

JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT

COMPLETE THIS SECTION IF NEW CONTRACT

For contract(s) in this request, answer applicable questions in each of the 4 major subject areas below in accordance with the Instructions for Preparation of Non-Competitive Procurement Form on the reverse side.

Request that negotiations be conducted only with Northrop Grumman for the product and/or services described herein.
 (Name of Person or Firm)

This is a request for _____ (One-Time Contractor Requisition # _____, copy attached) or Term Agreement or _____ Delegate Agency (Check one). If Delegate Agency, this request is for "blanket approval" of all contracts within the _____ (Attach List) Pre-Assigned Specification No. _____ (Program Name) Pre-Assigned Contract No. _____

COMPLETE THIS SECTION IF AMENDMENT OR MODIFICATION TO CONTRACT

Describe in detail the change in terms of dollars, time period, scope of services, etc., its relationship to the original contract and the specific reasons for the change. Indicate both the original and the adjusted contract amount and/or expiration date with this change, as applicable. Attach copy of all supporting documents. Request approval for a contract amendment or modification to the following:

Contract #: _____ Company or Agency Name: _____
 Specification #: _____ Contract or Program Description: _____
 Mod. #: _____ (Attach List, if multiple)

Amy Gudgeon 23790 Amy Gudgeon OEMC 5/8/06
 Originator Name Telephone Signature Department Date

Indicate SEE ATTACHED in each box below if additional space needed:

<input checked="" type="checkbox"/> PROCUREMENT HISTORY	
See attached	
<input checked="" type="checkbox"/> ESTIMATED COST	Maintenance costs are estimated at \$ 51,800,000 Task Orders are estimated at \$40,000,000 Total contract value is estimated at \$ 91,800,000
<input checked="" type="checkbox"/> SCHEDULE REQUIREMENTS	See attached
<input checked="" type="checkbox"/> EXCLUSIVE OR UNIQUE CAPABILITY	See attached
<input checked="" type="checkbox"/> OTHER	See attached

APPROVED BY: [Signature] 5/8/06 DATE
 DEPARTMENT HEAD OR DESIGNEE BOARD CHAIRPERSON DATE

**OFFICE OF EMERGENCY MANAGEMENT AND COMMUNICATIONS
JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT
NORTHROP GRUMMAN INFORMATION TECHNOLOGY**

PROCUREMENT HISTORY

Northrop Grumman Information Technology (formerly PRC Public Sector, Inc.) has been responsible for furnishing the hardware and developing certain proprietary computer software and related system integration and maintenance for the Computer Aided Dispatch (CAD) system for the City's 911 System since September 1995. The original agreement (dated April 22, 1993) was between the City and Fluor Daniel Illinois, Inc, which was acquired by PRC. The Altaris® software is at the core of the CAD System's functionality, and was proprietary to PRC. PRC has now been acquired by Northrop Grumman Information Technology (NGIT), which now has proprietary rights to the Altaris® software. As a result of the proprietary nature of the CAD software, this agreement cannot be competitively bid.

The current term agreement with Northrop Grumman will expire on May 18, 2006. Together, OEMC and NGIT are actively engaged in contract negotiations and plan to have a signed agreement in place soon thereafter. OEMC and NGIT have signed a memorandum of understanding to continue under the terms of the existing contract, until a new agreement can be reached.

ESTIMATED COST

OEMC estimates a contract value of \$91,800,000 over a ten (10) year period. This includes a seven-year agreement, plus three one-year extension options. Based on past maintenance pricing and accounting for a yearly price escalation, OEMC estimates CAD maintenance to be \$51,800,000. Additionally, OEMC often relies upon NGIT for important homeland security and traffic management software integration and modification into the CAD system, which are estimated at \$40,000,000.

OEMC anticipates a significant increase over the ceiling negotiated in the last contract for a few reasons. First, the department is negotiating a longer-term contract than in the past for efficiency and economies of scale. NGIT indicated that they would be willing to accept more risk in the limits of liability clause and the indemnification, if the City demonstrated that we plan on using NGIT as our CAD vendor for the long-term. Additionally, OEMC is planning several extensive upgrades to the CAD and related software, as a result of the departments' new responsibilities for homeland security and traffic management. For example, the City plans to expand the existing CAD by integrating the Operations Center and the City's Incident Command Center for a more seamless deployment of resources. The Operations Center continues to expand its scope by centralizing more of the City's non-emergency functions, and the CAD system will be used to coordinate these services and processes. As the City installs more cameras to

prevent crime and expand homeland security, the CAD system will be integral to viewing, storing and managing this digital imagery. Northrop Grumman will be a central teammate in these and other projects, and OEMC anticipates increased use of this contract.

