

Sole Source Justification Form

Requesting Agency/University: Central Management Services	Date: 9/10/10	Proposed Contract Number: CMS1534610
Name of Requestor: Leanne Goldsby	Department: BCCS Acquisitions & Inventory Management	
Project Title: Starcom21 statewide master contract - PBC 10-53461		
Vendor: Motorola, Inc.	Value of Initial Term: \$207,864,678.00	Value is: <input type="checkbox"/> Actual <input checked="" type="checkbox"/> Estimated
Procurement Bulletin Notice Number: 22020110	Date of Procurement Bulletin Posting:	
Sole Source Hearing Date: September 28, 2010	Sole Source Hearing Time: 1:00 PM	Sole Source Hearing Location: Suite 9-036 at James R. Thompson Center in Chicago will connect to Room 500 1/2 Stratton Bldg in Springfield via videoconference

Term:

One Time Purchase

Term Contract Proposed Sole Source Contract Begin Date: 9/28/11 Proposed Sole Source Contract End Date: 9/27/21

Number of Potential Renewals: 0 Length of Each Renewal in Months: 0 Total Value of All Renewals: \$0.00

Professional and Artistic? Yes No Sole Source may not be used for amendments for Professional or Artistic Services if the amendment would increase the value by more than 5% of the initial award or extend the term by more than 60 days.

This is a: New Sole Source Change Order or Amendment to an Existing Sole Source Continuation of Vendor Responsibilities to an Existing Sole Source Pre-negotiated Renewal

New Sole Economically Feasible Source

Provide a description of the supplies or services required: Execute a 10 year statewide master contract with Motorola for continued use of the existing STARCOM21 network and service. The service includes the ability to maintain and/or replace existing Motorola radio equipment as well as buy/install new equipment as necessary. Motorola would continue to own, manage and maintain the network.

Funding

Select the type of funding to be used:

Federal Funds State Appropriated Funds State Grant Funds Other (Explain):

This purchase is economically only available from a single source because it is:

Art or Entertainment Services or Athletic Events

Compatibility of Equipment, Accessories, Replacement Parts or Service

Critical Changes to Existing Contract Are Necessary and Best Accomplished by the Contract Holder

Federal/State Grant Requires Contract with Vendor

Item is Copyrighted or Patented and the Item is Only Available from the Holder - Copyright or Patent Number(s):

Item is to be Procured for Commercial Resale

Items Are Needed for Trial Use or Testing

Mandated Organizations (Dues, Membership Fees, Travel, Lodging, Facility Usage Fees)

Media for Advertising

Necessary Adjustment of Utility Facilities in Conjunction with Highway Construction

Public Utility Regulated Services

Radio and Television Broadcast Rights

Railroad Crossings/Facilities Alterations - Proprietary

Software License/Upgrade/Maintenance

Other (Explain):

Has the Agency or University purchased these supplies/services in the past? Yes No

If yes, STARTING WITH THE MOST RECENT CONTRACT AND WORKING BACKWARD, for the entire relationship with this vendor for this supply or service, list each term, amendment or extension and the value of each:

Term:	Term From:	Term To:	Value:	Competitively Bid, Sole Source, Small Purchase, Amendment, Extension, Emergency or Renewal?
One	9/28/01	9/27/10	\$50,712,000.00	Competitively Bid
Two			\$	Select One
Three			\$	Select One
Four			\$	Select One
Five			\$	Select One
Six			\$	Select One
Seven			\$	Select One
Eight			\$	Select One
Nine			\$	Select One
Ten			\$	Select One

If more than 10 years, explain:

Business Rationale

1. Provide a detailed explanation of the need for the supplies or services: The STARCOM21 network provides the day-to-day 2-way radio communication needs of over 6,000 state agency subscribers as well as ~8,500 public safety and public service subscribers from various governmental and non-governmental entities. It also provides emergency communication capability for over 3,300 subscribers to enable an enhanced interoperable response to disaster and emergency situations that occur in the state. The network allows the state to effectively address homeland security and interoperability concerns. It also figures prominently in the Statewide Communications Interoperability Plan (SCIP) which identifies a statewide strategy in Illinois that focuses on establishing a single platform so all public safety agencies can share emergency information. It is imperative the state continue the use of this network.
2. Why are the requested supplies or services the only one that can satisfy your requirements? refer to question 1 response

