Type) | Entity | Cost |
|--------------------------------|---------------------|----------------------|
| | | |
| Agency Specific Capital | San Antonio | \$47,243,706 |
| | CPS Energy | \$14,402,991 |
| | Bexar County | \$17,750,125 |
| | | |
| -Mobile Towers | | \$1,298,601 |
| | | |
| Total Capital Costs | | \$80,695,423 |
| | | |
| Total Maintenance Costs | | \$27,255,136 |
| | | |
| Total System Cost | | \$107,950,559 |

RECOMMENDATION:

- A. Staff recommends the approval of the contract with Dailey & Wells Communications, Inc. for purchase and commissioning of a Phase II P25 public safety radio system for capital costs totaling up to \$80,695,423.

This contract was procured by means of a Request for Proposal and a Contracts Disclosure Form is required.

- B. Staff recommends approval of the Interlocal Agreement between the City of San Antonio, CPS Energy and Bexar County. The Interlocal Agreement provides for the allocation of costs associated with the Public Safety Radio System.