SCHEDULE REQUIREMENTS

OEMC requests daily changes to the CAD software. Given that the Mayor's initiatives require OEMC to incorporate more non-emergency services into the CAD system, as well as the need for constant monitoring, servicing and upgrading of the program based on homeland security and other public safety concerns, it is critical that there be no lapse in this contract. As listed below in "Other," the City sets a very high threshold for the vendor to meet with respect to quality, timeliness and availability. If the Northrop Grumman contract expires without a replacement, the City faces a severe public safety crisis.

EXCLUSIVE OR UNIQUE CAPABILITY

The City requires continuous maintenance to, and support for, the CAD System to ensure its uninterrupted operation. Because the software is continually being upgraded, and thereby acquiring copywrited protection anew, the City can never outright own the CAD system unless Northrop Grumman files bankruptcy. The proprietary nature of the Altaris® software and Northrop Grumman's experience and knowledge uniquely qualify it to provide equipment, software maintenance and support services.

OEMC cannot use another vendor to maintain and upgrade the CAD system due the proprietary nature of the software and the system. Additionally, purchasing an entirely new system is cost prohibitive.

OTHER

We anticipate that the new contract will preserve the following requirements, which set high standards for Northrop Grumman's performance:

- Vendor supports, maintains, tests and reworks all commercial software;
- Vendor develops, installs, procures, tests and reworks all proprietary software;
- Vendor must perform benchmark tests that meet performance standards on each piece of software and equipment to ensure their compatibility and performance;
- Vendor must resolve Major System failures within a specific period of time;
- Vendor is responsible to pay liquidated damages in the event of a major system failure;
- The CAD system must meet an availability requirement for up time during a particular period of time;

- Vendor is held to standard of care of a fiduciary with respect to confidential information;
- Vendor assumes responsibility for all license requirements;
- Vendor grants COC a license in perpetuity for use of proprietary software;
- Vendor makes all technical support available on-site. After hours system support is provided via a secure VPN connection;
- Vendor supports CAD system via telephone modem or VPN within 30 minutes;
- Vendor supports all proprietary software at all City sites, including but not limited to 1411 W. Madison, 2111 W Lexington and the City's 911 backup Center;
- Vendor furnishes reports and analyses at six (6) month intervals regarding system performance;
- Vendor supplies monthly report of previous activities/support calls;
- Vendor proactively reviews system performance and makes recommendations for future growth;
- Vendor makes available all background reports and employee history on Contractors.

Northrop Grumman Scope of Service

Preventative Maintenance

Contractor shall be responsible for maintenance of all portions of the CAD System provided pursuant to a Task Order and for resolving defects or deficiencies arising from the interaction of City's Maintained Equipment and all other components of the CAD System. The Preventive Maintenance and Technical Support Program shall maintain the CAD System in compliance with the Performance Standards set forth in the existing contract. The Preventive Maintenance and Technical Support Program shall include warranty maintenance on all Equipment and Software within a Task Order at no additional charge to the City. Nothing in this Agreement or the performance of the Contractor hereunder shall affect or reduce the obligations Contractor may have under the Maintenance Services on existing CAD System hardware and software at no charge through the warranty period.

The Maintenance and Technical Support Program shall be structured to provide on-call support 24 hours a day, seven days a week including all holidays. During business hours (M-F from 8:30 AM until 5:00 PM) support staff will be located on site of customer's location. This support must be in the Chicago land area. After hours support shall have a maximum response time by telephone of 30 minutes for all Maintenance Reports. Maximum response time by remote modem access or by on-site visit shall be one hour, for Maintenance Reports deemed "critical" by the City. Non-critical Maintenance Reports will be responded to within the next Business Day in the order agreed by the parties. Specific deviation from the above requirements may only occur upon written approval of the Executive Director.

As part of the Maintenance and Technical Support Program, Contractor shall furnish professional dedicated technical personnel to provide Operational Support Services ("OSS Services") on site at the City's Office of Emergency Management and Communications, located at the Chicago Emergency Communications Center located at 1411 West Madison, or as needed at the Remote Site located at the Backup Communications Facility at 2111 West Lexington, or as deemed appropriate by the City. Contractor will ensure that its personnel or its Subcontractors' personnel providing OSS Services must be familiar with and skilled in dealing with the CAD System environment. This should include but is not limited to CAD hardware and software, policies and procedures and should also include Operations' floor familiarity. For OSS candidates, we need on a monthly report transmitted indicating sick/vacation time earned. Candidate must possess minimal training in any one of the areas of networking, UNIX, server-client etc.

