

To: Central Management Services

Tyrone Forte
Philip Kaufmann

Date: April 7, 2011

From:

Steve Rauter
4518 Hatch Lane
Lisle, IL 60532

Re:

Project Title: STARCOM21 Network Master Contract
Value: \$114,092,000.00
Class Code(s): T100 Telecommunications,
Title: CMS - STARCOM21 network statewide master contract (SS)
Reference Number: 22021177
Agency Reference Number: 11-61885
Expiration Date: 04/13/2011 12:00 AM Local Time
Hearing Date: 04/20/2011, 2:00 PM Local Time

Please accept these comments regarding the CMS - STARCOM21 network statewide master contract sole-source proposal. I would like to receive answers to the questions posed.

The following are my concerns, questions, and comments on the "new" sole source contract for STARCOM21 (see attachments).

NEW CONTRACT:

This project is listed as a "new" Sole Source Contract and not an extension or amendment of the existing STARCOM21 contract. However, language is present in the proposal documents such as:

*"...contract with Motorola for continued use of the existing STARCOM21 network and service", or
"...contract will also enable existing governmental and non-governmental subscribers to continue their relationship with Motorola to utilize the STARCOM21 network..."*

In these and other statements, it would lead one to believe that this is a contract renewal or extension.

QUESTION 1:

How can this be defined as a new contract?

NUMBER OF USERS:

The proposal document shows 18,000 subscribers, however other public reports show a much higher number. Since total number of users will set the unit cost, the unit count becomes a critical factor.

QUESTION 2:

Are there 18,000 or 22,000 users or a different number?

VALUE:

The value of the contract is estimated at \$114,092,000.00. In the narrative of the proposal, there is an indication that the state anticipates about \$5M per year. At the Policy Procurement Board meeting in January, CMS reported a contract value of \$67M was anticipated for the STARCOM21 contract. In the posted proposal, we see:

"...\$5 million a year the State estimates spending on service fees and network connectivity to continue using the STARCOM21 system. An additional \$6-7 million a year is estimated to be spent by non-state agency subscribers on service fees."

While this sole source proposal has been in process (since September 2010), the vendor has crafted agreements with local entities that may or may not comport with whatever is ultimately agreed to by the state and the vendor.

QUESTION3:

What goods and services will be provided to the state for the approximately \$5M per year rate that will be paid to the vendor; how much for user fees (unit cost estimate) and how much for connectivity (type and cost)?

QUESTION 4:

Is it common to include the value of what "others" will spend in the declared value of a "state master contract"; if this is common practice, can you give an example?

QUESTION 5:

How does the state justify allowing the vendor to craft disparate monthly rate schemes across the state, and in some cases have waived several years of "air time", thus giving the impression that other users are subsidizing the users that get "free" service"?

PROPRIETARY VERSUS PROJECT 25 STANDARD:

The proposal seems conflicted regarding the proprietary nature of the STARCOM21 system versus the description of the system as using "Project 25" standards. If compatibility is a concern (as indicated by the check-box on Page 1 of the proposal), the proposal should not exclude other vendor radios, or other vendors' subsystems (using ISSI), that may be attached to STARCOM21. The non-proprietary means and methods built in to the Project 25 standard should inform Central Management Services that Motorola has no exclusivity to the Project 25 technology.

QUESTION 6:

Will there be provisions in the new Master Contract that will prohibit the vendor from using proprietary means and methods whereby another vendor's radio would NOT have full use of the system, such as ADP encryption, "X2" TDMA, or other Motorola-only features?

CHANGES AND AMENDMENTS TO THE MASTER CONTRACT:

There appears to be seven changes or amendments to the contract since its inception in 2001. The most recent change appears to have been December 26, 2008. Several agencies purchased radios off the "state contract" for XTS and XTL series of radios which are clearly listed in the existing Master Contract. Some agencies have waived competitive bidding claiming that the APX-7000 multi-band radio was available on the Master Contract.

QUESTION 7:

Which amendment or change in the contract allowed for the addition of the Motorola APX-7000 multi-band radio to be added to the “state purchasing” list; when was an RFP released from CMS for this kind of unique radio?

QUESTION 8:

Would a local agency be mistaken if they thought the APX-7000 is available under Central Management Services Master Contract, meaning, that this radio has been vetted by CMS by way of competitive bidding?

