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DuPage's no-bid emergency radio contract with Motorola is in shambles

By Bill Ruthhart, Tribune reporter

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When DuPage County decided it needed a new emergency radio network, it saw no reason to shop around.

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DuPage's Emergency Telephone System Board awarded a no-bid, \$7 million contract — funded through fees on landline and cell phone users' bills — to industry giant Motorola. In return, the Schaumburg-based company would build the county a nine-tower, five-channel radio network in 10 months.

But four years later, the cost of the contract has quadrupled to \$28.6 million, DuPage is still using its old radio system and the county has abandoned plans for its own network.

The long delays and rising costs stem from a hastily approved contract that DuPage officials justified as exempt from competitive bids and signed despite warnings, the Tribune found.

The county's reasoning was that a state contract had cleared the way by settling on the lowest prices for the equipment. But the newspaper's review of records found the state contract didn't include infrastructure such as towers or transmitters and receivers that DuPage needed.

Now, instead of owning its radio system and never paying monthly usage fees, DuPage will spend the \$28.6 million to rent space on an existing Motorola network, leaving the telephone system's board — and thus the county's phone users — on the hook for millions in future fees.

The new radio network stems from federal regulations following the Sept. 11 terror attacks that urged emergency responders to use "interoperable" systems — ones that have the capability to communicate with other departments on radio frequencies. The DuPage system would serve the sheriff's department and also is expected to provide service for police and fire agencies, with the exception of Naperville and Burr Ridge, which operate on other networks.

For Motorola, the DuPage deal secures the county's business for years to come, including future radios and airtime charges — all without facing competition.

It's not the first time the company has been so fortunate. In October, the Chicago inspector general determined that officials with the city's 911 center circumvented competitive bidding rules to grant Motorola a \$23 million digital-radio contract.

Warnings ignored

The highly technical nature of the DuPage deal and its handling by an obscure board resulted in little scrutiny of the contract.

But the DuPage Mayors and Managers Conference and others tried to stop or slow it.

"We had real concerns about the lack of a competitive bidding process, because we weren't sure if the best prices were being secured," said Mark Baloga, the conference's executive director. "And secondly, the contract specifications were left very open-ended, so we weren't sure what we'd be getting."

However, the will of the 32 mayors and managers fell on deaf ears, and the telephone system board — its members appointed by the County Board — approved the contract 6-1 in September 2006.

John Perry, then Woodridge's village administrator, was the lone "no" vote.

"The board brought that contract forward too quickly," Perry said. "There was a process out there, options to consider, and then suddenly this must-approve contract was in front of us. We didn't go through all the due diligence."

Motorola declined to discuss specifics of the contract. Company spokesman Matthew Messinger said it is Motorola's policy not to talk about its work for a customer.

The customer, DuPage's telephone board, is funded by a 50-cent monthly surcharge on landline telephone users and a 45-cent monthly fee on cell phone users.

Elsewhere, area counties took varied approaches to improving their radio communications, from upgrading existing systems, to building new ones and renting on StarCom21, Motorola's statewide radio network used by the State Police and other Illinois jurisdictions.

To learn more about upgrading their radio systems, several suburbs, counties and emergency districts created the Northeast Illinois Communications Consortium.

DuPage joined the group, which studied which vendors offered the most technically sound systems and at what price. But not long after that started, DuPage dropped out, under growing pressure from police and fire officials to sign a deal with Motorola.

Robert Heap, a Naperville attorney who then chaired the telephone board, said DuPage left the group because it appeared likely to settle on a Motorola competitor.

"We had gotten recommendations from the chiefs of police, the fire, the sheriff, basically all of the relevant community groups," Heap said. "They said, 'Motorola is who we've been dealing with,' and that's where they wanted to go."

Naperville and Aurora stuck with the consortium and built a joint radio network. Unlike DuPage, they took bids from six companies. The \$22 million offer by the winner, Virginia-based Harris Corp., was \$10 million cheaper than Motorola's, said Ted Beck, Aurora's technology officer.

Harris built Naperville and Aurora's network in 18 months, and the system went live last month.

State Rep. Michael Connelly, R-Lisle, was chairman of the DuPage telephone board shortly after the contract was signed four years ago. After inheriting the Motorola contract, Connelly said he worked to slow the process down to conduct more research.

"I don't find, 'We've worked with these guys before' as an appropriate criteria for letting a government contract," said Connelly, who ran the board for eight months in 2007.

But the contract stayed — and grew.

No competition

In 2008, the board nearly doubled the contract price from \$7 million to \$13.6 million after Motorola said, among other things, that it needed to test new technology it was using for DuPage's network.

Last month, chairman Patrick O'Shea advised the board to increase the contract again, to \$28.6 million, including a \$2.7 million credit for money it had spent under previous versions of the deal.

On three occasions, DuPage decided not to consider other competitors even though a county ordinance requires officials to solicit bids for contracts to eliminate favoritism and secure the best possible deal for taxpayers. The ordinance and state law also require officials to rebid a contract if its price increases by more than 50 percent, which DuPage has done twice with Motorola's contract.

O'Shea and Linda Zerwin, the board's executive director, said that because the DuPage contract was based on an earlier state contract with Motorola for StarCom21, under the state's joint purchasing act the county was exempted from having to bid out the work on its own network.

However, a review of that contract, obtained under the Open Records Act, showed Motorola's deal called for it to lease StarCom21 to the state, while DuPage's contract was to build its own network. None of the equipment the county needed to build its system — radio towers, transmitters and receivers — was included in the state contract with Motorola.

John Rosati, a former sales director for radio provider M/A-Com, had urged the board to consider his company and others. He called the board's logic of linking the Motorola contract to state purchasing "ridiculous."

"That's like saying, 'I'm going to buy these new Ford Mustangs off the state contract for cargo vans,'" Rosati said. "They're both vehicles but have nothing to do with each other."

Asked how DuPage could purchase equipment that didn't exist in the state contract, Paul Darrah of the state's attorney's office said, "I can't comment on that part, because that was a decision made by the (board)."

The board's Zerwin would say only that she didn't have an answer.

The telephone board now plans to buy 3,400 of Motorola's top-line radios for about \$6,000 each. The rest of the \$28 million will pay for upgrades Motorola will make to StarCom21 to improve coverage in the county.

Motorola waived airtime usage fees for three years, meaning local communities that sign their police

and fire departments on to the system won't have to pay upfront for airtime or radios.

Airtime rates currently average about \$30 a month per radio. In DuPage County, that eventually will mean more than \$1 million in revenue per year for Motorola in airtime charges alone, plus future equipment upgrades — all secured without bids.

The monthly phone bill surcharges are set to expire in 2013. If that happens, taxpayers who pay for individual police and fire departments could be on the hook to pay for radio airtime and any equipment that might need to be replaced.

O'Shea said the cost of building a network had skyrocketed to \$48 million by the time he took over the board in 2009, and he insisted the only option left was to rent on the StarCom21. He said no other companies offered a system the county could rent from.

O'Shea said renting has its advantages. Although the county and municipalities eventually have to pay monthly air charges, they won't have to pay for upgrades or repairs, he said.

O'Shea acknowledged there were choices for the county if it still wanted to build its own radio network — the original intent of the contract.

"If you wanted to own your own system," he said, "yeah, there were other options."

Instead, DuPage is still waiting on Motorola.

The company's first commitment in the new deal that was signed on Dec. 13: deliver 1,800 new radios to the county by the end of the year.

Motorola didn't deliver — again.

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