



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen  
Peter Jensen

**SUBJECT** CITY HALL AUDIO-VISUAL  
SYSTEM EXPANSION PROJECT

**DATE:** 05-29-07

Approved

*Katy Wines*

Date

*6/3/07*

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

Adoption of a resolution:

1. Determining that the City Hall Audio-Visual System Expansion Project need not be publicly bid because the solicitation of bids would be an idle act;
2. Authorizing the City Manager to negotiate and execute a contract for the design and construction of the City Hall Audio-Visual Expansion Project to Ceitronics, Inc. in the maximum amount of \$300,000, and approval of a contingency in the amount of \$30,000; and
3. Determining that the City Hall Audio-Visual System Expansion Project requires using certain brand name "control" equipment manufactured by Crestron Electronics, Inc. to match the existing audio-visual system.

## OUTCOME

The proposed City Hall Audio-Visual System Expansion Project would expand the current audio-visual system at City Hall to include equipment for five (5) more conference rooms and three (3) additional digital signage stations in the Rotunda. Approval of the recommendation would authorize the City Manager to negotiate and execute an agreement with Ceitronics to design and construct the Project without public bidding. It also would authorize the City Manager to include in the agreement with Ceitronics a specification for the use of certain brand name Crestron equipment that is needed to properly integrate the expansion into the existing audio-visual system.

## EXECUTIVE SUMMARY

This report describes the Audio-Visual ("AV") system currently in place in City Hall and a proposed expansion to the AV system. The report further details the complexity and proprietary nature of the AV system's components and custom software created to operate its various

functions. This leads to the conclusion that a design-build contract with Ceitronics, Inc., the original AV contractor who has the requisite intimate knowledge of our system, is required to successfully expand our AV system. The recommendation calls for the adoption of a resolution finding that public bidding is unnecessary because the solicitation of bids would be an idle act, authorizing the City Manager to negotiate and execute a design-build contract with Ceitronics, Inc., and determining that this project requires certain proprietary equipment to match the existing AV equipment.

## **BACKGROUND**

The existing AV system was constructed as part of the New City Hall project. This component of the City Hall project was competitively bid in May 2004. Ceitronics, a local San Jose AV contractor, was the low-bidder and was awarded the AV contract in the amount of \$3.9 million in June 2004.

The AV system installed by Ceitronics consists of a single, integrated system. This integrated system generally includes the following audiovisual, environmental and meeting management components and functions:

- AV routing in Council chambers, Committee rooms and certain conference rooms
- Civic Center Television (Channel 26) signal processing
- Council/Committee Webstreaming signal processing
- Microphone control and level adjustment
- Environmental controls including lighting and mechanical shade operation
- Electronic voting during Council meetings
- Queuing system for comments from Council members and the public
- Electronic meeting management system tracking agenda items
- Remote machine control of DVD players, VCR's, video projectors and other devices
- In-house digital signage signal processing

The AV system components are integrated by a central control system consisting of custom software written by Ceitronics and certain hardware manufactured by Crestron. The custom-written software uses SimplWindows and X-Panel programming languages and required Ceitronics to write over 350,000 lines of unique computer code. Ceitronics specifically wrote the software to interface with certain hardware manufactured by Crestron.

The central control system operates like the "brains" of the AV system by coordinating various functions through a central, unified process. Operation of the two video projectors in the Council chambers provides one simple example of how the central control system actually works. Pressing a single key on the touchpanel screen, which is manufactured by Crestron, sends one command to start one of the two video projectors, a second to select the chosen video source and route it to the projector which has just been turned on, a third to route signals to intermediate video processors and a fourth to push the signal to each touchpanel at the Council

dais. Once these actions have taken place, the processor, which is also manufactured by Crestron, reports feedback from the projector to the touchpanel screen reflecting its status as "on."

The development of this central control system resulted from many meetings among Ceitronics and the City, including the Civic Center Television staff, the Information Technology Department, the City Clerk's Office and General Services. Development of the central control system also involved review and comment by the Mayor's Office and key departments.

Staff is now proposing to expand the AV system by retrofitting 5 conference rooms in the City Hall with AV capability and adding 3 video cubes (large video monitors) and associated signage content control devices in the Rotunda. The goal of the expansion project is to completely integrate these improvements into the existing audio-visual system so that the City Hall continues to have one, seamless system. To accomplish this, the City needs to use Ceitronics to design and construct the expansion. It also needs to use certain equipment manufactured by Crestron.

