Council Meeting of
June 12, 2007

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: Communications & Information Technology – Authorize a five-year contract agreement with the State of California to provide various telecommunication services through the State of California's CalNet 2 Master Service agreements.
Annual Expenditure: $331,182.00

RECOMMENDATION

The Information Technology Director recommends that the City Council authorize the City of Torrance to enter into a five-year contract agreement with the State of California to provide various telecommunication services through its CalNet 2 Master Service agreements.

Funding

Funding is available in the Communications and Information Technology Telecommunications operating budget and Human Resources operating budget.

BACKGROUND

In December 1998, the State of California signed a seven-year contract with three optional one-year extensions with Pacific Bell and MCI Worldcom. The contract, titled CalNet Integrated Services Agreement, provided a comprehensive array of telecommunications services at discounted non-tariff rates to the State and local governments.

In October 2002, the City Council authorized the City of Torrance to enter into a contract for telecommunication services with the State of California's CalNet Integrated Service Agreement based on expanded services and competitive pricing.

In November 2004, the State of California released a CalNet 2 Request for Proposal for statewide telecommunications services. The CalNet 2 request for proposal was divided into four separately biddable service modules: #1 Core Services (voice and data services), #2 Long Distance Services for Voice, #3 Internet Protocol Services, and #4 Broadband Fixed Wireless Access (BFWA) Services.

In January 2007, AT &T was awarded core and long distance services. Verizon Business was awarded internet protocol and broadband fixed wireless access services. The State's CalNet 2 Master Service Agreements with AT & T and Verizon Business were signed on January 30, 2007 and have a term of five-years with two optional one-year extensions. Again, the CalNet 2 Master Service Agreements provide a comprehensive array of telecommunications services at further discounted non-tariff rates to the State and local governments.

ANALYSIS

CIT staff has evaluated numerous other service providers and has determined that no other service providers, either singly or combined, can compete with the CalNet 2 pricing, service offerings, and associated benefits. With the telecommunications industry economically regrouping, many industry experts feel, and we agree, that it is wise to focus on established companies that will exist into the foreseeable future. This is opposed to utilizing smaller independent companies that are often just re-selling the services of the larger established companies without the additional value-added services that the larger companies offer.

This action would be considered a Cooperative Purchase as outlined in the City's Municipal Code (section 22.3.15).

The CalNet 2 agreement is quite different than our current CalNet agreement. The new CalNet 2 agreement preserves the existing lower non-tariff rates and offers additional new and more flexible services. The CIT department has determined that the CalNet 2 agreement with the State of California is "municipality friendly" and affords the City the flexibility to add and, in some cases, remove services as needed. This flexibility is very important as telecommunications needs change rapidly. The new services provided and the new flexibility allows us to transfer our current non-CalNet services to the CalNet 2 agreement and take advantage of the lower non-tariff rates. Staff projects that with the new services being offered and its flexibility of adding and removing services, the CalNet 2 agreement will reduce our current tariff rate services by 30% resulting in annual savings of approximately $40,000. Also, the CalNet 2 agreement will further reduce our current CalNet non-tariff rates by 10% resulting in additional annual savings of approximately $26,000. Overall, we anticipate annual telephone cost savings of $66,000.

Therefore, it is recommended that the City Council authorize a five-year contract with the State of California to provide various telecommunication services.

Respectfully submitted,

RICHARD SHIGAKI
Information Technology Director

CONCUR:

LeRoy J. Jackson
City Manager

Attachment A: Authorization to Order Under State Contract Module I
Attachment B: Authorization to Order Under State Contract Module II
Attachment C: Authorization to Order Under State Contract Module III
Attachment D: Authorization to Order Under State Contract Module IV

ATTACHMENT A

EXHIBIT A-2

AUTHORIZATION TO ORDER UNDER STATE CONTRACT

SBC Global Services, Inc. dba AT & T Global Services on behalf of Pacific Bell Telephone Company dba AT&T California ("Contractor") and the State of California ("State") have entered into a Contract for California Integrated Information Network (CALNET) II ("CALNET II") **Module 1** Services dated January 30, 2007 ("Contract"), for a term of five years. The State may, at its sole option, elect to extend the Contract term for up to two (2) additional periods of one (1) year each. Pursuant to the Contract, which is incorporated herein by reference, any public agency as defined in Government Code Section 11541 is allowed to order services and products solely as set forth in the Contract ("Service(s)").

