



DATE: September 12, 2023

TO: Mayor and City Council

FROM: City Manager
Acting Chief of Police

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute a 10-Year Agreement With Axon Enterprises, Inc. For the Purchase of the Axon Officer Safety Plan 10 Premium Bundle in an Amount Not-To-Exceed \$11.5 Million, Appropriating \$300,000 into CIP Project 07418 from Fund 405 Fund Balance, and Transferring \$190,927.49 from Fund 730 to Fund 405

RECOMMENDATION

That the Council adopts a resolution (Attachment II) authorizing the City Manager to execute a 10-year agreement with Axon Enterprises, Inc for the purchase of the Axon Officer Safety Plan 10 Premium Bundle in an amount not-to-exceed \$11.5 million.

The attached resolution would also appropriate \$300,000 into Capital Improvement Project 07418 – Integrated Cameras and Equipment from Fund 405 Fund Balance, and transfer \$190,927.49 from the Information Technology Operating Budget (Fund 730) into Capital Improvement Project 07418 (Fund 405).

SUMMARY

The Hayward Police Department currently contracts with Axon for the use of several Axon products, including Body Worn Cameras, Evidence.com, and TASER products, all of which are essential to operations within the police department.

In a continuing effort to broaden transparency, mitigate liability, advance investigative capabilities, and improve crime solvability, the Hayward Police Department is recommending entering into a new agreement with Axon, to not only keep staff equipped with the latest Body Worn Cameras and TASERs, but to include other features that come with the Axon Officer Safety Plan 10 bundle, which include auto transcribing functions, redaction assistant, AXON Performance, virtual reality training aids, and other accountability tools.

In late 2022, Axon notified the HPD that they would be transitioning their newest and future TASER distributions towards an all-inclusive subscription-based business model. Starting

with their TASER 10, these upgraded devices will only be available under one of their Officer Safety Plans, which could effectively umbrella all Axon products and services under one agreement, as opposed to having separate agreements for each service or piece of Axon equipment purchase. It is more cost-effective to keep the Fleet 3, jail van, and interview room agreements with Axon in place until their expiration so the bundling of HPD's current products into one agreement will occur when previously executed agreements end. The HPD recommends entering into the bundled, subscription-based agreement, as more fully described in this staff report.

Notably, Axon is the sole source vendor for products included with this agreement.

BACKGROUND AND DISCUSSION

The City of Hayward currently contracts with Axon Enterprise, Inc. to provide the Hayward Police Department's body-worn cameras (BWCs), Fleet 3 in-car vehicle camera systems, and interview room cameras. The City currently maintains four (4) separate agreements with Axon Enterprise, Inc. for these services. Additionally, the Hayward Police Department also utilizes Axon's TASER products which, until recently, were only available through a third-party distributor. In late 2022, Axon notified the Hayward Police Department that they would be transitioning away from third-party vendors and moving towards an all-inclusive subscription-based business model. There are no other products like Axon's on the market therefore Axon Enterprises, Inc. is a sole source vendor for products included in these agreements.

This new agreement with Axon Enterprise, Inc. will bundle the existing agreement for Body-Worn Cameras and Evidence.com into the Officer Safety Plan (which will include TASER related purchases) into one ten-year (10-year) subscription-based agreement (OSP10) and will eventually combine all Axon agreements into one starting in fiscal year 2029 when the Fleet 3 Jail Van and Interview Room contracts expire. It would also allow the Hayward Police Department to plan for and upgrade all Axon equipment and software as new technologies emerge, replace outdated equipment, and add significant functionality over current systems. Bundling these agreements into a subscription-based business model allows the Department to better manage the services provided by Axon Enterprise, Inc., update the City's existing equipment, extend the service terms, and consolidate and better project costs.

An important aspect of the proposed contract is the included evidentiary hardware and software upgrades, and accountability tools that record and store data from the TASERs and video from all three camera systems (BWC, Fleet 3, and Interview). This software has built-in auditing and accountability tools. These tools ensure that supervisors routinely audit in an objective manner how and when their officers record video, use their TASERs, or even draw their weapons. Additionally, it transcribes audio from the video feeds that is critical both in routine police investigations and when there are allegations of employee misconduct. The transcription software allows investigators to instantly perform keyword searches to find the specific use of a word in the video. As it is now, such an investigation would involve hours of work to manually review footage. The included software streamlines work and acts as a service multiplier.

The payment schedule below reflects both the individual and consolidated costs for all current and proposed agreements with Axon Enterprises, Inc.:

Fiscal Year	OSP10	Fleet 3 Patrol	Fleet 3 Jail Van	Interview Room	10% Contingency	Total
2024	\$1,279,141.39	\$157,103.51	\$3,180.29	\$10,567.54	\$144,999.27	\$1,594,992
2025	\$693,633.45	\$157,103.51	\$3,180.34	\$10,567.54	\$86,448.48	\$950,933.32
2026	\$721,378.77	\$157,103.51	\$3,180.34	\$10,567.54	\$89,223.02	\$981,453.18
2027	\$750,233.96	\$157,103.51	\$3,180.34	\$10,567.54	\$92,108.54	\$1,013,193.89
2028	\$780,243.30	\$157,103.51	\$3,180.34	\$10,567.54	\$95,109.47	\$1,046,204.16
2029	\$811,453.00	\$127,099.54	\$2,227.35	\$7,822.79	\$94,860.27	\$1,043,462.95
2030*	\$843,911.18	\$132,183.52	\$0.00	\$0.00	\$97,609.47	\$1,073,704.17
2031	\$877,667.60	\$137,470.86	\$2,316.43	\$8,135.70	\$102,559.06	\$1,128,149.65
2032	\$912,774.30	\$142,969.70	\$2,409.09	\$8,461.13	\$106,661.42	\$1,173,275.64
2033	\$949,285.37	\$148,688.48	\$2,505.45	\$8,799.58	\$110,927.89	\$1,220,206.77
Total	\$8,619,722.32	\$1,473,929.65	\$25,359.97	\$86,056.90	\$1,020,506.88	\$11,225,575.72

*There are no payments due for the jail van or interview room in FY 2030 due to the timeline on the payment schedule

The FY 2024 cost of the Axon OSP10 contract is higher than the remaining years in the agreement due to the one-time cost of the hardware. Due to the one-time expense, staff is requesting an additional appropriation of \$300,000 into the General Capital Fund (Fund 405) CIP budget for project 07418 – Integrated Cameras and Equipment. This additional appropriation will fund the payments for all current and proposed agreements with Axon Enterprises, Inc in FY 2024.

