

County of Santa Clara

Office of the County Executive

Procurement Department



CE08 102009

Prepared by: Julie Toy
Procurement Manager

DATE: October 20, 2009

TO: Board of Supervisors

FROM: 
Jenti Vandertuig
Director of Procurement

SUBJECT: Acquisition of Motorola Products and Related Services.

RECOMMENDED ACTION

Approve delegation of authority to Director or Procurement, or designee, to negotiate, execute, amend, terminate, and take any and all necessary or advisable actions relating to Agreement No. 5500000391 with Motorola, Incorporated (Motorola) relating to providing Motorola public safety radios, voice and data communication equipment and related services in an amount not to exceed \$3,300,000 for period May 1, 2002 through December 31, 2009, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on December 31, 2009.

FISCAL IMPLICATIONS

There is no fiscal impact on the General Fund as a result of this action. County agencies and departments will utilize funds from their approved budget for these purchases.

CONTRACT HISTORY

In May 2002, the Director of Procurement awarded a three-year agreement with Motorola for the purchase of Motorola public safety radios, voice and data communication equipment, and related services. Subsequent amendments were executed to make administrative and business process changes, extend the term of the agreement through October 29,

2009 and increase the total value of the agreement to a not to exceed amount of \$2,000,000.

REASONS FOR RECOMMENDATION

County agencies and departments utilize the agreement with Motorola for purchases of Motorola products and related services to support their public safety radio, voice and data communication infrastructure.

The current agreement with Motorola has a not to exceed amount of \$2,000,000 with an expiration date of October 29, 2009. In June 2009, the Director of Procurement assigned staff in the department to analyze all telecommunications contracts, including the Motorola agreement. Based upon reports from SAP and information from Motorola, the Procurement Department determined that the County has spent approximately \$2,852,986 through June 30, 2009. In addition, County departments have placed orders in an amount totaling \$188,682.06 for the period July 1, 2009 through September 30, 2009. Based on the orders placed, the amounts expended, and anticipated purchases to be made between October 30, 2009 through December 31, 2009, an increase in the total value is necessary. The increase in the agreement value by \$1,300,000 for a total not to exceed amount of \$3,300,000 exceeds the \$2,000,000 signature authority of the Director of Procurement. Therefore, delegation of authority to the Director of Procurement, or designee, is recommended.

BACKGROUND

County Communications currently maintains public safety communications systems and equipment for several County and external agencies and departments, which includes approximately 3,000 mobile and portable hand-held radios (subscriber units) and communications infrastructure equipment located at forty-one sites throughout Santa Clara County. In November 1995, based on a formal solicitation, the County awarded a contract to Motorola for the purchase of public safety radios for the Office of the Sheriff, which replaced their twenty-five year old public safety radio system. As part of the Office of the Sheriff's radio upgrade, the existing county-wide public safety radio microwave communication infrastructure system was also upgraded and the capacity was expanded to support the agencies and departments. County Communications was the only authorized user of the Motorola contract. In August 1999, the Office of the Sheriff was added to the contract.

During the mid-to-late 1990's, the County began standardizing county-owned and operated radio communication systems to allow for greater audio coverage, more cost efficient systems maintenance and technical support, added enhanced multi-site simulcast capabilities for several radio communications systems, and to provide a common platform in support of the interoperability. Through this process twenty-three of the twenty-seven County radio systems have been upgraded from a "site-select" to simultaneous transmit from all transmit sites (simulcast) operation.

In May 2002, to meet the needs of the agencies and departments, the Procurement Department awarded a contract with Motorola to provide public safety radios, voice and data communication equipment and related services, as a sole source agreement based on the standards established by the County. Subsequently, the Western States Contract Alliance (WSCA) established a contract with Motorola based on a competitive solicitation process. The Procurement Department extended the current agreement with Motorola and took advantage of the pricing discounts offered by the WSCA agreement.

The County made a decision to decentralize the order process, which allowed departments to order directly with Motorola in lieu of County Communications. The Parks Department, Public Health EMS Agency, Department of Corrections, Office of the Sheriff, the Probation Department, and County Communications, the largest user, have utilized this agreement. Since this agreement commenced prior to the implementation of SAP in July 2003, the Procurement Department has had to rely on Motorola for spend data on orders placed prior to July 2003. From these reports, it was determined that major upgrades undertaken by the County were placed against this agreement rather than establishing individual orders after negotiating more favorable pricing based on economies of scale. In addition, the

Procurement Department also learned from these reports, that purchases were made for items not on contract, thereby contributing to the agreement exceeding its value.

The Procurement Department has noted the loopholes in the SAP system and is taking measures to incorporate a "hard-stop" thereby not allowing the agencies and departments to spend over the total value of the agreement. Steps are under way to work with the Office of the County Executive to communicate with all agencies and departments about their responsibility of only procuring items on contract. In addition, the Procurement Department will require SCVHHS to provide order status reports against each contract established since the SAP system is not utilized to place these orders. These steps will be used as a standard for contract administration in the future thereby minimizing the need to request retroactive approval.

Within the next three months, the Procurement Department will work with the Communications Department to establish two agreements, one for the purchase of the public safety, voice and data communications equipment and related services which will be managed by the Communications Department for the entire County and another agreement for the purchase of related accessories which will be utilized by all county departments and agencies.

CONSEQUENCES OF NEGATIVE ACTION

Failure to approve the recommended action would prevent the County agencies and departments from purchasing Motorola safety radios, voice and data communication equipment and related services through the agreement, resulting in necessary purchases being made on a departmental basis. The County would not realize the cost saving benefits of consolidating these purchases.