



CITY COUNCIL AGENDA REPORT

MEETING DATE: February 22, 2005

ITEM NUMBER:

SUBJECT: Telecommunications Services for Local, Long Distance and Internet Connectivity

DATE: January 31, 2005

FROM: Administrative Services Department/Telecommunications Division

PRESENTATION BY: Jerry Verwolf, Telecommunications Manager

FOR FURTHER INFORMATION CONTACT: Jerry Verwolf, 754-5142

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the "Express Agreement for Private Line Services" with Pacific Bell Telephone Company dba SBC California, a California corporation, 200 Center Street Promenade, Anaheim, California 92805 and the "Long Distance Voice and PRI Agreement HVCP II Plus" with SBC Global Services, Inc., a Delaware corporation, One SBC Plaza, Dallas, Texas 75202.
2. Authorize the City Manager to execute the two agreements for a term of three years and sign the Letter of Agency and Letter of Authorization. These forms are needed for access and transfer of existing service with AT&T.

BACKGROUND:

The deregulation resulting from the Telecommunications Act of 1996 allowed incumbent local exchange carriers and competitive local exchange carriers to provide long distance services, while long distance carriers were allowed to provide local services. The City of Costa Mesa has received local and long distance services from AT&T for the last four years. When the agreement expired near the end of 2004, a thorough review of services and costs were performed to determine the appropriate provider for these services under a new agreement.

ANALYSIS:

A thorough analysis was performed to consider the costs associated with local service, long distance service and telecommunications circuits utilized by the City's departments. The consideration of costs was a primary consideration, but the level of service and response to infrastructure issues and repair were equally important. The choices considered in this evaluation consisted of an incumbent local exchange carrier, SBC; a competitive local exchange carrier, Pae Tec Corporation; and our current

provider of local and long distance services, AT&T. AT&T also provides certain telecommunication and data circuits for the City.

Using AT&T as the benchmark, the SBC proposal provides for a \$16,000 annual savings per year or almost \$50K over the term of the agreement. The Pae Tec costs were more expensive than our present costs with AT&T by approximately \$1,800 per year.

| Vendor | Per Minute Rate | Circuit Rate/Month | Internet Cost/Mon |
|---------|-----------------|--------------------|-------------------|
| AT&T | Avg .040 | 3 @ \$320 | \$1200 |
| Pae Tec | Avg .035 | 3 @ \$450 | Only hosts site |
| SBC | Avg .026 | 3 @ \$145 | \$550 |

ALTERNATIVES CONSIDERED:

The options available would be to continue with our existing provider on a month-to-month arrangement or consider the agreement that provides the City the most cost effective and best service oriented vendor. A copy of the expired agreement with AT&T is provided for comparison.

FISCAL REVIEW:

Funding for this agreement is included in the 2004-2005 fiscal year adopted budget.

LEGAL REVIEW:

Legal has reviewed the documents and approved them as to form.

CONCLUSION:

The 3-year agreement recommended in this report provides the most cost effective telecommunications infrastructure to the City. With a 3-year agreement, many one time charges are waived, charges such as design, installation and cutover falls into this category. The savings of almost \$50,000 over the term of the agreement is a major consideration, but the service, reliability and dealing with one vendor versus multiples, is also an important consideration. In the past we have had to wait several days for an issue to be resolved through AT&T. SBC has been very responsive to repair, problem identification, and account issues whenever a problem would come up. This includes our normal business operations and any 9-1-1 related issues. SBC is currently the City's equipment provider for E9-1-1 services.

It will be next year, at the end of 2006, that our lease expires on the hardware for voice services in our City's telephone system. The possibility of upgrading to the latest technology, voice over IP, will be considered at that time. The infrastructure put in place by approving the 3-year agreement will be compatible with an upgrade in our equipment.

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Telecommunications Manager

STEPHEN N. MANDOKI
Administrative Services Director

MARC R. PUCKETT
Director of Finance

KIMBERLY HALL BARLOW
City Attorney

- ATTACHMENTS:
- 1 [Private Line Service Agreement](#)
 - 2 [Long Distance Voice & PRI Services Agreement HVCP II Plus](#)
 - 3 [Letter of Agency – Change of Provider](#)
 - 4 [Letter of Authorization To Access Current Telephone Provider Records](#)
 - 5 [AT&T Expired Master Agreement](#)
 - 6 [AT&T Expired Admin. Rates & Tariffs](#)
 - 7 [AT&T Expired Digital Link Service](#)