



CITY OF LONG BEACH
DEPARTMENT OF TECHNOLOGY SERVICES

R-18

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6277 FAX (562) 570-6662

August 17, 2004

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Fourth Amendment to Agreement No. 26276 With Verizon California Inc., to Provide Local Telephone and Support 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, which also includes data communications service and support service for line additions, changes, and deletions. In February 2001, the Agreement was amended to include the Port of Long Beach, to increase the annual contract amount, and to extend the term through June 30, 2003. In May 2003, the City Council approved a renewal option to extend the term through June 30, 2004.

In an effort to reduce City costs, and because of significant changes in the telecommunications industry, the Technology Services Department initiated a Request for Proposals process for local telephone and support services under the authority of Section 1807 of the City Charter in April 2004. To guarantee service would not be interrupted while the proposal review and selection process took place, Agreement No. 26276 was amended to extend the term through June 30, 2005.

Five proposals were received including one from Verizon California Inc. (Verizon). City staff reviewed the proposals and selected Verizon because they offered the lowest overall rates.

The new agreement with Verizon will reduce the rates paid by the City by approximately 35 percent. The savings will be passed through to all City departments through lower charges. Overall, the annual savings to the City are estimated to be more than \$800,000, with no reduction in service.

This matter was reviewed by Deputy City Attorney Everett L. Glenn on August 5, 2004 and Budget Management Officer David Wodynski on August 9, 2004.

TIMING CONSIDERATIONS

As the new rates will be phased in beginning five business days after the amendment becomes effective, City Council action is requested at the August 17, 2004 meeting to ensure timely implementation of the new lower rates.

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FISCAL IMPACT

The annual savings are estimated to be more than \$800,000 per year, or \$67,000 per month. These savings will help meet Three-Year Financial Strategic Plan objectives.

Expenditures will not exceed \$1,400,000 for the first year plus an additional ten percent if needed. The amount shall be compounded annually based on the maximum expenditure permitted. This contingency is at the City's sole discretion, and would be made available, for example, for required upgrades from lower to higher speed communication lines, and the installation of additional communication lines at new and existing facilities. Sufficient funding has been budgeted in the General Services Fund (IS 385) in the Technology Services Department (TS).

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to execute the fourth amendment to Agreement No. 26276 and related documents with Verizon California Inc., to provide local telephone services for a term of three years, and options for two additional terms of one year each, at the discretion of the City Manager. Expenditures will not exceed \$1,400,000 for the first year plus an additional ten percent if needed. The amount shall be compounded annually based on the maximum expenditure permitted. This contingency is at the City's sole discretion.

Respectfully submitted,



CURTIS TANI
DIRECTOR OF TECHNOLOGY SERVICES

CT:ds

APPROVED:



GERALD R. MILLER
CITY MANAGER