A non-State public Agency (herein "Non-State Agency") shall also be required to complete and submit this Authorization to Order Under State Contract (ATO) prior to ordering Services. A description of the Service(s), applicable rates and charges and the specific terms and conditions under which the Service(s) will be provided to a Non-State Agency are fully set forth in the Contract. Access to the Contract is available at www.stnd.dts.ca.gov.

City of Torrance ("Non-State Agency") desires to order Service(s) and Contractor agrees to provide such Service(s) as identified in the State of California, Telecommunications Service Request (STD. 20), pursuant to the terms and conditions and rate tables contained in the Contract.

1. This ATO shall become effective upon execution by Non-State Agency, Contractor, and the Department of Technology Services, Statewide Telecommunications and Network Division (DTS/STND) ("Effective Date"). No Service(s) shall be ordered by Non-State Agency or provided by Contractor until this ATO has been executed by both parties and approved by DTS/STND.

2. With respect to Services ordered under this ATO, Non-State Agency hereby agrees to obtain such Services exclusively through the Contract and this ATO for a two (2) year commitment period starting from the Effective Date of the ATO, provided that such commitment does not extend beyond the Term of the Contract, including any extension periods. Any Services ordered subsequent to the end of the two (2) year commitment period shall not extend the two (2) year commitment period.

3. Upon expiration of the two (2) year commitment period, this ATO shall continue in effect through the remainder of the Term of the Contract, unless earlier terminated by Non-State Agency. The Non-State Agency will automatically continue to receive Services at Contract terms and conditions when the two year commitment period completes, and may add, delete or change Services without penalty or additional commitment periods (unless a specific Service requires a term per the Contract).

4. Subject to paragraph 5 below, Non-State Agency may terminate this ATO, for specific Service(s) or in total, prior to termination of the Contract by providing the Contractor with thirty (30) calendar days written notice of cancellation.

5. If Non-State Agency elects to terminate Service prior to completion of the two (2) year commitment period, a termination charge may apply. The termination charge may not exceed sixty-five percent (65%) of the Non-State Agency's average monthly bill for the disconnected Service(s) multiplied by the number of full months remaining in the two (2) year commitment period. If Service(s) are terminated after the two (2) year commitment period, no termination liability shall apply.

6. No termination charge will be assessed when Non-State Agency transfers Service(s) to a like Service offered under this Contract, or from one CALNET II Module to another, if the Contractor is the same

for both Modules or is affiliated with the Contractor for the other Module.

7. By executing this ATO, Non-State Agency agrees to subscribe to and Contractor agrees to provide Service(s) in accordance with the terms and conditions of this ATO and the Contract. Within seven (7) business days after execution of this ATO by Non-State Agency and Contractor, Contractor shall deliver this ATO to DTS/STND for review and approval.

8. The DTS/STND will provide Contract management and oversight, and upon request by the Non-State Agency or Contractor, will advocate to resolve Contract service issues. The ATO and any resulting STD. 20 is a Contract between the Non-State Agency and the Contractor. The State will not represent the Non-State Agency in resolution of litigated disputes between the parties.

9. Non-State Agency, upon execution of this ATO, certifies that Non-State Agency understands that Contractor and the State may, from time to time and without Non-State Agency's consent, amend the terms and conditions of the Contract thereby affecting the terms of service Non-State Agency receives from Contractor.

10. Non-State Agency, upon execution of this ATO, certifies that Non-State Agency has reviewed the terms and conditions, including the rates and charges, of the Contract.

11. Non-State Agency, upon execution of this ATO, certifies the Non-State Agency understands that billing invoices for Service(s) subscribed to under the Contract are subject to review and/or audit by the State pursuant to provisions of the Contract.

12. All Service(s) ordered under this ATO will be submitted using the STD. 20, signed by the Non-State Agency's authorized signatory. Any additions or deletions to Service(s) shall likewise be accomplished by submission of a STD. 20, noting changes.

13. Non-State Agency may, by placing Service orders issued by its duly authorized representative with Contractor, order any of the Service(s) listed in the Contract. Contractor shall bill Non-State Agency, and Non-State Agency shall pay Contractor according to the terms and conditions and rate tables set forth in the Contract for such Service(s).