Contractor shall provide special OSS Services not covered in the Preventive Maintenance and Technical System Program at the request of the Executive Director at the rates to be negotiated through a Change Order.

Contractor shall also provide through its OSS Services support and information to OEMC personnel Subcontractors and third party vendors regarding problem identification and resolution. Contractor shall also provide support as to Commercial Software reports and City access to such reports for the UniQ Batch and JAVA report menu and reports launcher, or such alternative report menu and reports launcher as the City may utilize.

Because of the sensitive and confidential nature of the CAD System and the OEMC, the City reserves the right to conduct reasonable background checks to the extent permitted by law on personnel providing

OSS Services. The City will provide reasonable cooperation in educating Contractor's personnel in the CAD System environment. The City shall direct the use of Contractor's personnel providing OSS Services and the City reserves the right to determine, in cooperation with Contractor, the appropriate staffing levels and work schedules for OSS Services. OSS technicians provided by Contractor shall be responsible for executing computer operations tasks and "Help Desk" assignments as documented in Contractor's Computer Operations manual provided to the OEMC, provided that the City may modify, include or exclude other computer operations tasks or "Help Desk" assignments. The City may also direct Contractor in writing to retain or replace technicians providing OSS Services. As directed by the City, Contractor will replace dismissed OSS personnel or leave such positions vacant within (10 business days) 20 days of dismissal. The City and the Contractor may also add to or delete personnel performing OSS Services as needed. OSS technicians shall follow all City work assignment and attendance regulations, including the use of time sheets and will not use City resources for personal use unless authorized by the City. The Contractor shall provide on the monthly report the total accrued vacation and medical time with usage balances for each OSS Contractor. The Contractor shall also provide a yearly Holiday Designation Schedule for the OSS Contractors. Absences from work for any reason by OSS technicians must be coordinated with and approved by the City and in case of any absence, Contractor shall provide to the City an acceptable and suitable replacement. Discrepancies in attendance or assignment of OSS Service technicians shall be negotiated and resolved by Contractor immediately upon being brought to Contractor's attention. The City and Contractor will meet quarterly or more frequently if required by the City to discuss OSS Service performance and to resolve outstanding issues. Contractor shall use its best efforts to keep the same OSS technicians in place through the term of this Agreement. Excessive tardiness or sick abuse (four times in one calendar year) will be grounds for dismissal. Note: Project Management must be improved and corrected.

Corrective Software Maintenance:

Contractor must remedy any defect in any Software or Equipment or in any integration or interface between the Software and the Equipment and either repair, or at the City's option, replace the defective element or module or swap any defective unit. Contractor shall supply, at no additional cost, all replacement parts or elements and perform or cause to be performed, all labor necessary to ensure proper function of the CAD System Software.

If, in performance of the normal maintenance update program, the Contractor determines that System performance will not be adversely affected, the Contractor shall provide one copy of any updated release of Proprietary Software and Commercial Software, or part thereof, without charge which the City may copy in the appropriate quantity and substitute in a prior release. In addition Contractor must provide published bulletins describing new releases, maintenance releases, temporary problem resolution and circumventions, support level change and other information with respect to all Software except for Contractor's then-applicable mailing and media changes.

On-Site Programmer

Current resources, i.e.: Applications Programmer, Data Base Administrator, Systems Administrator and NT/Network Support must be dedicated to the Office of Emergency Management and Communications Project. Any utilization of the stated aforementioned resources consultants outside of the Office of Emergency Management and Communication's contract should be placed in writing to the Executive Director before committing.

Project Management Services:

Contractor shall furnish reports and analyses for CAD System performance and verifiable system performance measurements, together with statistical data, charts and graphs as reasonably requested by

the City. Such reports shall be furnished no less frequently than annually, but may be furnished at six-month intervals at the Executive Director's request. Such reports and measurements shall be in a format agreed to by the City and Contractor. These should be furnished with the monthly status report.



