



Council Communication File Number: Ord 2363

Agenda Date: 12/6/2021

Version: 1

Status: ATS Review

In Control: City Council

File Type: Ordinance

AN EMERGENCY ORDINANCE AUTHORIZING THE LEASING OF CERTAIN EQUIPMENT AND THE EXECUTION AND DELIVERY BY THE CITY OF A LEASE PURCHASE AGREEMENT AND OTHER FINANCING DOCUMENTS IN CONNECTION THEREWITH; SETTING FORTH PARAMETERS AND RESTRICTIONS WITH RESPECT TO THE FINANCING; RATIFYING ACTION PREVIOUSLY TAKEN CONCERNING THE REFERENCED TRANSACTIONS; AND PROVIDING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

Summary and Background Information:

The Police Department is requesting Council approval of the Motorola Radio Lease Emergency Ordinance #2363 allowing the department and city to take advantage of a significant cost savings to procure police handheld radios.

The lease is a 5-year lease agreement with an option to purchase. The police department is planning on executing the option to purchase the radios once the terms of the lease agreement have been met.

Background

In 2023, Motorola will no longer support their "AN" model of the APX handheld radios for First Responders. CCPD has 105 "AN" models and needs to replace 80 radios by 2023.

Why the need for an emergency ordinance?

Entering into the lease agreement in 2021 will allow the city to lock into today's prices which will save approximately 14-19% of the cost of the radios versus if the city re-appropriated funds into the 2022 radio budget to purchase the radios. The saving range is \$54,320-\$72,880 (This is the cost increase without the lease agreement if purchased in 2022/2023).

Why didn't the police department submit a request to re-appropriate funds in

October 2021 for the 2021 budget?

Due to the supply chains issues, Motorola could not guarantee the delivery of 80 radios by December 31, 2021 in order to meet the city's procurement policy requirements. The estimated date to receive 80 radios was February/March 2022 timeframe.

Breakdown of cost saving:

1. The cost of one radio = \$4,633 per Motorola's quote received on October 4, 2021 (\$4,633 x 80 = \$370,640).

2. The benefit of this lease agreement is it allows the city to save 4.66% for volume discount if approved by December 15, 2021. This equals \$216 per radio. ($\$4,633 \times 4.66\% = \216) or ($\$216 \times 80 = \underline{\$17,280}$).
3. Another benefit of this lease agreement is that it locks in the price of the radios with today's prices. Motorola is expecting to increase the cost of a radio in January 2022 by 10%-15% due to inflationary costs. This equals \$463-\$695 per radio. ($\$463 \times 80 = \underline{\$37,040}$ to $\$695 \times 80 = \underline{\$55,600}$).
4. Adding the 4.66% volume discount savings and the savings for the 2022 inflationary costs brings the estimated cost saving range of \$54,320-\$72,880. ($\$17,280 + \$37,040 = \underline{\$54,320}$ to $\$17,280 + \$55,600 = \underline{\$72,880}$). Need to subtract the interest of the lease (\$27,520) for total costs savings of \$26,800-\$45,360 (7.2%-12.2%).
5. Additional cost saving for the city will occur when CCPC recycles 40-50 of the "AN" model radios to Pubic Works (Streets and Parks Divisions). This will also improve day-to-day and emergency communications among PW and the Emergency Operations Center (EOC).

Staff Responsible (Department Head): Clint Nichols, Chief of Police

Staff Member Presenting: Clint Nichols or Kirk Dominic will answer questions as needed

Financial Impact: Estimated cost savings is \$26,800-\$45,360. If disapproved, estimated cost increase to the city is \$54,320-\$72,880.

Funding Source: General Fund 2021 & 2022 Budget

Staff Recommendation: Approve Ordinance 2363

Suggested Motion: Motion to approve Ordinance 2363