14. If the Service(s) ordered under a STD. 20 are installed, and after the first fiscal year funds are not appropriated to enable the Non-State Agency to continue paying for services, or universal service discounts are not received, the Non-State Agency may terminate impacted Service(s) without penalty.

15. Whenever any notice or demand is to be given under this Contract to Contractor or Non-State Agency, the notice shall be in writing and addressed to the following:

Non-State Agency:	Contractor:
City of Torrance	AT&T
3031 Torrance Blvd.	610 Sequoia Pacific Blvd.
Torrance, CA 90503	Sacramento, CA 95814
Attn: Jim Caprio	Attn: Contract Program Manager

Notices delivered by overnight courier service shall be deemed delivered on the day following mailing. Notices mailed by U.S. Mail, postage prepaid, registered or certified with return receipt requested, shall be deemed delivered five (5) days after mailing. Notices delivered by any other method shall be deemed given upon receipt.

IN WITNESS WHEREOF, the parties hereto have caused this ATO to be executed on the date shown below by their respective duly authorized representatives

CITY OF TORRANCE
a Municipal Corporation

_____
Frank Scotto, Mayor

ATTEST:

_____
Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By:_____

Date Signed: _____

AT&T
a Delaware Corporation

By:_____
Name:
Title:

Date Signed:_____

Approved By: Department of Technology Services, Statewide Telecommunications and Network Division
By:_____
Title: _____
Date Signed: _____

ATTACHMENT B

EXHIBIT A-2

AUTHORIZATION TO ORDER UNDER STATE CONTRACT

SBC Global Services, Inc. dba AT & T Global Services on behalf of Pacific Bell Telephone Company dba AT&T California ("Contractor") and the State of California ("State") have entered into a Contract for California Integrated Information Network (CALNET) II ("CALNET II") **Module 2** Services dated January 30, 2007 ("Contract"), for a term of five years. The State may, at its sole option, elect to extend the Contract term for up to two (2) additional periods of one (1) year each. Pursuant to the Contract, which is incorporated herein by reference, any public agency as defined in Government Code Section 11541 is allowed to order services and products solely as set forth in the Contract ("Service(s)").

A non-State public Agency (herein "Non-State Agency") shall also be required to complete and submit this Authorization to Order Under State Contract (ATO) prior to ordering Services. A description of the Service(s), applicable rates and charges and the specific terms and conditions under which the Service(s) will be provided to a Non-State Agency are fully set forth in the Contract. Access to the Contract is available at www.stnd.dts.ca.gov.

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2. With respect to Services ordered under this ATO, Non-State Agency hereby agrees to obtain such Services exclusively through the Contract and this ATO for a two (2) year commitment period starting from the Effective Date of the ATO, provided that such commitment does not extend beyond the Term of the Contract, including any extension periods. Any Services ordered subsequent to the end of the two (2) year commitment period shall not extend the two (2) year commitment period.

3. Upon expiration of the two (2) year commitment period, this ATO shall continue in effect through the remainder of the Term of the Contract, unless earlier terminated by Non-State Agency. The Non-State Agency will automatically continue to receive Services at Contract terms and conditions when the two year commitment period completes, and may add, delete or change Services without penalty or additional commitment periods (unless a specific Service requires a term per the Contract).

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5. If Non-State Agency elects to terminate Service prior to completion of the two (2) year commitment period, a termination charge may apply. The termination charge may not exceed sixty-five percent (65%) of the Non-State Agency's average monthly bill for the disconnected Service(s) multiplied by the number of full months remaining in the two (2) year commitment period. If Service(s) are terminated after the two (2) year commitment period, no termination liability shall apply.

6. No termination charge will be assessed when Non-State Agency transfers Service(s) to a like Service offered under this Contract, or from one CALNET II Module to another, if the Contractor is the same

for both Modules or is affiliated with the Contractor for the other Module.

7. By executing this ATO, Non-State Agency agrees to subscribe to and Contractor agrees to provide Service(s) in accordance with the terms and conditions of this ATO and the Contract. Within seven (7) business days after execution of this ATO by Non-State Agency and Contractor, Contractor shall deliver this ATO to DTS/STND for review and approval.