## **ANALYSIS**

### **A. Authorizing the City Manager to negotiate and execute an agreement with Ceitronics without public bidding.**

Staff is requesting authority for the City Manager to negotiate and execute an agreement with Ceitronics for the design and construction of the City Hall Audio-Visual Expansion Project in an amount not to exceed \$300,000, exclusive of the purchase of any equipment. The agreement would not be competitively bid for the reasons set forth below.

The San Jose City Charter generally requires that public works projects in excess of \$100,000 be competitively bid and let to the lowest bidder. However, the City Charter provides an exception to this requirement "where the solicitation of bids would for any reason be an idle act." An "idle act" exists when a request for competitive proposals would be futile, unavailing or would not produce an advantage for the public entity. Staff believes the solicitation of bids for the City Hall Audio-Visual Expansion Project would be an idle act because Ceitronics is the only contractor that can efficiently, reasonably and effectively accomplish this expansion project successfully.

The proposed expansion project involves retrofitting five conference rooms with an AV system that would include teleconferencing capabilities, digital projectors, screens, TV tuners, VCR's, DVD players, wall and tabletop control panels, and electronic whiteboards. The proposed project would connect these new AV system components into the existing central control system to create an integrated system. Such a system has a number of benefits. For example, a central connection enables remote control and maintenance of AV equipment attached to the network throughout the City Hall facility. An engineer has the ability to remotely diagnose a problem and correct it (e.g., a projector not being on, being switched to incorrect input, etc.).

The expansion project also would include adding three (3) flat screen displays to the four (4) existing ones. These screens would display City-related information. The proposed project involves integrating the flat screen displays into the existing AV system so that their content can be controlled and switched via the central control system.

Integrating the proposed new AV system components into the existing AV system requires connecting them to the central control system. This, in turn, requires modifying the software written by Ceitronics to recognize the new components. Proper modification of the software written by Ceitronics is critical. Any errors in modifying the software could cause any or all of the processes – either existing or new – to malfunction, and potentially impact other completely unrelated functions, such as lighting or window shade operation.

Ceitronics is, by far, the entity in the best position to modify the central control system software. Ceitronics has an intimate and unique knowledge of the software because it wrote the software. This puts Ceitronics in a unique position with regard to being able to efficiently and effectively make the appropriate software modifications. Although the City has the right to modify and enhance the software pursuant to its license agreement with Ceitronics, the license agreement provides that the City would do so at its own risk. Without intimate knowledge of the existing system, an entity other than Ceitronics would not be in a position to make any modifications to the system without a serious risk of compromising essential functions and potentially invalidating the equipment maintenance agreement with Ceitronics. All of this was known by the City at the time the original contract was awarded and could not be avoided as it is inherent in computer software controlled systems.

Accordingly, for all of these reasons, staff believes it would be an idle act to bid the proposed project and requests the Council to authorize the City Manager to negotiate and execute a design build construction contract with Ceitronics.

**B. Authorizing the City Manager to require the use of certain Crestron equipment.**

The San José Municipal Code prohibits a specification for the purchase of supplies, equipment or materials from being limited to a brand name unless the Director of Finance first makes a written decision finding that one of the listed exceptions applies. Similarly, State law prohibits specifications for bids on public works contracts that limit equipment to a brand name unless the awarding authority first determines that one of the applicable exceptions applies. Under both the Municipal Code and State law, one of the applicable exceptions to the general prohibition is when a specific brand name equipment item is needed to match other equipment already in use on a public improvement.

Neither of the above Municipal Code nor State law prohibitions is directly applicable here because the proposed project involves a public works project – as opposed to the purchase of equipment by General Services – that will be awarded without bidding. Nevertheless, consistent with the underlying purpose of those provisions, staff is requesting the City Council to do the

following: (1) find that the use of certain Crestron equipment is needed to match other equipment already in use and (2) delegate to the City Manager the authority to include in the agreement with Ceitronics a requirement to use Crestron equipment as needed to integrate the proposed expansion into the existing control system. Given that Ceitronics wrote its software to function with certain Crestron equipment, the expansion could not occur as proposed without the continued use of that equipment.

