



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: May 29, 2012

Approved

Date

6/5/12

SUBJECT: AGREEMENT WITH SPRINT SOLUTIONS INC. FOR CELLULAR AND WIRELESS SERVICES

RECOMMENDATION

Adopt a resolution authorizing the City Manager to:

1. Execute an agreement with Sprint Solutions, Inc. (San Ramon, California) for the purchase of radios, cellular and wireless equipment and services to transition to the cooperative purchase agreement between Sprint and Western States Contracting Alliance (WSCA) under the State of California Participating Addendum for the term June 12, 2012 through October 31, 2016, for a not-to-exceed amount of \$550,000 per year; and
2. Add or delete funds as required due to fluctuations in the number of users and usage, subject to the appropriation of funds.
3. Execute any necessary documentation to make purchases under the pricing, terms and conditions obtained under the WSCA cooperative agreements between the State of California and AT&T, Verizon and T-Mobile for the same period mentioned above, in the event that Sprint as the primary provider is unable to meet the requirements of the City.

OUTCOME

To continue providing cost effective cellular phone equipment and services citywide, and minimize costs through a simplified service plan and rate structure that leverages the City's aggregate cellular call volume.

BACKGROUND

On June 12, 2007 (item 3.4), the City Council approved an agreement with Sprint Nextel (Sprint) for a period of five years under the pricing, terms and conditions obtained from the State of California Wireless Contract (CWC) cooperative agreement as a result of a City issued Request for Proposal (RFP). The current agreement expires on June 11, 2012

In 2010, the State of California transitioned their direct CWC Agreement with Sprint to WSCA by signing a Participating Addendum. WSCA is a consortium of fifteen states whose primary purpose is to establish the means for states to cooperatively contract to achieve cost effective and efficient acquisition of quality products and services. As a result of the state's transition to WSCA, the City's Agreement was automatically migrated to WSCA. The current WSCA agreement ends on October 31, 2016.

ANALYSIS

In anticipation of the expiration of the current agreement with Sprint, staff has reviewed the pricing under the state Sprint WSCA contract in comparison with other service providers under WSCA. Both AT&T and Verizon now also offer the \$0.06 per minute rate that the City has been enjoying for the last five years, demonstrating that the \$0.06/minute rate continues to be a competitive rate. T-Mobile offers a \$0.05 per minute rate plan. The difference of \$0.01 cent per minute would work out to about \$65,000 annually at current usage levels, which may be reduced by higher equipment costs. Staff does not believe that the possible savings in the billing rate would justify a change in service provider at this time given there would be other substantial costs in making the change. In addition, there are insufficient Citywide resources to test T-Mobile's wireless coverage to determine whether it is adequate to meet the City's needs, and then facilitate a Citywide change to a new service provider. As a result of these cost and revenue considerations, staff recommends continuing with Sprint as the City's primary cell phone provider at this time instead of implementing a citywide transition. Staff will continue to monitor the WSCA contracts with all of the service providers to ensure optimum savings, flexibility and best overall value for the City.

Currently, the City only provides basic cell phones and does not provide data plans under this Agreement for use with smartphones, BlackBerry or PDA's. Data plans are typically utilized by staff under the City's Cellular Telephone/Data Plan Stipend Program.

In the event that there are unique requirements that Sprint is unable to meet, staff requests approval to purchase cellular wireless services and equipment from either AT&T or Verizon as may be required. For example, the Parks, Recreation and Neighborhood Services (PRNS) Department has unique emergency call box phones programmed to 911 throughout various parks and trails that are specifically configured to AT&T network technology.

Section 4.12.225 (B.3) of the San José Municipal Code authorizes the City to contract for these services (without observing the competitive procurement requirements) directly with vendors on terms obtained pursuant to competitive procurement process which substantially complies with the City's

procurement procedures and names the City of San Jose either specifically or categorically as a third party beneficiary of the bidding process.

Summary of Sprint Agreement: This Agreement will extend the term of the Agreement through October 31, 2016 to be co-terminus with the State and Sprint WSCA Agreement.

EVALUATION/FOLLOW-UP

No subsequent Council action on this issue is necessary. Staff will continue to monitor the WSCA contracts with all of the service providers to ensure optimum savings, flexibility and best overall value for the City.

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)**

Although this item does not meet any of the above criteria, this memorandum will be posted on the City's website for the June 19, 2012 City Council agenda.

COORDINATION

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

FISCAL/POLICY ALIGNMENT

This action is consistent with the following General Budget Principles "We must focus on protecting our vital core city services for both the short- and long-term" and "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."

COST SUMMARY/IMPLICATIONS

The citywide cell phone program is decentralized with each department responsible to manage and fund their cell phone and wireless requirements. Funding is provided by various department funds as per annual department appropriations.

BUDGET REFERENCE

Funding for this agreement is spread across various funds and appropriations.

CEQA

Not a Project, File No. PP10-066(a) Agreements and Contracts.

/s/
JULIA H. COOPER
Acting Director of Finance

For questions please contact Mark Giovannetti, Purchasing Division Manager, at (408) 535-7052.