8. The DTS/STND will provide Contract management and oversight, and upon request by the Non-State Agency or Contractor, will advocate to resolve Contract service issues. The ATO and any resulting STD. 20 is a Contract between the Non-State Agency and the Contractor. The State will not represent the Non-State Agency in resolution of litigated disputes between the parties.

9. Non-State Agency, upon execution of this ATO, certifies that Non-State Agency understands that Contractor and the State may, from time to time and without Non-State Agency's consent, amend the terms and conditions of the Contract thereby affecting the terms of service Non-State Agency receives from Contractor.

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CITY OF TORRANCE
a Municipal Corporation

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Frank Scotto, Mayor

ATTEST:

_____
Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By:_____

Date Signed: _____

AT&T
a Delaware Corporation

By:_____
Name:
Title:

Date Signed:_____

Approved By: Department of Technology Services, Statewide Telecommunications and Network Division
By:_____
Title: _____
Date Signed: _____

ATTACHMENT C

EXHIBIT A-2

AUTHORIZATION TO ORDER UNDER STATE CONTRACT

Verizon Business ("Contractor") and the State of California ("State") have entered into a Contract for California Integrated Information Network (CALNET) II ("CALNET II") **Module 3** Services dated January 30, 2007 ("Contract"), for a term of five years. The State may, at its sole option, elect to extend the Contract term for up to two (2) additional periods of one (1) year each. Pursuant to the Contract, which is incorporated herein by reference, any public agency as defined in Government Code Section 11541 is allowed to order services and products solely as set forth in the Contract ("Service(s)").

A non-State public Agency (herein "Non-State Agency") shall also be required to complete and submit this Authorization to Order Under State Contract (ATO) prior to ordering Services. A description of the Service(s), applicable rates and charges and the specific terms and conditions under which the Service(s) will be provided to a Non-State Agency are fully set forth in the Contract. Access to the Contract is available at www.stnd.dts.ca.gov.

City of Torrance ("Non-State Agency") desires to order Service(s) and Contractor agrees to provide such Service(s) as identified in the State of California, Telecommunications Service Request (STD. 20), pursuant to the terms and conditions and rate tables contained in the Contract.

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2. With respect to Services ordered under this ATO, Non-State Agency hereby agrees to obtain such Services exclusively through the Contract and this ATO for a two (2) year commitment period starting from the Effective Date of the ATO, provided that such commitment does not extend beyond the Term of the Contract, including any extension periods. Any Services ordered subsequent to the end of the two (2) year commitment period shall not extend the two (2) year commitment period.

3. Upon expiration of the two (2) year commitment period, this ATO shall continue in effect through the remainder of the Term of the Contract, unless earlier terminated by Non-State Agency. The Non-State Agency will automatically continue to receive Services at Contract terms and conditions when the two year commitment period completes, and may add, delete or change Services without penalty or additional commitment periods (unless a specific Service requires a term per the Contract).

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City of Torrance	Verizon Business
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Torrance, CA 90503	Rancho Cordova, CA 95670
Attn: Jim Caprio	

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CITY OF TORRANCE
a Municipal Corporation

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Frank Scotto, Mayor

ATTEST:

_____
Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By:_____

Date Signed: _____

Verizon Business

By:_____
Name:
Title:

Date Signed:_____

Approved By: Department of Technology Services, Statewide Telecommunications and Network Division
By:_____
Title: _____
Date Signed: _____

ATTACHMENT D

EXHIBIT A-2

AUTHORIZATION TO ORDER UNDER STATE CONTRACT

Verizon Business ("Contractor") and the State of California ("State") have entered into a Contract for California Integrated Information Network (CALNET) II ("CALNET II") **Module 4** Services dated January 30, 2007 ("Contract"), for a term of five years. The State may, at its sole option, elect to extend the Contract term for up to two (2) additional periods of one (1) year each. Pursuant to the Contract, which is incorporated herein by reference, any public agency as defined in Government Code Section 11541 is allowed to order services and products solely as set forth in the Contract ("Service(s)").

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JOHN L. FELLOWS III
City Attorney

By:_____

Date Signed: _____

Verizon Business

By:_____
Name:
Title:

Date Signed:_____

Approved By: Department of Technology Services, Statewide Telecommunications and Network Division
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