



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: May 29, 2012

Approved

Date

6/5/12

**SUBJECT: SEVENTH AMENDMENT TO THE AGREEMENT FOR O&M SERVICES
FOR THE CONVERGED DATA NETWORK AND TELEPHONY SYSTEM**

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute the Seventh Amendment to the Agreement for Operations and Maintenance (O&M) Services for the converged voice and data network at City Hall with Avaya Inc. (as assigned from Nortel Networks) to add an additional option period to extend the agreement one additional year with a reduced scope of services and total compensation not to exceed \$303,222.

OUTCOME

Approval of this action will provide the City continued support and maintenance of the converged voice and data network, and allow City Staff sufficient time to transition to a more cost effective hosted Voice Over Internet Protocol (VOIP) model and ultimately bid the remaining components of the network.

BACKGROUND

In March, 2005, the Council approved an agreement with Nortel (now Avaya) for the purchase of a converged network and telephony system including all hardware, software, security, installation and one year of operation and maintenance (O&M) support. The agreement also included six one-year options to provide operation and maintenance services for the system. The O&M agreement ends on June 30, 2012.

Since the inception of the contract, Council has approved six amendments to the original agreement that addressed staff recommendations to enhance various aspects of the system, and to reduce vendor staffing levels as knowledge of the system was transitioned from the vendor to internal staff. Below is a brief summary of the actions:

Action	Description	Council Approval
Amendment 1	* Revise scope and compensation	August 15, 2006 (3.4)
Amendment 2	* Enhancements to Customer Contact Center	October 17, 2006 (3.6)
Amendments 3 – 6	* Reduce on-site representatives (de-scope) * Further amend agreement, subject to appropriation of funds.	June 26, 2007 (2.17)
Exercise Options	* Exercise remaining options	June 24, 2008 (2.15)

ANALYSIS

The Information Technology Department's (ITD) Telecommunications, Network, Server and HelpDesk Teams have been conducting a pilot project to convert the voice portion of the City's converged network to a hosted Voice Over Internet Protocol (VoIP) delivery model. The hosted VoIP pilot is scheduled for completion in June 2012, with Citywide system deployment beginning in the summer of 2012. Verizon was selected as the vendor for this service under the State of California Calnet cooperative agreement.

The City's original converged network included many proprietary elements that only Avaya could service. During the next year ITD plans to continue the transition to a non-proprietary or "commodity-based" network hardware to take advantage of greater competition thus lowering costs.

During this transition period, it is critical to continue with Avaya to ensure that existing equipment is maintained as it would pose a significant organizational risk to introduce a potential new vendor for maintenance during this transition period.

Due to staffing constraints, ITD cannot transition two critical service elements of the converged network at the same time without potential significant risks of down time to data and voice operations. The best approach to a transition this critical and complex system is a phasing of the hosted VoIP in FY 2012-2013. In 2012-2013, staff will initiate the process of defining and issuing a RFP for network hardware expansion and replacement components, as well as associated maintenance and support contracts.

As a result of these cost-saving efforts, it is recommended that the existing contract be extended for an additional year, with the elimination of data monitoring services. The data monitoring services will transition to in-house staff resulting in a reduction in the annual contract from \$541,332 to \$303,222. The extension of the maintenance coverage on the voice and data

equipment will help ensure stability of the system while the City transitions the voice portion of the converged network to a hosted Voice Over Internet Protocol (VoIP) delivery model.

EVALUATION/FOLLOW-UP

This is a one year and extension to an agreement that was executed in 2005. The agreement will end in 2013 and no additional extensions to the agreement are anticipated. As stated previously, staff will be conducting a RFP process in 2013, and will return to Council to report on the RFP results and recommendations, as appropriate.

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

1. AMOUNT OF RECOMMENDATION (SEVENTH AMENDMENT): \$303,222

2. COST ELEMENTS OF AMENDMENT:

Data – All 5000 series software / support	\$95,012
Voice – Hardware /software / support NOC	\$208,210
Amendment Total	\$303,222

3. SOURCE OF FUNDING: 001 – General Fund
4. FISCAL IMPACT: Cost for the additional option year extension is funded by existing appropriations.

BUDGET REFERENCE

The table below identifies the fund and appropriation proposed to fund the amendment of the agreement recommended as part of this memorandum.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	2012-2013 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
001	0432	Non-Personal/Equipment - Information Technology	\$4,463,656	\$303,222	N/A	N/A

* The 2012-2013 Proposed Operating Budget is scheduled for consideration by the City Council on June 19, 2012.

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.