

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 05/22/06		Item Number: <u>A-10</u>	
AGENDA ITEM: Authorization to enter into a five-year contract with Standard Tel, Inc. for maintenance and repair of the City's telecommunications equipment.			
Contact Person/Dept.: Ruben Arellano		Phone Number: (310) 253-5956	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Master Notification List (05/18/06) and Standard Tel, Inc. (Nina Harper 05/11/06)			
Department Approval: John Richo (05/11/06)		CAO Approval: Martin R. Cole for Jerry B. Fulwood (05/18/06)	
City Controller Approval: Marlee Chang (05/18/06)			
<u>RECOMMENDATION:</u> That the City Council approve entering into a five-year telecommunications maintenance and repair contract with Standard Tel, Inc. not to exceed \$219,800. Funding for the contract will be appropriated in account 310-16100-512410. <u>BACKGROUND:</u> In 1994, the City contracted with Phoneby, a telephone vendor, to install a new telecommunications system at all City facilities. The telecommunications system included telephone equipment manufactured by Mitel, and an Octel VMX voice mail system. Phoneby, however, never completed the system installation. Following a number of installation problems and attempts at problem resolution, the City terminated its contract with Phoneby. Subsequently, staff issued a Request for Proposal (RFP) for the completion of the telecommunications installation and a multi-year contract for the system's maintenance. The vendor selected was Standard Tel, Inc. In 1996 the City entered into a five-year maintenance and repair contract with Standard Tel. After a competitive RFP process, a second five year contract was awarded to Standard Tel in 2001. Over the past ten years, Standard Tel has been award the maintenance and repair contract twice. They have performed in a satisfactory manner in the repair and replacement of failed telecommunications equipment. Standard Tel has also acted as the supplier for new components such as telephone sets and the line cards that support them. The city's telecommunications system has grown from an initial 1,120 ports to approximately 1,800, primarily as a result of the Transportation, Public Services and Police Department construction projects. As the			

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telecommunications system has grown, Standard Tel has worked well with staff in planning the voice and data needs for building construction projects.

The existing five-year maintenance and repair contract expires on June 30, 2006.

DISCUSSION:

Under the maintenance and repair contract, all repairs of failed hardware and software components within the telecommunications system, including telephone sets, are repaired or replaced at no charge to the City. Any labor involved to perform such repairs is also included with the contract, unless it falls outside of normal business hours. On rare occasions, the vendor is asked to perform programming changes to the system, and/or Moves, Adds and Changes (MACs) of equipment. These activities are outside the scope of repairs, and are billable to the City. The City also purchases new telecommunications equipment, such as telephone sets and line cards that support them on an as needed basis from the maintaining vendor. These new equipment purchases are billable to the City and come with a one-year warranty. Upon their annual anniversary, new equipment is incorporated into the existing repair and maintenance contract.

This repair and maintenance agreement for the City's telecommunications network does not include public safety (9-1-1 Dispatch) telecommunications equipment, which is covered under a 24/7 repair contract managed by the Police Department.

On March 30, 2006 a Request for Proposal was sent to local authorized Mitel Elite and Platinum dealers as well as advertised in the local newspaper and posted on the City's website for download. The Request for Proposal asked for three and five year contracts with Business Day and 24/7 repair coverage options. The vendors were given approximately one month to prepare and submit their proposals. Eighteen prospective vendors downloaded the Request for Proposal from the City's website.

A meeting was held on April 12, 2006 to answer any questions the Request for Proposal may have generated and to inspect the City's telecommunications equipment. Six prospective vendors attended the inspection meeting.

On April 27, 2006 two vendors, Blue Violet and Standard Tel submitted formal proposals by the RFP deadline.

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The following is a comparative summary of Blue Violet and Standard Tel's proposals:

A. Repair and Maintenance Cost:

When a telephone set, fax or modem extension is installed anywhere within the telecommunications network, it is connected to its own port on the system. Line cards (each typically has 16 ports) are installed within the phone switch cabinetry, providing support for a combination of 16 telephones, fax or modems.