DURATION OF THE CONTRACT:

On item “10” on page 4 of the proposal, there is an explanation that it would take time to draft an RFP to allow for competitive bidding. The existing contract was for 10 years, and the renewal/new contract will extend the relationship with Motorola to two decades without the ability to even consider any other solution. Two decades seems a little long to exclude competition.

QUESTION 9:

Based on the quasi-renewal-proposal that will stretch the contract to 20 years, when, if ever, will the state finally allow for competitive bidding so that Illinois taxpayers are assured that CMS is using the funding properly and getting the best price?

SUGGESTIONS:

- Make this a shorter contract and begin a true competitive bid process that could include a third party integrator or management firm that understands a “system of systems” in the spirit of Project 25.
- Invite competing vendors to demonstrate subscriber radios on the existing platform in an open and helpful way. The incumbent vendor does not seem cooperative in the “try before you buy” concept.
- This project has had a moving target for costs. A \$300M replacement estimate was tossed in – how was that derived? The September 2010 proposal was for \$207,864,678.00. The Procurement Policy Board Records show the same dollar amount for sole source in telecommunications, yet the CMS spokesman at the Procurement Policy Board reports an approximately \$67M figure – but then also indicates sole-source for Motorola subscriber radios. This current proposal discusses a roughly \$50M value, and up to \$114M if local agencies (non-state agencies) are lumped in. This process begs for reform.
- Please ensure that the vendor rectifies the now-expired FCC waiver to place the state’s system on the proper frequencies as part of the new contract.
- Publically discourage the use of this proposed agreement from being used by local governments as justification to also use the “sole source” method of purchasing infrastructure since this is only a fee-for-service support contract. Some local governments attempted to use the current Illinois/CMS STARCOM21 contract (for leased services) as a method to justify hardware purchases (not leased services) in a sole-source scheme to avoid competitive bidding for infrastructure.

MOVING FORWARD:

Infrastructure: It seems that this sole source contract will be approved, but should require additional oversight to make it better for all involved.

Subscriber radios: As was reported at the Procurement Policy Board, there seems to be a desire to complete this sole-source contract for “air time”, and quickly move on to open and competitive bidding for subscriber radios (portable and mobile radios).

QUESTION 9:

How will CMS go about the RFP process for subscriber radios and under what time frame?

SUGGESTION FOR RFPs FOR SUBSCRIBER EQUIPMENT:

There should be at least 6 RFPs released from CMS:

- 1) Low tier 700-800MHz radio: Basic, few features, minimum capabilities, upgradable to Project 25 Phase 2.
- 2) Mid tier 700-800MHz radio: Basic, more features, more capabilities, upgradable to Project 25 Phase 2.
- 3) High tier 700-800MHz radio: Full featured, capable of many encryption keys, many systems, full keypad, upgradable to Project 25 Phase 2.
- 4) Ruggedized or specialty 700-800MHz radio for severe/explosive atmosphere use,
- 5) Multi-band, multi-mode radio capable of a combination of at least 700-800MHz and one or more bands such as VHF, UHF, VHF-Low, etc, upgradable to Project 25 Phase 2.
- 6) Mobile Repeaters/Mobile Extenders: There are many manufacturers of this type of equipment that allows end-to-end P25 and encryption, upgradable to Project 25 Phase 2.

Note: The state should ban any vendor that attempts to place Project 25 Phase 1 units on the system due to the 2016 FCC mandate for TDMA on the 700MHz channels. The state needs to “forklift” all of its XTS and XTL equipment due to this FCC mandate and replace the whole fleet. While the XTL and XTS series of radios may be able to have a proprietary (Motorola-only) TDMA format, this format is not compliant with Project 25 Phase 2 TDMA.

OTHER CAUTIONS:

- The SAFECOM Grant Guidance calls for open and competitive bidding if the state uses Federal Funding for Project 25 radios. Please check to make sure that the state is not in jeopardy of losing these funding sources under a sole-source scheme.
- Federal funding may also prohibit the use of those funds for proprietary encryption. The ADP encryption needs to be purged out of the STARCOM21 system in favor of the Federally-accepted AES or one of its approved derivatives.

Respectfully,

