



May 17, 2011

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute agreements with SIGMAnet and PAETEC, and related financing documents with Banc of America Public Capital Corporation, for telecommunications equipment and licenses in an approximate amount of \$852,000, including interest, payable over a four-year period, or \$213,000 annually. (Citywide)

DISCUSSION

The Technology Services Department (TSD) is in the process of modernizing the City's telephone and voice mail systems to Voice over Internet Protocol (VoIP) technology. Currently, TSD supports 2,700 VoIP devices and 3,300 devices that use traditional phone technology. Transitioning the City's entire phone system to VoIP, coupled with the conversion to SIP technology (an Internet protocol commonly used with VoIP telephone systems) would be a significant advancement that provides many benefits including:

- Lower ongoing telecommunications service provider costs
- Greater functionality for phone users
- Improved disaster recovery capabilities.

Over the past few years, TSD has standardized on Cisco Systems technologies for our current VoIP system. This request is to upgrade our Cisco equipment to support citywide use and enable the City to achieve the benefits identified above.

In April 2010, a Request for Proposals (RFP) for the Cisco unified communications system upgrade was advertised on the City website, notifying 169 potential proposers to secure the most favorable pricing for this acquisition. Of those proposers, 31 downloaded the RFP via the electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update on Open Bid Opportunities, which

is sent to 30 local, minority and women's business groups. In response, we received two proposals. Of the proposers, none were Minority-owned Business Enterprises (MBEs), none were Woman-owned Business Enterprises (WBEs), none were Small Business Enterprises (SBEs), and none were Long Beach Businesses (Local).

Based on a thorough evaluation of the proposals, staff recommends the lowest cost proposal from SIGMAnet be selected in the amount of \$811,000 for the Cisco equipment and licenses required for the upgrade; and PAETEC for the Session Initial Protocol (SIP) trunks. There would be two SIP circuits installed, one at City Hall and one at the Emergency Communications and Operations Center (ECOC), creating redundancy in the system for failover and resiliency.

Moreover, using SIP technology would also allow the City to substantially lower its local and long distance calling costs. Staff estimates \$168,000 in annual savings resulting from this upgrade. This annual savings would pay for the system upgrade in approximately five years.

Authorization is also requested to finance the purchase through the Banc of America Master Lease Agreement presented to the City Council for approval on May 10, 2011. Lease financing provides a cost-effective alternative to facilitate the timely replacement of essential capital assets to meet immediate service demands when funding is not available for an outright purchase.

This matter was reviewed by Deputy City Attorney Gary Anderson on April 19, 2011 and by Budget Management Officer Victoria Bell on April 21, 2011.

TIMING CONSIDERATIONS

City Council action is requested on May 17, 2011 to ensure the timely upgrade of the current phone system and enable the City to achieve the benefits as soon as possible.

FISCAL IMPACT

The total amount to be financed (principal amount) under the Banc of America Public Capital Corporation agreement will not exceed \$811,000 and will be financed over a four-year period at an estimated 2.4 percent. Total debt service costs (principal and interest) for the agreement will be approximately \$851,361. Of that amount approximately \$53,210 will be paid in FY 11. Costs for provision of telephone services are recovered from client departments via TSD's MOU allocation. There would be no increase in department MOUs from this project. Sufficient funds have been budgeted in the General Services Fund (IS 385) and in the Technology Services Department (TS) to support this activity. There is no local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL
May 17, 2011
Page 3

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CURTIS TANI
DIRECTOR OF TECHNOLOGY SERVICES

APPROVED:



PATRICK H. WEST
CITY MANAGER