Staff recommends a 5-year Business Day repair contract, which is discussed in the Vendor Comparisons section of this report:

	Business Day		24/7 Coverage	
	3 year	5 year	3 year	5 year
Blue Violet	No Bid	No Bid	\$52,800	\$52,800
Standard Tel	\$42,960	\$36,960	\$54,960	\$48,960

B. Cost of Equipment Components:

As the City's telecommunications needs grow, it becomes necessary to purchase additional equipment. The following is a list of those equipment components most commonly used. These prices are based on a five-year maintenance contract:

Most Common Items Purchased	Blue Violet	Standard Tel
ONS Analog Line Card (16 Port)	\$2,000.00	\$1,238.33
OPS Off-Premise Analog Card (8 port)	\$2,251.00	\$1,780.17
DNI Digital Line Card (16 port)	\$1,350.00	\$936.64
Superset 4001 Telephone Set	\$110.00	\$80.53
Superset 4015 Telephone Set	\$165.00	\$136.29
Superset 4025 Backlit Telephone	\$265.00	\$201.32
Superset 4150 Backlit Telephone	\$395.00	\$303.10

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C. Labor Rates for Billable Activities:

Parts and labor costs are covered for repairs. The City occasionally asks the maintaining vendor to aid in Moves, Adds and Changes (MACs), which are billable. It should be noted that since 1997, City staff (IT Telecommunications Analyst) has performed approximately 95% of all the software programming and physical modifications necessary on the telecommunications network. As a result, billable activities are kept at a minimum and have not exceeded \$10,000 per year. In the event that the vendor is asked to perform the services, the following (based on a five year maintenance contract) rates would apply:

Business Day * 5 year Labor Rates	Blue Violet	Standard Tel
Technician on-site 1 st hour	\$185.00	\$144.00
Each additional hour	\$135.00	\$96.00
Remote Technician ^	\$95.00	\$96.00

* Denotes work performed during business hours, which is historically 90% of all billable requests made by the city.

^ Remote is defined as programming performed via modem.

D. Vendor Comparisons:

1. Vendor Staffing:

Blue Violet and Standard Tel maintain nearly identical numbers of support staff (approximately 30) and Mitel factory trained technicians (approximately 10) on duty in the greater Los Angeles/Orange County area. Standard Tel does have offices in the San Diego and Sacramento area that would allow them to reallocate resources if required. This ensures that the City will maintain its required two-hour emergency repair response time.

Blue Violet does have factory certified staff that supports the Octel-VMX voice mail system. Standard Tel support staff are not factory certified on the voice mail system but are very knowledgeable and in the past have demonstrated the skills required to maintain the Octel-VMX. The Octel-VMX voice mail system is no longer a factory support item and should be

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considered for replacement in the near future due to possible problems acquiring replacement parts.

As the repair and maintenance incumbent, Standard Tel has intimate knowledge of the City's complex telecommunications network.

The City has been satisfied with Standard Tel's performance and has built a good relationship with them over the past ten years.

2. Business Day versus 24/7 repair coverage options:

Repairs conducted outside of normal business hours are rare and the additional expense far exceeds the benefit of electing a 24/7 coverage option.

3. Three years versus five years:

Standard Tel's five-year option saves the City \$6,000.00 per year or \$30,000.00 over the term of the agreement compared to the three-year option.

4. Comparison of Standard Tel's old five-year contract to the new five-year contract:

The proposed Standard Tel contract reduces equipment purchase prices by approximately 2%. Per-port fees are reduced by 13%. Labor rates will remain the same for services mostly commonly requested, and the maximum allowable labor rate increase will be tied to the CPI. Staff estimates an \$80,525 saving over the prior contract (See Attachment A)

As a result of these comparisons and considerations, staff recommends entering into a five-year Business-Day maintenance and repair contract with Standard Tel not to exceed \$219,800, calculated as follows:

	Per Year	Extended 5 Years
Repair/Maintenance	\$36,960	\$184,800
New Equipment Maintenance	\$2,000	\$10,000
Equipment Purchases	\$5,000	\$25,000
Total	\$43,960	\$219,800

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FISCAL ANALYSIS:

Funds for the maintenance and repair contract are budgeted and available from the telecommunications account number 310-16100-512410 of the general fund. One fifth of the contract amount is budgeted annually.

ATTACHMENTS:

Exhibit A – Standard Tel New and Old Contract Comparison

MOTION:

That the City Council:

1. Award a five-year contract to Standard Tel for the maintenance and repair of the City's telecommunications systems not to exceed \$219,800 from the "Stores Non-departmental Telephone" fund (31016100.512410), and
2. Authorize the City Attorney to prepare the appropriate contract, and
3. Authorize the Chief Administrative Officer to execute the contract on behalf of the City; and
4. Authorize the Information Technology Director to add or remove parts covered under the contract as needed to expand or decrease services, and
5. Authorize the Information Technology Director to increase the Standard Tel maintenance and repair contract by an amount not to exceed 10% of the contract, if deemed advisable by the Information Technology Director.