



SUPPLEMENTAL

COUNCIL AGENDA: 6/22/04
ITEM: 3.9(c)

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Jose Obregon
Wandzia Grycz

SUBJECT: SEE BELOW

DATE: June 22, 2004

Approved

Date

6/22/04

**SUBJECT: REPORT ON RFP FOR A CONVERGED NETWORK FOR THE NEW
CITY HALL (NCH)**

REASON FOR SUPPLEMENTAL MEMO

The purpose of this memo is to address the issues raised by SBC Corporation in a letter dated June 21, 2004 to Ms. Wandzia Grycz and Mr. Jose Obregon. This letter outlines SBC's concern with staff's recommendation to enter into negotiations with Unisys Corporation per Council agenda item 3.9(c) on the June 22, 2004 agenda.

Issues raised by SBC in the letter are summarized as follows:

1. They question that the evaluation criteria was established after proposals and related information as requested by the City were received.
2. They express concern over the lack of specific information within the Report on RFP related to all scoring that was not related to price.
3. They claim that a statement made in their proposal response under "key assumptions" is alleged, and that the concerns Staff had with this statement are inconsistent with the evaluation criteria as set forth in the RFP.
4. They claim that their proposed price as listed in Table 3 of the staff report is inconsistent with what they submitted and claim that there was an "unexplained manipulation of SBC's costs"
5. SBC closes by requesting a "Best and Final Offer" process to provide them an opportunity to address all of the issues that were raised in the staff report.

Staff's response to SBC's concerns and allegations is that they are without basis or merit. In addition, SBC's letter was prepared prior to a meeting that Staff had with key representatives from SBC where several hours were spent discussing these same concerns.

Staff's response to each point follows:

- 1 All evaluation criteria, including scoring sheets and weights were established prior to the distribution of proposals and related information to the evaluation team. In addition the RFP process that the City followed was identical to the process that was described in the initial RFP document.
2. In conversations with SBC, Staff expanded considerably (from the summary information provided in the Council memo) on areas where SBC did not score as high as their competition.
3. The statement that SBC made under "key project assumptions" is in quotations in the Staff report to Council because it is a verbatim quote from SBC's final technical submission. Again, SBC stated "SBC will not be responsible for the performance of voice and data quality of the live AVVID IP telephony over the customer LAN". SBC was confused over how this statement related to the evaluation criteria as set forth in the RFP and further explained that their response was "boilerplate" and just a negotiation starting point.
4. SBC's proposed price as stated in Table 3 is exactly the price SBC quoted for the base or core solution in their cost proposal, plus sales tax that Staff applied to all proposals on the hardware and software (the City's instructions were to exclude sales tax from their cost proposals, and that the City would estimate applicable taxes).
- 5 A "best and final" process after receipt of proposals and disclosure of results is a deviation from the established RFP process and creates the perception of extending the process for the purpose of favoring one supplier.



Jose Obregon
Director of General Services



Wandzia Grycz
Chief Information Officer