City of Chicago
Richard M. Daley, Mayor

Office of Emergency Management
and Communications

Andrew Velasquez III
Executive Director

1411 West Madison Street
Chicago, Illinois 60607
(312) 746-9111
(312) 746-9120 (FAX)
<http://www.cityofchicago.org>

May 5, 2006

Claude Humphrey
Department of Procurement Services
121 N. LaSalle Street, Suite 403
Chicago, Illinois 60602

SUBJECT: Sole Source Request
CONTRACT TYPE: Professional Services
CONTRACT TITLE: Term Agreement for 911 - CAD Software
VENDOR: Northrop Grumman
TOTAL CONTRACT VALUE: \$91,800,000

Dear Mr. Humphrey:

I am writing to respectfully submit a request to the Sole Source Review Board to allow OEMC to enter into an agreement with Northrop Grumman for a seven year term agreement, with three, one year extensions, to maintain, upgrade and service the City's 911 Computer Aided Dispatch (CAD) software. Northrop Grumman has been responsible for this task since September 1995, and is the proprietary owner of the software. These proprietary rights make it impossible to competitively bid the contract, because no other vendor can have access to the coded language, which comprises the CAD.

In support of this request, please find the appropriate paperwork attached. Please feel free to contact me directly at 312.742.3790 with any questions.

Sincerely,

Amy Gudgeon

cc: Jim Argipolous
Andrew Sheils
Don Zoufal

05 MAY 15 AM 11:50



DPS PROJECT CHECKLIST

For DPS Use Only	
Date Received	_____
Date Returned	_____
Date Accepted	_____
CA/CN's Name	_____

IMPORTANT: PLEASE READ AND FOLLOW THE INSTRUCTIONS FOR COMPLETING THE PROJECT CHECKLIST AND CONTACT THE APPROPRIATE UNIT MANAGER IF YOU HAVE ANY FURTHER QUESTIONS. ALL INFORMATION SHOULD BE COMPLETED, ATTACH ALL REQUIRED MATERIALS AND SUBMIT FOR HANDLING TO THE DEPARTMENT OF PROCUREMENT SERVICES, ROOM 403, CITY HALL, 121 N. LASALLE STREET, CHICAGO, ILLINOIS 60602.

GENERAL INFORMATION:

Date: 5.8.06
REQ No.: 27553

Contact Person: Amy Gudgeon
Tel: 2-3790 Fax: 6-8647 E-mail: agudgeon@cityofchicago.org

PO No.: (if known):

Project Manager: " "
Tel: Fax: E-mail: @cityofchicago.org

Modification No.: (if known):

Previous PO No.: (if known):

Project Description: Northrop Grumman, preventive, corrective and third party maintenance, on-site support for the CAD

FUNDING:

- | | | | | | |
|----------|---|---------------------------------------|-------------------------------------|---------------------------------|--------------------------------|
| City: | <input checked="" type="checkbox"/> Corporate | <input type="checkbox"/> Bond | <input type="checkbox"/> Enterprise | <input type="checkbox"/> Grant* | <input type="checkbox"/> Other |
| State: | <input type="checkbox"/> IDOT/Transit | <input type="checkbox"/> IDOT/Highway | <input type="checkbox"/> FAA | <input type="checkbox"/> Grant* | <input type="checkbox"/> Other |
| Federal: | <input type="checkbox"/> FHWA | <input type="checkbox"/> FTA | | <input type="checkbox"/> Grant* | <input type="checkbox"/> Other |

LINE	FY	FUND	DEPT	ORGN	APPR	ACTV	OBJT	PROJECT	RPTG	\$ DOLLAR AMOUNT
	06	0100	58	4110	0138	220138				91800000

Estimated Value \$91,800,000

*IF GRANT FUNDED, A COPY OF THE APPROVED GRANT AND APPLICATION ARE REQUIRED and any other Terms and Conditions that may apply.

SCOPE STATEMENT:

Attached is a Detailed Scope of Services and/or Specification

IMPORTANT: THIS IS A CRITICAL PORTION OF YOUR SUBMITTAL. IN ORDER FOR DPS TO ACCEPT YOUR SUBMITTAL YOU MUST COMPLETE THE SPECIFIC SCOPE REQUIREMENTS AS SET FORTH IN THE SUPPLEMENTAL CHECKLIST FOR THAT UNIT.

The following is a general description of what should be included in a Scope of Services or Specification:
A clear description of all anticipated services and products, including: time frame for completion, special qualifications of prospective vendors, special requirements or needs of the project, locations, anticipated participating user departments, citation of any applicable City ordinance or state/federal regulation or statute.

