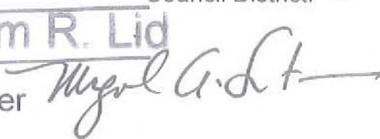


REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: 11/16/12
Submitted in PS Committee
Date: November 15, 2012
Council File No: 12-0757 CAO File No. 0150-09849-0000
Item No.: 2 Council File No. 12-0757
To: The Council Deputy: Adam R. Lid Council District: --
From: Miguel A. Santana, City Administrative Officer 
Reference: Report from the Los Angeles Police Commission dated May 22, 2012
Subject: **REQUEST FOR APPROVAL OF SELECTED VENDOR FOR DIGITAL IN-CAR VIDEO SYSTEM**

SUMMARY

On August 25, 2011, the Los Angeles Police Department (LAPD) released a Request for Proposals (RFP) to implement Phase II of the Digital In-Car Video System (DICVS). The LAPD is now requesting approval of the selected vendor, Raytheon Company (Raytheon), and authority to enter into contract negotiations with Raytheon for the next phase of the DICVS. The LAPD's RFP sought proposals that included costs for installing the DICVS in one, three or four Bureaus within the LAPD; however, given the City's ongoing financial constraints, this Office recommends that DICVS Phase II be limited to Operations - Central Bureau (OCB). As such, we recommend that the LAPD be allowed to enter into contract negotiations with Raytheon for OCB, which is estimated to cost approximately \$7.43 million. The final pricing will be determined during contract negotiations.

Background

In August 2010, the LAPD completed the implementation of Phase I of the DICVS in Operations - South Bureau (OSB). The OSB implementation included cameras in 300 patrol vehicles. According to the LAPD, the system has proven to be reliable and beneficial to the Department. The DICVS has had a positive impact on complaint and other administrative investigations, leading to quicker and more credible adjudications, and has proven to be invaluable as it pertains to improved credibility with the community.

On August 23, 2011, upon the completion of one year of successful use of the DICVS in OSB, the Board of Police Commissioners approved the release of the Request for Proposals (RFP) to implement Phase II of the DICVS. On August 25, 2011, the LAPD released the RFP. It was posted on the Los Angeles Business Assistance Virtual Network (LABAVN).

On September 15, 2011, the LAPD held a mandatory pre-proposal conference to further discuss the needs of the Department and mandatory ordinance requirements with potential vendors. The Department also conducted site visits of the LAPD's Information Technology Bureau (ITB) Data

Center (long-term storage site), Property Division, all traffic divisions and all 21 Area stations with the vendors.

Proposals were due December 8, 2011. A total of 10 proposals were received. The LAPD's Contract Administrator reviewed all 10 proposals for compliance with the mandatory documentation requirements. Three of the proposers failed to supply the required documentation and their proposals were subsequently deemed non-responsive and removed from the list of responsive proposers. The remaining seven proposals were then provided to the City's evaluation team for review and scoring.

Evaluation Process

The evaluation team was comprised of representatives from the LAPD's Information Technology Bureau (ITB) and Operations-Central Bureau (OCB), and the City's Information Technology Agency (ITA). The evaluation team rated the proposals in the various areas delineated within the RFP. The top four scoring proposers, Raytheon, International Business Machines (IBM), Motorola, and General Dynamics, were then invited to install a demonstration system in a patrol vehicle and a back-end system (uploading, storing and duplicating video) solution for testing and evaluation purposes. Two of the proposers, IBM and Raytheon, partnered with the same subcontractor, COBAN Technologies, for the camera and in-car recording system.

The demonstration systems were installed, demonstrations of the systems were conducted, and presentations were made by the four proposers to the evaluation team. In addition, a comprehensive practical field test of the demonstration systems was conducted over a 30-day period by officers assigned to the ITB Tactical Technology Section. Testing included verifying and reviewing the requirements published in the RFP, video and audio quality, overall functionality, video management, and ease of use for field officers.

The RFP requested that proposers submit costs for three different pricing options: 1.) Operations Central Bureau alone; 2.) Operations Central, West and Valley Bureaus together; and 3.) Operations Central, West and Valley Bureaus as well as the replacement/upgrade of the existing system in Operations South Bureau. The RFP also asked for any potential financing or lease options a vendor might offer. The financing options are discussed in the Funding Section of the report.

A summary of the evaluation scores and costs is provided in the following table:

Evaluation Criteria	General Dynamics	IBM	Motorola	Raytheon
Adequacy of the Specified Wireless Network, Hardware, Software, and Overall Functionality (40 points)	31.80	35.00	34.20	37.20
Vendor Qualifications and Capabilities (30 points)	24.60	26.80	27.20	27.80
Cost (20 points)	16.20	15.20	18.80	18.20
Operations Central Bureau	\$7.47 M	\$9.81 M	\$5.95 M	\$7.43 M*
Operations Central, West and Valley Bureaus	\$19.9 M	\$28.3 M	\$16.8 M	\$23.4 M
Operations Central, West, Valley and South Bureaus	\$24.6 M	\$33.8 M	\$21.2 M	\$28.2 M
Financing Offered	Yes	Yes	Yes	Yes
Lease Option Available	Yes	Yes	Yes	Yes
Compliance with RFP Requirements (10 points)	9.00	10.00	10.00	10.00
Overall Score:	81.80	87.00	90.20	93.20

*Option being recommended. Final pricing will vary due to contract negotiations.

