

Council Meeting of
May 19, 2009

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

Members of the Council:

SUBJECT: Communications and Information Technology – Authorize contract for a new telephone and voicemail system and approve modification to FEAP 174 and appropriate funds.

Expenditure: Not to exceed \$1,388,805

RECOMMENDATION

Recommendation of the Information Technology Director that City Council:

- 1) Authorize a professional services contract with Nexus IS, Inc. of Valencia, CA. to purchase, install, and maintain a new telephone and voicemail system at a cost of \$1,322,671, plus a 5% contingency fee of \$66,134, for a total not-to-exceed amount of \$1,388,805;
- 2) Approve an additional appropriation of \$706,087 from the Telephone Replacement Fund and approve a modification to the original scope of FEAP 174 (Telephone and Voicemail System Replacement project) to include the purchase, installation, and maintenance of fiber optic cable throughout the City Hall campus. This project was originally funded for \$1,185,000 from the Telephone Replacement Fund.

Funding

Funding is available in Capital Project FEAP 174 and the Telephone Replacement Fund.

BACKGROUND

The current telephone and voicemail system has evolved over the past 18+ years into five main telephone sites (City Hall, City Yard, Police Department, Fire Department, Zamperini Airport) connecting 19 satellite locations throughout the City. When initially purchased in 1991, the telephone system had a predicted useful life of ten years. The City's voicemail system was also purchased in 1991 but was upgraded in 1998 with a predicted useful life of three to five years.

In 1996, FEAP 174 was initiated as a Capital Project so Finance could see what was coming in five years and incorporate it in the budgeting process. The original intent of the FEAP was to upgrade the City's telephone and voicemail systems utilizing the same telephone

technology was beginning to take hold in the voice and telephone world but was still in its infancy and far from becoming an industry standard.

For the past 18 years, both the telephone and voicemail systems have been supported by the original vendor. Today, neither system is under warranty due to its age. Finding replacement parts for 18-year-old legacy systems is of major concern. The City's telephone and voicemail systems need to be replaced due to the growing potential for age-related hardware problems and the potential for extended down time to find replacement parts.

ANALYSIS

In 2007, IP technology matured into the industry standard for voice and data communications, providing hundreds of new application opportunities with its convergence of voice, video, and data communications in a mobile environment.

In 2009, by selecting an IP-based telephone technology, we determined the requisite need to upgrade the City's campus fiber optic and copper cable infrastructure to accommodate the bandwidth and transmission speeds required of converged IP voice, video, and data applications. Similar to buying a car that can reach speeds in excess of 100 miles per hour but having only dirt roads to drive on, fiber optic cabling will provide the highway (bandwidth and transmission speeds) required for IP applications today and for many years into the future. Therefore, approval of a modification to the scope of FEAP 174 to include upgrading the City's campus to fiber optic cable and appropriation of funding for the work is recommended for Council approval.

The Request for Proposal (RFP) specification issued on March 10, 2008, included a two-stage proposal Best-and-Final-Offer (BAFO) evaluation process. During the first phase, proposals were screened to insure they complied with mandatory functional and technical requirements. Candidates that passed the first phase entered the BAFO phase wherein staff conducted site visits, equipment was demonstrated, detailed question and answer sessions were held, staff refined RFP specifications, and staff requested "best and final" proposals from the candidates.

As explained in the RFP, each BAFO proposal would be scored based on three weighted categories: System, Manufacturer, and Integrator/Distributor. Each category would be comprised of individually scored subcategories. Once a score was obtained, the proposal's total cost would be divided by the proposal's score and yield a Best Value Ratio (BVR) number. The proposal with the smallest BVR would be the best overall proposal.

The RFP initially yielded six proposals. During the first phase three proposals were eliminated. The AT&T proposal was determined to be not responsive and disqualified for not having met the minimum required criteria. The Integrated Technologies and Terra Telecom proposals were eliminated because they exceeded the project's budget and would not fit within operational objectives.

The three remaining candidates entered the BAFO phase and all three final proposals were received on October 31, 2008. Staff completed the BAFO evaluation phase concluding

with the calculation of each candidate's BVR. The final three candidates, their ranking, BVR, and proposal costs are as follows:

Vendor	Nexus IS, Inc. Valencia, CA	NEC Unified Solutions Inc. Northridge, CA	Digital Telecommunications Corporation Van Nuys, CA
Rank	1	2	3
Best Value Ratio	1,587	1,750	2,000
Proposal Cost	\$1,322,671	\$1,592,290	\$1,450,928

The City's RFP project team was unanimous in its recommendation of Nexus IS as the best proposal submitted. City staff found Nexus' engineering, maintenance, and technical support staff to be very capable and knowledgeable of the solution proposed. Nexus satisfactorily met all of the criteria set forth in the RFP and demonstrated the skills necessary to meet the City's implementation and post-implementation requirements.

Integration and full support of the new phone system may be customized prior to implementation. Future budget considerations may be needed if support requirements for the Information Technology Division increase or change during implementation.

Nexus IS, Inc. of Valencia, California meet the criteria designated in the RFP and are determined to be the best value for the City of Torrance.

