



# CITY OF LONG BEACH

DEPARTMENT OF TECHNOLOGY SERVICES

# C-15

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June 1, 2004

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**SUBJECT: Third Amendment to Agreement No. 26276 With Verizon California Inc., to Provide Local Telephone Services (Citywide)**

## DISCUSSION

In May 1999, the City of Long Beach entered into a three-year agreement (No. 26276) with GTE California Incorporated (now Verizon California Inc.) to provide local telephone service, or local "dial tone." In addition to local dial tone, the agreement required the company to provide support services for equipment moves, additions and changes.

In February 2001, the agreement was amended to include local dial tone and support services for the Port of Long Beach. The amendment also extended the term of the agreement through June 30, 2003. Furthermore, the amendment increased the annual contract amount from \$1,862,000 to \$2,640,000, plus ten percent at the City's discretion for the addition of the Port and to address increased usage costs. The agreement provides options for two renewal periods of one year each. In May 2003, the City Council approved the first renewal option to extend the term through June 30, 2004. At that time, the contract amount was reduced from \$2,640,000 to \$2,220,000 to help meet Three-Year Financial Strategic Plan goals.

Because of significant changes in the telecommunications industry recently, there may be other providers who can meet our service needs while offering us lower pricing. To determine if there are opportunities to reduce expenditures while maintaining or improving service, the Technology Services Department initiated a Request for Proposals (RFP) process for local dial tone and support services under the authority of Section 1807 of the City Charter. This is the first time the department has issued an RFP for local dial tone service, as there have not been viable alternatives in the past.

Five proposals were received by the May 21, 2004 due date including one from Verizon California Inc. As these are complex documents, it will take some time to review the proposals. Staff expects it will take a few months to complete the review, make a selection, and finalize a new agreement. In addition, if a new vendor is selected, a detailed transition plan would need to be developed.

As stated above, the current agreement terminates on June 30, 2004. Given that we cannot have our agreement lapse and continue to receive service, staff recommends that the agreement with Verizon be amended to exercise the last one-year option to extend the term for local dial tone and support services through June 30, 2005. This course of action will guarantee that service will not be interrupted while the proposal review and selection process takes place. The proposed amendment would allow the City to terminate the agreement by giving 30 days' prior written notice. The rates in the proposed amendment would remain constant.

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This matter was reviewed by Deputy City Attorney Everett L. Glenn on May 19, 2004 and Budget Manager Mike Killebrew on May 20, 2004.

TIMING CONSIDERATIONS

The term of the current agreement expires June 30, 2004. Accordingly, City Council action is requested at the June 1, 2004 meeting.

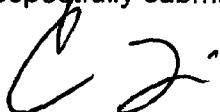
FISCAL IMPACT

The existing annual contract amount is \$2,220,000. Expenditures resulting from the proposed amendment will not exceed this amount. Sufficient funding has been budgeted in the General Services Fund (IS 385) in the Technology Services Department (TS). However, we hope to bring forward a new agreement to the City Council within the next several months that would reduce the City's local dial tone and services expenditures.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute the third amendment to Agreement No. 26276 and related documents with Verizon California Inc., to provide local telephone services for a term of one year. The City may terminate the agreement by giving 30 days' prior written notice. Annual expenditures will not exceed \$2,220,000.

Respectfully submitted,



CURTIS TANI  
DIRECTOR OF TECHNOLOGY SERVICES

CT:ds

APPROVED:

*for*   
GERALD R. MILLER  
CITY MANAGER