



## **EXECUTIVE SUMMARY**

**DATE:** November 22, 2016

**TO:** Jim Scholl, City Manager

**CC:** Greg Veliz, Assistant City Manager

**FROM:** Donald Lee, Police Chief  
Michael Davila, Fire Chief  
Mark Z. Finigan, Finance Director

**SUBJECT:** Executive Summary – Lease of Handheld Motorola Radios

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## **ACTION**

Pursuant to City Ordinance Section 2-797(1) – *Sole Source Procurement*, the Police and Fire Departments respectfully request the City Commission authorize the City Manager to enter into Municipal Equipment Lease Purchase Agreement 24020 with Motorola Solutions for the acquisition of critical frontline next generation handheld radio equipment for both the City of Key West Police Department and the Key West Fire Department.

## **PROJECT**

The City of Key West Capital Improvement Plan contemplates the allocation of funds in the FY 18-19 Capital Improvement budget to replace existing handheld Motorola radios in accordance with our strategic plan. Motorola recently announced that they will no longer provide service for the XTS line of radios as of December 31, 2018. The XTS line has reached its “end of life” and will be replaced with the APX line. Radio communication is essential to safe and effective Police, Fire and EMS operations.

Our current radio fleet is comprised mainly of the Motorola XTS5000 handheld. We have been using these units since the inception of the Monroe County 800MHz system in 2001. They are no longer produced and approaching their end of life date in December 2018, at which time they will have limited support by the manufacturer, due to lack of available replacement parts. The new technology platform is the APX series radios, which have major advancements in audio quality and reliability. The APX series radio supports the newer mandated P25 standard being implemented

across the nation. Due to the age of the older XTS series radios, we need to change to the new APX series so we can continue support our police, firefighter and EMS personnel with the most dependable first responder equipment in the marketplace.

The Monroe County Emergency Communications recently went through an evaluation of radio communication equipment and found the Project 25 (P25) system as the superior radio communication system currently available in the marketplace. The County of Monroe has chosen Motorola as the preferred manufacturer of radios that can operate on the P25 system. The Motorola radio equipment is required to be purchased directly from the sole source dealer, Motorola Solutions.

## **FINANCIAL IMPACT:**

Municipal Equipment Lease Purchase Agreement 24020 is highlighted by the following finance features:

1. Motorola Solutions has offered a three (3) year term lease with two payments required, one at the start of Year 2 of the Lease and the second at the start of Year 3. Lease commencement date will be December 1, 2016.
2. Payment 1 in an amount of \$436,399.84 will be due December 1, 2018, which includes ½ of Year Three accrued interest at a 2.95 percent applied interest rate.
3. Payment 2 in an amount of \$436,399.84 will be due December 1, 2019 with the second half of Year 3 2.95 percent interest payment of \$12,504.91.
4. Prepayment on \$860,294.77 can be made prior to December 1, 2018 without penalty and accrued interest.
5. Prepayment of Payment 2 in an amount \$436,399.84 can be made prior to December 1, 2019 without penalty, however accrued interest calculated at 2.95 percent will be applied up through the day of prepayment.
6. The lease contains a non-appropriation provision. If for some reason the City is unable to appropriate through its annual budget process the necessary funds for Payment 1 or Payment 2, the only obligation the City has is to return the equipment to the lessor.
7. The new APX units come with a five-year service protection plan.

Rising costs for production are expected to continue. A delay in acquisition of the APX units will increase the future cost for replacement of handheld radios used by Police, Fire and EMS personnel. Repair and maintenance costs can be expected to increase for the existing units. \$918,110 was projected in the City of Key West Capital Improvement Project for Fiscal Year 2018-19 for the purchase of these radios. The finance terms extended to the City offer flexibility to acquire the radios today and not pay in full until FY 18-19 or if necessary spread the full payment over two years for only \$12,504.91 in carrying costs. Annual maintenance costs on the current units that will be avoided by entering into this lease, as well as the near certainty of a higher equipment costs in 2018, provide the City operational and financial advantages which clearly support the acquisition sooner than later.

## **ADVANTAGES:**

Purchasing the Motorola radio equipment now will accomplish the following:

1. Provides the latest technology in radio equipment now, with no delays.
2. Incorporates important police, firefighter and public safety features.
3. Avoids the potential delays in delivery due to expected high volume of equipment orders as equipment is considered "end of life".
4. Avoids potential equipment cost increases that will arise.
5. Offer the City favorable financing terms via execution of the Municipal Equipment Lease Purchase Agreement 24020.

## **DISADVANTAGES:**

- No apparent disadvantages present themselves.

## **RECOMMENDATION:**

The Key West Police and Fire Departments strongly recommend the purchase under the Motorola Solutions Municipal Equipment Lease Purchase Agreement for a three-year term and two year delayed payment to fully pay for all APX radio equipment provided to both the City of Key West Police Department and the Key West Fire Department.