

AGENDA



Thursday, August 19, 2010

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 26

Subject: Authorize award, negotiation, and execution of a contract and a 60-month lease through the State of Texas Department of Information Resources cooperative purchasing program with MOTOROLA, INC., Austin, TX, for replacement radios in an amount not to exceed \$8,135,075.39 to be financed over the five-year period.

Amount and Source of Funding: Funding is contingent upon availability in future budgets. The first lease payment will be due in October 2011.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Mick Osborne, Specialist Sr. Buyer/974-2995

MBE/WBE: This Cooperative Contract is exempt from the MBE/WBE Ordinance. This exemption is in compliance with Chapter 2-9D of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). However, Motorola will subcontract with RZ Communications (MBE/MH) (3.13%). Related to Item #5.

The City of Austin must replace certain discontinued and unsupported radios to continue providing full radio communications functionality for public safety and public works departments. The Motorola Astro Spectra and Astro Spectra Plus mobile (in-car) radio, the Motorola XTS3000 portable (handheld) radio, and the Astro Spectra consolette (desktop model) have not been in production since 2004. Though they remain functional on our radio system, they will no longer be guaranteed service by Motorola effective December 31, 2010; therefore, will have to be removed from service and replaced when they fail. These models represent approximately 22% of all radios currently in use by City of Austin departments. This contract will replace these discontinued models with current versions that will continue to be supported for the next 7-10 years and beyond.

The replacement radios will be financed over a 5-year period, which will offer a number of advantages:

- Radios can be ordered immediately and put into service as quickly as they can be installed.
- Radios are offered at a deeper discount (27%) than is available on contract. (DIR contract discount is 20% for the APX-series radio.)
- The same discount pricing will be available to the Regional Radio System partners until December 31, 2010.
- The financing proposal carries no interest and no payment until November 1, 2011, and then is charged at a market-rate APR that is locked in at signing. At an estimated interest rate of 3.74%, the annual payment would be \$1,627,015.08, for a 5-year total of \$8,135,075.39. This makes the total estimated finance charge over five years \$565,803.10.
- The discounts and credits that apply to this offer total \$1,420,328.24, fully offsetting the estimated finance charge. Discounts and credits are itemized as follows: 27% pricing discount on APX-series mobile and portable radios (7% below DIR pricing) for a total savings of \$678,428.24; One-time "customer reference" discount of \$300,000; and Trade-in credit of \$300 per radio (total \$441,900), which can be applied to a planned system upgrade in 2011 and other radio system needs.

Though most of the radios needing replacement will be returned to Motorola (swapped for the new ones), rather than kept by the City, the Wireless Office will keep a small number of these on hand as spares for emergency use. Replacing all the radios up front rather than spreading out the deployment over the five-year period will add to the workload of the Wireless Office and will be scheduled along with other ongoing projects wherever possible, on a per-agency basis, with public safety being the top priority.