

SUPPLEMENTAL



Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: August 10, 2006

Approved

*Kay Wines*

Date

*8/11/06*

COUNCIL DISTRICT: Citywide

**SUBJECT: EXERCISE RENEWAL OF AMENDED OPERATIONS AND MAINTENANCE SERVICES FOR CONVERGED NETWORK AND TELEPHONY SYSTEM AT CITY HALL**

**REASON FOR SUPPLEMENTAL**

The supplemental memorandum is issued to clarify the recommendation language and to provide additional detail regarding the amendment of contract with Nortel.

**RECOMMENDATION**

Adoption of a resolution authorizing the Director of Finance to:

1. Execute an amendment to the Agreement with Nortel Networks Corporation ("Nortel") for annual Operations and Maintenance services of the converged network and telephony system in an amount not to exceed \$1,102,500; and
2. Execute one annual option to renew the O&M Services effective July 1, 2007 subject to appropriation of funding.

**ANALYSIS**

The amendments to the Agreement are consistent with the planned transition of services from Nortel to Information Technology Department staff. On the following page is a summary of the changes:

August 10, 2006

**Subject: Exercise First Option to Renew Nortel Managed Services Agreement**

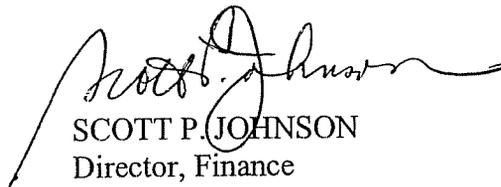
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1. Liquidated Damages provision is deleted in its entirety because of the planned transition from Nortel to Information Technology Department (ITD) since it is not reasonable to hold Nortel liable or responsible for work that ITD performs.
2. The Disentanglement Assistance section refers to Nortel's role in providing the transitional assistance to City staff required to manage the converged network. This section is amended and expanded to be more explicit on the tasks to be performed by Nortel in order to prepare ITD staff to assume currently provided Nortel operational and support services.
3. The Scope of Work is amended to be more explicit on Nortel staffing requirements during transition and reduced services and reporting requirements. The amendment removes the Nortel on-site operations manager and adds three full time engineers to assist with the transition. All Nortel on-site staff now report directly to ITD.
4. The compensation for renewal services is reduced from \$132,800 to \$105,000 per month to reflect the reduced scope of work.

ITD is planning for its staff to have acquired the necessary expertise for transfer of primary support and maintenance duties by the end of the current fiscal year. In case this aggressive transfer of knowledge cannot be accomplished, additional functionalities of the system are activated resulting in additional training needs, or the system expansion to other City facilities is not completed during this fiscal year, staff recommends that the Director of Finance is authorized to renew one annual optional contract year. If it is required to contract with Nortel during Fiscal Year 2007-2008, ITD will request funding through the Fiscal Year 2007-2008 budget process.

### **COORDINATION**

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

  
SCOTT P. JOHNSON  
Director, Finance

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