Community Engagement Efforts

As part of HPD’s ongoing efforts to be transparent, provide information, and engage community dialogue, the planned proposal was presented to the Community Advisory Panel (CAP) on January 30, 2023. At that time, we discussed the benefits of the accountability tools that are included in the subscription-based model, and there were no objections or concerns expressed by any of the CAP members.

STRATEGIC ROADMAP

While this agenda item does not directly support one of the 27 enumerated projects in the Strategic Roadmap, the implementation of the Axon OSP10 Body Worn Camera contract would further the Strategic Priority of Enhancing Community Safety and Quality of Life through its enhanced investigative abilities as well as the transparency and accountability tools included in the package.

FISCAL IMPACT

Staff recommends funding the agreement with Axon through the Capital Improvement Project (CIP) 07418 – Integrated Cameras and Equipment (Fund 405 – General Capital Fund). In FY 2024, the available budget for CIP project 07418 is \$1.11 million. In addition to the available budget for the CIP Integrated Cameras and Equipment (07418) project, funding for Body-Worn Cameras and Evidence.com is included in the Information Technology Operating Budget (Fund 730) annually in the amount of \$190,927.49. The Axon OSP10 agreement includes Body-Worn Cameras and digital evidence storage. Since the Information Technology Department would no longer be required to fund this equipment and software, staff recommends that the appropriated budget of \$190,927.49 be reallocated and transferred from the Information Technology (Fund 730) operating budget to project 07418 (Fund 405 – General Capital Fund) to offset the annual cost of the agreement with Axon.

To ensure adequate funding for FY 2024, an increase of \$300,000 in budget appropriation to CIP Project 07418 from the General Capital Fund Balance (Fund 405) will be required to fully fund the first year of the agreement with Axon.

10-Year Fiscal Impact of Agreement with Axon:

The Hayward Police Department submitted a 10-year CIP budget for project 07418 (Fund 405 – General Capital Fund) and the total funding requested over the 10-year period is \$8,930,000. Combining all current and proposed agreements with Axon Enterprises, Inc., the total funding requested over a 10-year period plus a 10% contingency will be \$11,225,575.72.

If the 10-year funding request for CIP project 07418 is considered, the remaining funding required over a 10-year period for all Axon agreements is \$2,295,575.72. With the offset of the current body-worn cameras and digital evidence storage system agreement currently funded in the Information Technology operating budget (Fund 730), the remaining additional funding required over a 10-year period is \$386,305.72. Rounding up for Police Department CIP appropriation consistency, the estimated additional appropriation requests over a 10-year period will be \$390,000.

Therefore, the additional fiscal impact on the General Fund for all current and proposed Axon agreements would be an average of \$39,000 per fiscal year, funded by the Police Department's CIP project 07418 budget (Fund 405 – General Capital Fund). The increased funding will be requested during the annual CIP budget process based on the needs for the upcoming fiscal year, and should not exceed \$390,000 over a 10-year period.

While there is a small additional fiscal impact to the General Fund, these agreements broaden transparency, mitigate liability, advance investigative capabilities, and improve crime solvability thereby enhancing community safety and quality of life.

The table below provides a summary of the annual fiscal impact of the agreement with Axon. To meet the annual cost of the agreement with Axon, staff will request the following additional appropriations for FY 2025-2033 in CIP project 07418 (Fund 405 – General Capital Fund) during the annual CIP budget process:

Fiscal Year	Additional Appropriation Needed (Fund 405)	Funding from IT Operating Budget (Fund 730)	Actual Net Fiscal Impact	Estimated Additional CIP Appropriation
2024	\$484,992	\$190,927	\$294,065	\$300,000
2025	\$150,934	\$190,927	-\$39,993	\$0
2026	\$176,454	\$190,927	-\$14,473	\$0
2027	\$188,194	\$190,927	-\$2,733	\$0
2028	\$201,205	\$190,927	\$10,278	\$0
2029	\$178,463	\$190,927	-\$12,464	\$0
2030	\$188,705	\$190,927	-\$2,222	\$0
2031	\$218,150	\$190,927	\$27,223	\$0
2032	\$243,276	\$190,927	\$52,349	\$15,000
2033	\$265,207	\$190,927	\$74,280	\$75,000
Total	\$2,295,580	\$1,909,270	\$386,310	\$390,000

NEXT STEPS

If Council adopts this resolution, staff will enter into a ten-year purchase/service agreement with Axon Enterprises, Inc. for the purchase of the Axon Officer Safety Plan 10 Premium (OSP10) with Auto Transcribe, Redaction Assistant, AXON Performance, Virtual Reality Training Aids, and more in an amount not-to-exceed \$9.7 Million.

Staff will also continue to contract with Axon Enterprises, Inc. for the Fleet 3 cameras in patrol vehicles and the jail van, and the cameras in the interview room.

The total for all Axon Enterprises, Inc. agreements will be in a not-to-exceed amount of \$11.5 million over a 10-year period.

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Approved by:



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