

COUNCIL ACTION FORM

SUBJECT: PURCHASING A NEW RADIO SYSTEM

BACKGROUND:

For several year's City staff has been working to replace the existing and aging voice radio system that serves all City departments and most of the public entity radio users in Story County, including all emergency responders. The City Council has received periodic updates on the process and has provided approval when needed. In December 2018, Council authorized the City's participation in StoryComm, an entity created by a 28E Agreement with Iowa State University, Story County, and the Story County 911 Service Board to own and operate a new radio system. As part of that Agreement, Iowa State University's Procurement Services was delegated the task of developing an RFP, implementing a purchasing process, and negotiating a purchase contract. In February of 2019, Council authorized the City's representative on the StoryComm Board to move forward on a contract with RACOM Corp. of Marshalltown for a new radio system "if the terms and conditions of the contract remain within performance and financial expectations." The contract met those expectations and in May of 2019 StoryComm entered into a contract with RACOM.

The contract with RACOM covers construction of the radio system infrastructure (towers, tower equipment, radio consoles for the Communication Center, and similar equipment) and the purchase of the radios. The proposed budget and final contract budget are as follows:

<u>Item</u>	<u>Proposed Budget</u>	<u>Contract Budget</u>
Infrastructure	\$1,614,451	\$1,611,177
Radios	<u>\$ 728,427</u>	<u>\$ 728,427</u>
Total	\$2,342,878	\$2,339,604

These budget numbers reflect only City costs and not total contract costs (Iowa State and Story County costs are not included). There are also radio coverage, system performance, and service guarantees built into the contract that met the expectations of the development team. There are some additional project costs, including a consultant fee and a contingency fund, built into the total project costs that are not part of the RACOM contract. **The FY 2018-2019 and FY 2019-2020 CIP included funding sufficient to cover total project costs.**

Earlier this year, StoryComm issued an RFP for accounting services, but received no responses. As a result, Iowa State University agreed to serve as the fiscal agent for StoryComm and is preparing an agreement for consideration by the StoryComm Board. In the role of fiscal agent, Iowa State will receive invoices on behalf of StoryComm, pay those invoices, and then rebill the participating agencies for their share of the costs. Iowa State has established StoryComm accounts within their internal accounting system

to track funds. City staff anticipates that Iowa State will serve in this role into the future and that they will charge a fee for these services. Iowa State's initial proposal appears to be fair and equitable with a reasonable hourly rate, a not-to-exceed cap, and a processing fee that will eventually be passed on to radio subscribers. Until this agreement is finalized, StoryComm is using Iowa State accounting services on an interim basis.

Due to the interim nature of this accounting relationship, the Staff is requesting approval for the first radio payment to be made to Iowa State University, a StoryComm partner. Once StoryComm reaches a final agreement on accounting terms, these payments will be made pursuant to existing city purchasing policies and the final agreement for StoryComm accounting services.

The RACOM contract provides that the first invoices are due at, or shortly after, contract signing. Those first invoices from RACOM have arrived at Iowa State, and the City's share has been re-billed to the City. **The City's share is \$182,776 for infrastructure and \$166,329 for radios, for a total of \$349,105.**

These upfront payments will allow RACOM to order the equipment needed to begin building the system and the radios needed to communicate. As described previously, the structure of this process is unusual in that the City will be paying Iowa State University directly for the costs associated with StoryComm. Iowa State will then pay the outstanding invoices of StoryComm.

ALTERNATIVES:

1. Approve the payment of \$349,105 to Iowa State University to meet the City's current StoryComm obligation under the radio system contract with RACOM.
2. Do not approve the payment of \$349,105 to Iowa State University to meet the City's current StoryComm obligation under the radio system contract with RACOM and direct City staff to develop an alternative payment procedure.

MANAGER'S RECOMMENDED ACTION:

As a member of StoryComm, the City is obligated to meet the contractual obligations under the contract with RACOM and pay the other expenses reasonably associated with the ownership and management of the new radio system. Iowa State has proposed an efficient and appropriate method of accomplishing these tasks.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the payment of \$349,105 to Iowa State University to meet the City's current StoryComm obligation under the radio system contract with RACOM.