

REPORT TO COUNCIL

City of Sacramento

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Consent Report
April 26, 2007

**Honorable Mayor and
Members of the City Council**

Title: Procurement of Telecommunication Hardware and Phone Services from AT&T through a Co-Operative Purchasing Agreement for Fiscal Year 2006/07

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** increasing the Fiscal Year 2006/07 spending authorization to purchase telecommunication hardware and telephone services from AT&T for an amount not to exceed \$2,500,000.

Contact: Karl Rosander, Information Technology Manager, 808-8262
Ignacio Estevez, Program Manager, 808-7349

Presenters: N/A

Department: Information Technology

Division: Administration

Organization No: 1311

Description/Analysis

Issue: In July 2006, City Council approved Citywide Information Technology (IT) spending with multiple vendors through Co-operative Purchasing Agreements for a total amount not to exceed \$11,025,000 (Resolution No. 2006-520). AT&T was included on the list with an individual authorized spending amount not to exceed \$1,500,000.

Due to increased telecommunications phone service costs and unexpected Citywide telecommunication hardware and equipment purchases, staff requests to increase the previously authorized spending amount of \$1,500,000 by \$1,000,000. The purchase of additional equipment and services from AT&T will be through a co-operative purchase agreement CALNET, for an amount not to exceed \$2,500,000 for Fiscal Year 2006/07.

Policy Considerations: The recommendations in this report are in accordance with the following provision of City Code:

- Section 3.56.240: Authorizes the City Manager, where advantageous to the City, to utilize co-operative purchasing agreements approved by the City Council to purchase supplies or nonprofessional services through legal contracts of other governmental jurisdictions or public agencies without

separate competitive bidding by the City.

Environmental Considerations: The report does not constitute a "project" and is therefore exempt from the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3);15378(b)(2)].

Rationale for Recommendation: When the City uses cooperative buying, it enables Purchasing Services to evaluate a broader range of contracting opportunities, deploy staff resources to achieve the greatest return on time invested, and benefit from sharing resources with other participating institutions. One of the greatest benefits of cooperative buying is that the City receives favorable pricing due to large volume purchases through these contracts. The average cost saving the City receives with these cooperative contracts is estimated to be a minimum of 10%. An additional benefit of cooperative buying is that Purchasing Services utilizes regional and national cooperative buying relationships to compliment its own annual contracting initiatives. Cooperative buying enables Purchasing Services to leverage internal and external resources to maximize cost saving opportunities

Financial Considerations: No additional funding is requested. The requested increase amount for FY 2006/07 will not exceed an amount of \$2,500,000 with AT&T and a total authorized amount not to exceed \$12,025,000 through IT co-operative purchase agreements. The co-operative purchase authorization requested for computer related purchases were included in the department's approved FY 2006/07 budget, typically in object codes 4462, 4463, 4464, 4465, 4466, and 4467.

Emerging Small Business Development (ESBD): AT&T is not a certified ESBD firm.

Respectfully Submitted by: Ignacio Estevez, Program Manager

Approved by: 
Stephen R. Ferguson
Chief Information Officer

Recommendation Approved:

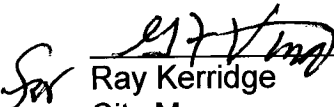

Ray Kerridge
City Manager

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Attachment 1**Background**

- A. On July 18, 2006, City Council approved FY 2006/07 spending with multiple IT vendors through co-operative purchasing agreements to purchase IT hardware, software, and services (Resolution No. 2006-520). The resolution included spending authorization to purchase telecommunication hardware and telephone services from AT&T through CALNET for an amount of \$1,500,000 for FY 2006/07. The CALNET contract was competitively bid by the State of California and covers voice, data, video and telecommunications services as well as telecommunications hardware equipment.
- B. This report and resolution has been prepared to request an increase to the FY 2006/07 spending limit with AT&T by an additional \$1,000,000 for a new total amount not to exceed \$2,500,000 to purchase additional telecommunication hardware equipment and telephone services. This increase with AT&T will also increase the total authorized spending amount through IT co-operative purchase agreements to \$12,025,000 for FY 2006/07.
- C. The increase in hardware spending amount will include the purchase of Cisco telecommunication and network equipment for City facilities. This equipment includes network switches and servers that need periodic replacement due to aging and to support new upgrades and or features of City Business Applications. The purchase of Cisco equipment from AT&T will support these replacements and additional network hardware infrastructure to support the City's Data Network (GroupWise), Telephone System (VOIP), Voicemail System, and Call Centers (IPCC).

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

**PURCHASE OF TELECOMMUNICATION HARDWARE AND TELEPHONE SERVICES
FROM AT&T THROUGH A CO-OPERATIVE PURCHASING AGREEMENT DURING FISCAL
YEAR 2006/07**

BACKGROUND

- A. Sacramento City Code section 3.56.240 authorizes the use of co-operative purchasing agreements approved by the City Council for the purchase of supplies or nonprofessional services without separate competitive bidding by the City.
- B. The purchase of citywide computer-related goods and services through co-operative purchasing agreements over \$100,000 requires City Council approval.
- C. In July 2006 (Resolution No. 2006-520), City Council approved Citywide Information Technology (IT) spending with multiple vendors to purchase computer hardware, software, and services through co-operative purchasing agreements during Fiscal Year 2006/2007. AT&T was one of the vendors with an individual authorized spending amount of \$1,500,000.
- D. In order to purchase additional telecommunication hardware equipment and telephone services, staff is requesting approval to increase the spending authorization for purchases from AT&T by up to \$1,000,000, for a new total amount not to exceed \$2,500,000 for Fiscal Year 2006/2007. The increase in authorized spending with AT&T will increase the total authorized spending amount from IT co-operative purchase agreements for an amount not to exceed \$12,025,000 for Fiscal Year 2006/07.
- E. The additional telecommunication hardware equipment and telephone services will be purchased through CALNET, a cooperative purchasing agreement that was competitively bid by the State of California for voice, data, video and telecommunication services as well as telecommunication hardware equipment.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The City Manager, or authorized designee, is hereby authorized to execute the necessary purchases of citywide telecommunication hardware and telephone services from AT&T, through the co-operative purchasing agreement CALNET for a total amount not to exceed \$2,500,000 for Fiscal Year 2006/2007.