

CITY OF OAKLAND



1 FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612

Office of the City Auditor
Roland E. Smith, CPA
City Auditor

(510) 238-3378
FAX: (510) 238-7640
TDD: (510) 839-6451

DECEMBER 17, 2002

IGNACIO DE LA FUENTE, PRESIDENT
CITY COUNCIL
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

SUBJECT: RESOLUTION AUTHORIZING THE CITY MANAGER TO NEGOTIATE AN AMENDMENT TO THE AGREEMENT WITH ENDYMION SYSTEMS, INC. TO PERFORM PHASE II OF THE OPERATIONAL CONTINUITY ASSESSMENT PROJECT FOR AN ADDITIONAL AMOUNT NOT TO EXCEED ONE MILLION TWO HUNDRED SIXTY TWO THOUSAND THREE HUNDRED DOLLARS (\$1,262,300), AND TOTAL AMOUNT NOT TO EXCEED ONE MILLION FOUR HUNDRED TWELVE THOUSAND THREE HUNDRED DOLLARS (\$1,412,300).

PURPOSE AND SCOPE

In accordance with the Measure H Charter Amendment, which was passed by the voters at the General Election of November 5, 1996, we have made an impartial financial analysis of the accompanying Council Agenda Report and Draft Resolution. Our analysis was limited to evaluating (1) the reasonableness of the contract amount; and (2) the availability of funds in the City budget to complete the project contemplated by the contract.

BACKGROUND

The Endymion assessment consists of two Phases:

Phase I (Blueprint Development) – Outline the overall scope of the project. The City Council approved this phase in September 2002, and it was completed in November 2002 at a cost of \$150,000.

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OCAP FOR AN AMOUNT NOT TO EXCEED \$1,262,300**

Phase II (Blueprint) - Determine whether City agencies are prepared to respond to major emergencies [fire, earthquake, terrorist attack, etc.], and recommend ways in which they can improve their ability to respond to such emergencies. The City agencies that will be studied are: CEDA, OIT, Public Works, Finance, Budget, Parks and Recreation, Police and Fire. The proposed cost is not to exceed \$1,262,300.

Some members of the Council were under the impression that Endymion will evaluate the Motorola contract. This is not correct. Moreover, even if Endymion did plan to evaluate the Motorola contract, Phase II is not scheduled to begin until January 2003, and will take from 3 to 5 months to complete, depending upon the availability of OIT staff to assist in completing the work.

Actually, the Endymion assessment is in response to a financial audit made by KPMG:

“The need for a practical, coherent and complete plan for emergency preparedness is clear. Specifically, for the City of Oakland, a recent audit of financial statements conducted by KPMG revealed the City’s lack of a disaster recovery plan covering the data center, facilities, network and telecommunications infrastructure (**ref:** KPMG Financial Audit Report – April 13, 2001). The Report states ‘..., there is currently no disaster recovery or business resumption plan covering critical business systems such as the Oracle system.’

“The Office of Information Technology (OIT) has a disaster recovery plan in place that was developed in 1994. While various elements of the plan have been periodically reviewed and updated, a comprehensive audit has not been performed since the plan’s development in 1994. OCAP will provide an audit of existing plans that support and set the stage for reducing Oakland’s vulnerability to a calamity.”

The following statement on page 3 of the Agenda Report dated December 17, 2002 can be misinterpreted:

“2. Radio systems of Oakland’s Police and Fire departments are a high-priority concern. The main issues include interoperability limitations between Police and Fire as well as the existence of ‘dead spots’ in areas of the city.”

As stated above, the Police and Fire Departments are among the several City agencies whose preparedness Endymion will evaluate. More importantly, there are no plans for Endymion to evaluate the Motorola contract.

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PROCUREMENT PROCESS

According to staff, Endymion, Inc. made an unsolicited proposal to the City to perform Phase I. Staff recommends that Endymion be awarded the contract for Phase II, also on a sole-source basis.

FISCAL IMPACT

The costs of the two phases combined is estimated not to exceed \$1,412,300, as summarized below:

Phase I	\$ 150,000
Phase II	<u>1,262,300</u>
Total	<u>\$ 1,412,300</u>

According to the proposal, the costs of Phase II can be reduced to \$ 900,000 if OIT staff can be made available to complete the work under this project within a timeline of three (3) months. OIT is in the process of identifying existing staff resources. However, there would not be a net savings of \$362,300 to the City, since the costs of OIT staff (which have not as yet been determined) would be incurred.

AVAILABILITY OF FUNDS

There is currently \$500,000 available, in the Council for the Vision 2000 Project:

General Purpose Fund # 1010, Project #C146810	\$ 197,142.50
Capital Improvement Fund #5500, Project #C191910	<u>302,857.50</u>
Total	<u>\$ 500,000.00</u>

The balance of \$762,300 will come from renegotiating contracts, which have not yet been identified.

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CONCLUSION AND RECOMMENDATION

Before approving this resolution we recommend that the Council carefully consider that (1) the Endymion proposals for neither Phase I nor Phase II have gone through the competitive bidding process, and the contract amounts may therefore not be reasonable; and (2) despite the expectations of some Council members, the Endymion assessments will not cover the Motorola contract.

Prepared by:

Submitted by:

Jack McGinity, CPA

Roland E. Smith
City Auditor

December 12, 2002