The Crestron equipment, like all of the other equipment needed for the proposed project, would still be purchased through a competitive process. The agreement with Ceitronics would specify that, as part of the project design, Ceitronics would provide the City with a parts list of all Crestron equipment needed to construct the Project and the cost for Ceitronics to provide the Crestron equipment to the City. The City would obtain competitive quotes from other vendors of the Crestron equipment identified on the parts list. The City would then have the option of purchasing the Crestron equipment from Ceitronics or from another vendor, whichever provides the most competitive quote.

The agreement would also specify that, as part of the project design, Ceitronics would need to provide the City with the specifications for all other equipment (all non-Crestron equipment) needed to complete the Project. The specifications for the list of other equipment would not be limited to a particular manufacturer. The City would competitively bid the purchase of this equipment. Ceitronics would be required to assist the City in determining whether the vendor proposals meet the requirements of the specifications.

### **POLICY ALTERNATIVES**

*Alternative No. 1:* An alternative would be to issue an RFP for the development of *new* control software that would operate on the Crestron platform, but not use any of the existing machine code.

**Pros.:** There would be a competitive process.

**Cons.:** Engineering an entirely new system would cost several times more than expanding the existing system. Developing new software would be extremely time consuming with a significant amount of time being spent by a vendor simply analyzing the existing system functions that would need to be supported. Further, there would have to be a testing period of the new software. During this time, public/staff access to the meeting rooms would be limited and some technology functions would be unavailable. This would be virtually impossible in the current environment of high utilization of public meeting spaces.

**Reason for not recommending:** Increased cost, service disruptions and implementation delay.

*Alternative No. 2:* To have the new AV system components operate as a separate system and to not be part of an integrated system.

**Pros:** There would be a competitive process.

**Cons:** First, there would be an increased cost to this approach, given the fact that a vendor would need to design a system from scratch, rather than building on the design work already done for the existing system. Second, there would be no continuity between the new system and the

existing. That is, the familiar interfaces within the existing system would not be used, rather an entirely new user interface would be created. While an effort would be made to imitate the existing interface, certain differences would be inevitable. Finally, the new system would effectively be an "island" within the existing AV structure. It could not be remotely controlled or monitored through the existing system, but would require a separate, parallel scheme for control and monitoring.

**Reason for not recommending:** Increased cost, delay in implementation, lack of conformity with existing standards and need for system duplication.

### **PUBLIC OUTREACH/INTEREST**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This action does not meet any of the criteria above. The original audio-visual bid package for the New City Hall project was listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all DPW construction projects are provided to various contractor organizations and builder's exchanges. This memorandum will be posted on the City's Internet website for the June 19, 2007, Council agenda.

### **COORDINATION**

This memo was coordinated with the City Attorney's Office, City Manager's Budget Office, and the Departments of Finance and Planning, Building and Code Enforcement.

### **FISCAL/POLICY ALIGNMENT**

This project is consistent with the Council approved Budget Strategy to continue with capital investments that spur construction spending in our local economy.

**COST SUMMARY/IMPLICATIONS**

1. AMOUNT OF RECOMMENDATION: \$300,000
2. COST ELEMENTS OF AGREEMENT/CONTRACT
 

Agreement (not to exceed)	\$ 300,000
Contingency (if applicable)	\$ 30,000
<b>TOTAL</b>	<b>\$ 330,000</b>
3. SOURCE OF FUNDING: 473 – Civic Center Improvement Fund
4. OPERATING COSTS:

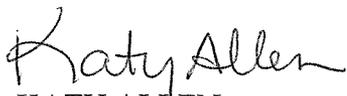
**BUDGET REFERENCE**

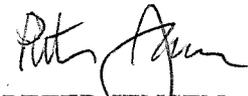
Fund #	Appn #	Appn. Name	RC#	Total Appn	Amt. for Contract	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
<b>Remaining Project Costs</b>							
<b>Current Funding Available</b>							
473	5152	NCH AV 5	143329	*\$307,000	\$225,000	V-1193	10/17/2006 Ord No 27888
473	5152	NCH Video	143349	**\$126,200	\$60,000	V-1193	10/17/2006 Ord No 27888
<b>Total Current Funding Available</b>				\$433,200	\$300,000		

\* In appropriation 5152, \$307,000 is allocated for the NCH AV 5 project.  
 \*\* In appropriation 5152, \$126,200 is allocated for the NCH Video project.

**CEQA**

CEQA: Resolution No. 68905

  
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