The Selection

Raytheon achieved the highest total score and was recommended by the LAPD for the DICVS contract. Although Raytheon's proposal did not include the lowest cost, the LAPD notes that during field testing of the systems, Raytheon's system performance and functionality scored higher than the other systems. The overall system functionality was weighted more than cost in the RFP scoring. On May 15, 2012, the Board of Police Commissioners approved the LAPD's recommendation to authorize the Department to enter into contract negotiations with Raytheon. No protests were received in response to this recommendation.

As noted above, Raytheon has partnered with COBAN Technologies (COBAN) as its subcontractor for the camera and in-car recording system. COBAN is the manufacturer of the camera and video management system. Raytheon will serve as the integrator (prime contractor), installing all other necessary infrastructure (e.g., short and long-term storage hardware), and ensuring that all hardware and software are compatible and integrate seamlessly. COBAN was also a subcontractor in the Phase I deployment in OSB. According to the LAPD, COBAN has proven to be a solid platform and has demonstrated its reliability. The primary differences between the COBAN system currently installed in OSB and the system to be installed during Phase II of DIVCS in OCB include the following advances in the technology:

- Newer processor and camera in the vehicle
- More reliable hard drives in the vehicle
- Updated software with additional features
- Faster wireless transfer technology from vehicle to police station
- Upgraded server storage

LAPD also notes that COBAN has specific experience with DICVS deployments that span two generations of their technology, which includes an implementation for the Chicago Police Department in over 700 vehicles in more than 25 separate locations.

As a matter of practice, vehicles are not moved between Bureaus within the LAPD. However, the two systems (Phase I system in OSB and the Phase II system in OCB) will be compatible. The Department notes that the only noticeable difference will be in physical appearance of the equipment. The overall user experience will be the same.

Although the LAPD is satisfied with COBAN, the Department needs to provide a comprehensive evaluation of the DICVS Phase I, as previously directed by the Council when Phase I was initially approved (C.F. 06-0600-S38), and in subsequent Council actions (C.F. 09-0047 and 12-1404).

Implementation

The LAPD estimates that implementation of the system for OCB would be complete approximately 12 months after the contract is approved and executed. Implementation will include installation of the COBAN system in approximately 381 vehicles, installation of all supporting infrastructure equipment in six different Department facilities, extensive unit and integrated system testing, and several levels of training for system administrators as well as field officers and supervisors.

Upon completion of the OCB implementation, the LAPD is requesting that it be authorized to continue with the implementation into Operations Valley and West Bureaus, to complete a Department-wide roll-out of DICVS. However, due to funding constraints, we recommend the installation in OCB only, at this time. The LAPD will need to submit the request to continue with the implementation of the DICVS in Operations Valley and West Bureaus through the annual budget process or through a separate request to the Mayor and Council once funding has been identified.

Funding

The 2012-13 Adopted Budget programmed \$2.545 million in the Capital Finance Administration Fund as an estimate of the annual debt service payment for Phase II of the DICVS based on Project cost estimates. After comparing Raytheon's third-party financing proposal to the City's Municipal Improvement Corporation of Los Angeles Commercial Paper (MICLA CP) Note Program, we have determined that the MICLA CP Program offers lower interest rates than the third-party firm. Raytheon's third-party proposal offered financing with a fixed interest rate of 2.245% over three years. The current MICLA CP interest rate is 1.53%. Both interest rates include issuing costs. One concern with MICLA CP is that interest rates may change depending on market conditions. However,

current economic data suggests that interest rates will remain significantly low through 2015.

We also compared the pricing difference between a two-year storage and a five-year storage option. The five-year storage option will cost approximately \$37,470 more in total MICLA debt service costs than the two-year storage option.

In order to reduce the overall debt service obligation, we recommend a combination of cash payment and debt financing for this Project with the five-year storage option. The \$2.545 million that has been budgeted this fiscal year in the Capital Finance Administration Fund and any additional funds that may become available will be used to pay for project expenses prior to issuing any debt, which will reduce the debt service in future years. Upon expending all available funds, the remaining project costs of approximately \$5.3 million will be financed through the MICLA CP Program. We also recommend repaying the debt over three years to ensure this Project takes advantage of the low interest rates. Any debt incurred by this Project will be a General Fund obligation and will not cause the City's debt service payments to exceed six percent of General Fund revenues for non-voter approved debt as established by the City's Financial Policies as this is short-term debt. These recommendations are in compliance with the City's Financial Policies.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the Chief of Police, or his designee, to enter into negotiations with Raytheon Company for the Digital-In Car Video System, Phase II in Operations – Central Bureau;
2. Authorize the issuance of up to \$5.3 million of Municipal Improvement Corporation of Los Angeles (MICLA) Commercial Paper notes to finance the In-Car Video Project Phase II; and,
3. Instruct the Los Angeles Police Department to provide an evaluation of the Digital In-Car Video System, Phase I, as previously directed by the Council pursuant to Council File Numbers 06-0600-S38; 09-0047-S1; and 12-1404.

FISCAL IMPACT STATEMENT

The initial cash payment of \$2.545 million for the Digital In-Car Video System, Phase II, is included in the 2012-13 Adopted Budget in the Capital Finance Administration Fund. The issuance of up to \$5.3 million of commercial paper notes is a General Fund obligation and will not cause the City's debt service payments to exceed six percent of General Fund revenues for non-voter approved debt as established by the City's Financial Policies as this is short-term debt. The first debt service payment will begin in Fiscal Year 2013-14. During the life of the commercial paper notes, the estimated annual debt service is \$1.794 million over three years.