



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Scott P. Johnson

**SUBJECT:** SEE BELOW

**DATE:** July 26, 2006

Approved

Date

7/28/06

**COUNCIL DISTRICT:** Citywide

**SUBJECT: EXERCISE FIRST OPTION TO RENEW THE OPERATIONS AND MAINTENANCE SERVICES FOR CONVERGED NETWORK AND TELEPHONY SYSTEM AT CITY HALL**

## RECOMMENDATION

Adoption of a resolution authorizing the Director of Finance to:

1. Exercise the first of six options to renew the annual Operations and Maintenance (O&M) Services with Nortel Networks Corporation ("Nortel") for managed services of the converged network and telephony system in an amount not to exceed \$1,102,500; and
2. Execute one additional one-year option to renew the O&M Services subject to the appropriation of funds.

## OUTCOME

Approval of this renewal request will ensure uninterrupted service of data and telephone systems within City Hall and allow staff to continue on-site training in the maintenance and support of the City's new converged network and telephony systems.

## BACKGROUND

As a result of a competitive Request for Proposal (RFP) solicitation, on March 15, 2005, the City Council approved agenda item 3.4 to execute an agreement with Nortel for the purchase of a

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converged network and telephony system, including all hardware, software, security, installation and one year of operation and maintenance support for the New City Hall (NCH).

The agreement with Nortel provided for up to six one-year options to renew the O&M services but expired on June 30, 2006 before Staff could return to council for approval. To ensure uninterrupted service from July 1 until August 15, 2006, under the authority granted to the City Manager through Resolution 61250, the City issued a Service Order for that period.

The converged network brought together telephone services and data services in a single high-speed network infrastructure using a fiber-optic cable backbone. This new VoiceOverIP (VoIP) system is City Hall's primary communication method within our building and to the City's residents.

During the past year, Information Technology Department (ITD) has worked with Nortel in every practical situation to gain valuable hands-on experience in this new system. In addition, ITD staff attended as many outside training classes as possible to increase in-house knowledge base of the Nortel technology and are transitioning into lead roles in support of the data and telephone systems. Staff anticipates the need for at least one more year of Nortel's on-site support as ITD continues to gain the necessary skills, training and experience that are essential to ensure reliable computer and telephone services.

In addition, Staff is requesting approval for an additional option term to be exercised only in the event ITD requires additional time for transition of support.

### **ANALYSIS**

Un-interrupted service is critical to prevent potential safety hazards that could arise during a downtime situation if City Hall occupants and/or visitors are unable to reach emergency numbers such as 911. Nortel has the required expertise to support and address the most complex maintenance requirements and prevent potential downtime. Therefore, staff has determined that renewing the managed services with Nortel is in the best interest of the City to meet day-to-day operational requirements of City Hall staff. Nortel will manage and maintain the equipment, lines and circuits for City Hall and assume responsibility for the operation of the network and services 24/7. Service Management includes remote diagnostics, problem resolution, escalation and service restoration. Other Service components consist of following: Network Operations Center with toll free number for trouble reporting, Hardware Maintenance with scheduled routine and preventative maintenance, System Platform Monitoring, Fault Management, Problem Management Help Desk, Inventory Management, Call Detail, Core Traffic Optimization, Network Optimization, Fraud Management, System Configuration Backups, Reporting, End User Services etc.

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Nortel has met or exceeded the Service Level Requirements stipulated by the contract. Through continuing the Agreement, the City of San Jose, its partners, residents and businesses will benefit from the company's experience in delivering highly reliable service. Finally, Information Technology staff will continue to benefit from the on-going knowledge transfer.

During the renewal period, ITD will continue to work closely with Nortel to cross-train staff towards developing the necessary expertise required to transfer primary support and maintenance from Nortel to City staff for fiscal year 2007-2008.

### **PUBLIC OUTREACH/INTEREST**

Not applicable.

### **FISCAL/POLICY ALIGNMENT**

This action is consistent with the General Budget Principle that, "We must continue to streamline, innovate, and simplify our operations so that we can deliver services at a higher quality level, with better flexibility, at a lower cost."

### **COORDINATION**

This memorandum has been coordinated with the Information Technology Department, City Manager's Budget Office and the City Attorney's Office.

### **COST SUMMARY/IMPLICATIONS**

1. Amount of Recommendation/Cost of Project: \$1,102,500. This amount reflects ongoing reductions in on-site Nortel staff and hardware maintenance costs.

2. Cost Elements of Agreement/Contract:

	Monthly	Renewal Term (10.5 Months)
Managed Services	\$ 39,900	\$ 382,350
Maintenance Services	\$ 65,100	\$ 720,150

3. Source of Funding: General Fund

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4. Fiscal Impact: The budget for 2007-2008 will decrease by same amount when ITD staff are trained and have acquired the necessary expertise of the Nortel Converged Data & Voice Network.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	Proposed 2006-2007 Budget Page	Last Budget Action (Date, Ord. No.)
001	0432	Non-Personal/Equip. Info Technology	\$5,540,993	\$1,102,500	VIII-74	MBA#50 06/05/06

**CEQA**

Not a project.

  
SCOTT P. JOHNSON  
Director, Finance

For questions please contact Walter C. Rossmann, Chief Purchasing Officer at (408) 535-7051.