4. If services, what are the unique qualifications this vendor possesses? Provide specific, measurable factors/qualifications:
5. Were alternative supplies or services evaluated? Yes No
- 5a. If yes, what were they and why were they unacceptable? Please be specific with regard to features, characteristics, requirements, capabilities and compatibility.
- 5b. If no, why were alternatives not evaluated? There are very few statewide systems that are configured and administered in a similar way to that of STARCOM21. The network and service are owned by Motorola and leased back to the state for a monthly per user service fee. This type of model is rare. After reviewing other systems in the US, systems that would be considered comparable in terms of size and number of users have service fees in the \$70-\$80 range for similar wide area coverage. This makes the Motorola proposed wide area rate of \$76/mo/subscriber reasonable as a starting point for negotiations to maintain the same level of service we are getting now. The overall administration, maintenance and support of the network would be included in that fee for STARCOM21. It would also include upgrades to the network hardware and software at no additional cost to the state. Motorola also proposes to maintain its 25% discount off the current list price in the Motorola catalog for STARCOM21 related equipment (with the exception of the APX series radios). It is important to note that the State is not contractually required to buy only Motorola equipment but there is an operational incentive to do so.
6. What efforts were made to get the best possible price? Motorola was asked to provide a proposed price based on the State's requirement to maintain the same level of service we have been accustomed to and has been detailed in the current contract. Our current price of \$53/mo/subscriber for wide area coverage has been level for the life of the existing contract starting in 2001. The proposed price of \$76/mo/subscriber has been adjusted for inflation and higher operating costs and is considered reasonable compared to industry norms. CMS expects to negotiate a lower cost during contract negotiations.
7. Will this purchase obligate the State to this vendor for future purchases, i.e. maintenance, licensing or continuing need? Yes No
- 7a. If yes, please provide details regarding future obligations and/or needs:
8. Why is the price for this purchase considered to be fair and reasonable? refer to question 5b response
9. If this is a renewal, describe why circumstances are such that competitive selection is still not an alternative since awarding the original contract: n/a
10. What will be the financial or other impact to the State if this sole source is not approved and a competitive bid is required? It is the state's opinion that if this procurement was competitively bid Motorola would win the award if it chose to bid. This is primarily because Motorola is the only vendor who has a service in place that meets our needs. It was built according to our requirements. It is expected they would be the lone bidder. However forcing a competitive bid would invalidate Motorola's proposed "no competition" pre-negotiation price and would force Motorola to be competitive and propose prices that would ensure a greater return on their investment. This may ultimately mean a higher price and less favorable terms from Motorola than we would be able to get non-competitively.

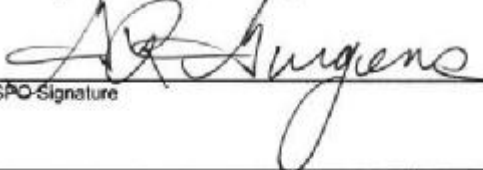
There is also no guarantee Motorola would choose to bid. They have a substantial investment in STARCOM21. However letting it disband and split into smaller sub-systems could prove to be a more profitable model for them. If Motorola chose not to bid the state would have to shoulder the significant capital investment required to bid the building of a new network or buy the existing network. The impact of either of these options would be felt by all of the subscribers on the network as they would be forced to endure a long difficult transition to a new solution. Many subscribers may choose to embark on their own system acquisitions or go with a new state solution. In either case the financial and operational impact would be too much too bear.

It is expected that due to the complexity of STARCOM21 a new solution would take 4-7 years, based on our experience of deploying STARCOM21, to bid, award, plan, build and transition to a new network that meets the state's requirements.

Some of the primary benefits of STARCOM21 are the shared system economies of scale afforded by the network. Subscribers are able to use a statewide system that meets their needs without the substantial investment of building one themselves. The system was built with the expectation that resources would be pooled and leveraged so subscribers wouldn't have to bear that cost. Discontinuing STARCOM21 could mean that subscribers who shared their resources may choose to request their resources be given back, which is technically complex and directly impacts service on the network. Without pooling resources creating a network that provides the Grade of Service and statewide coverage the state requires would be impossible. Once existing subscriber agreements expire with the existing contract and those resources are released there is no guarantee they would be pooled together again in a new network solution.

The operational impact of transition to a new system would also be a major factor. Creating new operating procedures and training is costly and time consuming. Transitioning to a new solution would also negate any progress that has been made in the area of interoperability as many communities recognize STARCOM21 as the interoperable platform for Illinois. It would directly impact the Statewide Communications Interoperability Plan (SCIP) which identifies a statewide strategy in Illinois that focuses on establishing a single platform so all public safety agencies can share emergency information.

SPO Approval and Signature Required


SPO Signature

G. R. Gurgens
Printed Name

9/9/10
Date

SPO Telephone Number

G.R.Gurgens@Illinois.gov
SPO Email Address