TYPE OF PROCUREMENT REQUESTED (check all that apply):

NEW REQUEST

- Blanket Agreement
- Standard Agreement
- Small Orders

MOD/AMENDMENT

- Time Extension
- Vendor Limit Increase
- Scope Change/Price Increase/Additional Line Item(s)
- Other (specify):

FORMS: Requisition Special Approvals Non-Competitive Review Board (NCRB)

CONTRACT TERM: 10 years Requested Term (number of months): 120 months
(seven year with three one-year extension options)

**CITY OF CHICAGO
 PURCHASE REQUISITION**

Copy (Department)

DELIVER TO: 058- OEC1411 1411 W. MADISON Chicago, IL 60607	REQUISITION: 27553 PAGE: 1 DEPARTMENT: 58 - OFFICE OF EMERGENCY COMMUNICA PREPARER: Amy R Gudgeon NEEDED: APPROVED: 5/8/2006
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REQUISITION DESCRIPTION

Northrop Grumman maintenance and on-site support for the CAD system
 SPECIFICATION NUMBER: 47019

COMMODITY INFORMATION

LINE	ITEM	QUANTITY	UOM	UNIT COST	TOTAL COST
1	92045	#####	USD	0.00	0.00
	Third Party Maintenance				

SUGGESTED VENDOR:

REQUESTED BY: Amy R Gudgeon

DIST	BFY	FUND	COST CTR	APPR	ACCNT	ACTV	PROJECT	RPT CAT	GENRL	FUTR	Dist. Amt.
1	006	0100	0584110	0138	220138	0000	00000000	000000	00000	0000	0.00
LINE TOTAL:											0.00

LINE ITEM

LINE	ITEM	QUANTITY	UOM	UNIT COST	TOTAL COST
2	92045	#####	USD	0.00	0.00
	Corrective Maintenance				

SUGGESTED VENDOR:

REQUESTED BY: Amy R Gudgeon

DIST	BFY	FUND	COST CTR	APPR	ACCNT	ACTV	PROJECT	RPT CAT	GENRL	FUTR	Dist. Amt.
1	006	0100	0584110	0138	220138	0000	00000000	000000	00000	0000	0.00
LINE TOTAL:											0.00

LINE ITEM

LINE	ITEM	QUANTITY	UOM	UNIT COST	TOTAL COST
3	92045	#####	USD	0.00	0.00
	Preventive Maintenance				

SUGGESTED VENDOR:

REQUESTED BY: Amy R Gudgeon

DIST	BFY	FUND	COST CTR	APPR	ACCNT	ACTV	PROJECT	RPT CAT	GENRL	FUTR	Dist. Amt.
1	006	0100	0584110	0138	220138	0000	00000000	000000	00000	0000	0.00
LINE TOTAL:											0.00

LINE ITEM

LINE	ITEM	QUANTITY	UOM	UNIT COST	TOTAL COST
4	92045	#####	USD	0.00	0.00
	On-Site Support				

SUGGESTED VENDOR:

REQUESTED BY: Amy R Gudgeon

DIST	BFY	FUND	COST CTR	APPR	ACCNT	ACTV	PROJECT	RPT CAT	GENRL	FUTR	Dist. Amt.
1	006	0100	0584110	0138	220138	0000	00000000	000000	00000	0000	0.00
LINE TOTAL:											0.00

Where a commodity is for a particular or unique use other than standard quality, grades, color, size or other characteristics, give details of how it will be and for what purpose.
 Requisitions prepared incorrectly will be returned to the using department.

**CITY OF CHICAGO
 PURCHASE REQUISITION**

Copy (Department)

DELIVER TO: 058- OEC1411 1411 W. MADISON Chicago, IL 60607	REQUISITION: 27553 PAGE: 2 DEPARTMENT: 58 - OFFICE OF EMERGENCY COMMUNICA PREPARER: Amy R Gudgeon NEEDED: APPROVED: 5/8/2006
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Northrop Grumman maintenance and on-site support for the CAD system
 SPECIFICATION NUMBER: 47019

COMMODITY INFORMATION

LINE	ITEM	QUANTITY	UOM	UNIT COST	TOTAL COST
5	92045 Task Orders	#####	USD	0.00	0.00

SUGGESTED VENDOR:

REQUESTED BY: Amy R Gudgeon

DIST	BFY	FUND	COST CTR	APPR	ACCNT	ACTV	PROJECT	RPT CAT	GENRL	FUTR	Dist. Amt.
1	006	0100	0584110	0138	220138	0000	00000000	000000	00000	0000	0.00
LINE TOTAL:											0.00

REQUISITION TOTAL: 0.00