Respectfully submitted,



RICHARD SHIGAKI
Information Technology Director

CONCUR:



LeRoy J. Jackson
City Manager

Attachment A: FEAP 174 – Proposed Version
Attachment B: FEAP 174 – Original Version
Attachment C: PBX Replacement Evaluation

City of Torrance

174 Revised 5-13-2009

Capital Improvement Project Request Form

Type of Project:
 Equipment Automation Infrastructure Facilities Other

Project Location: Various facilities within City

Department: Communications
and Information Technology

Project Title:
Telephone and Voicemail System - Replacement

Description:

Replace the existing telephone systems and voicemail system at the five main and nineteen satellite facilities with new, current technology equipment that is integrated into a seamless telephone solution. The project will include the latest proven telephone voice technology and networking protocol between each system location. The project will also include the replacement of the City's voicemail system, a multi-year extended service agreement, power and system redundancy for critical systems, full voicemail integration between all locations, enhanced administration and security capabilities, and upgraded digital telephone trunk circuits. Replace the under-ground copper and fiber-optic cabling interconnecting the City Hall main campus facilities, including the City Yard. And, replace the in-building fiber-optic cabling within the City Hall main campus facilities, including the City Yard.

Original Justification:

In year 2005, the existing telephone system will be 14 years old and the voicemail system will be 5 years old. The average usable life span of a PBX system is 6 to 12 years. Based on the quality of maintenance performed over the last 10 years and the periodic hardware/software upgrades, it is expected that the PBX system's effective life span will be 15 years.

The effective life span of a voicemail system will be shorter as voicemail technology and client growth move much faster than that of the PBX industry. The current voicemail system will be outdated by its fifth or sixth year, and the cost to interface the existing system with a new PBX system will be cost prohibitive, versus replacement.

May 2006 Update:

The project is approximately 20% completed as of 5/2006. As of March 2005 we have been working with our consultant PlanNet developing the needs assessment and the RFP. We have also been working with Purchasing and the City Attorney to structure the legal elements of the purchase. The RFP is tentatively scheduled to go out July/August 2006. RFP responses will be evaluated and a vendor will be selected approximately November/December 2006. Completion of the project is expected in the summer of calendar year 2007.

September 2006 Update:

The Needs Assessment Phase, first of three phases, was completed. The RFP Phase is in progress and about 50% completed. Progress on the RFP was delayed while staff worked with the consultant to perform a cost analysis report. The report will provide management with cost estimates to replace all of the City's telephone systems - not just those originally described in the project. The report is due back in October. The scope of the RFP will be finalized based on report's finding. The RFP is tentatively scheduled to be released by year-end and award of bid in Spring 2007. The final phase, Implementation, is tentatively set for Summer 2007.

December 2006 Update:

Received the consultant's cost analysis report. Finalizing the RFP. Expected RFP release in March 2007.

March 2007 Update:

The RFP description of work was revised to add the replacement of the telephone systems at the nineteen (19) City satellite sites and to delete the replacement of the telephone system for WiN. Staff is finalizing the scoring methodology and Best and Final Offer procedures. Expected RFP release in May 2007.

June 2007 Update:

The project team released RFP sections I and II for CIT and Finance review. Section III (Bidder's response form) will be completed concurrent to review. The entire RFP should be routed for final approvals and processing in July 2007. Expected RFP release to public in August 2007.

September 2007 Update:

The project team continues to work on finalizing RFP specifications, evaluation sheet, and pricing sheet. In September, the team met with Purchasing to discuss and finalize the Best and Final Offer process (BAFO) that will be used. Research/Discussion continues as to what extent the City will adopt IP technology (desktop/main/satellite locations). Expected RFP release November/December 2007 with implementation late spring or early summer 2008.

December 2007 Update:

A Request for Proposals (RFP) package has been submitted for Finance, legal, and management review. Projected RFP release date is late January 2008.

March 2008 Update:

The Request for Proposals (RFP) package was released and proposals are due May 15th. Contract award is projected for early September 2008 after a planned lengthy evaluation and Best and Final Offer phase. Installations are projected to be completed by December 2008. The project's projected costs, timeline and financing are also updated.

June 2008 Update:

The Request for Proposals yielded six proposals packages. Five proposals were invited to participate in the Best and Final Offer phase starting in June 2008. The contract award is still projected for early September 2008 and installations are projected to be completed by December 2008.

September 2008 Update:

Three proposals moved forward through the Best and Final Offer phase. The final round of proposal meetings are set for early September 2008, last and final proposals are due mid-October 2008, award is projected for November, and installations are projected for early 2009.

December 2008 Update:

The final proposals were received from all three bidders. Staff conducted site visits and live system demonstrations to better understand the proposals. The project evaluation team is discussing and evaluating the proposals. Award is projected for early March 2009 and installations to begin mid-2009.

March 2009 Update:

The project team has tentatively selected a bidder from the three Best and Final Offer proposals. The agenda recommendation package is being assembled and will be routed for staff comments. The award is projected for late May 2009 and installations to begin mid-2009.

Project Costs

Estimated Project Implementation Cost

Additional Personnel Requirements:		
# of positions (within department)		0
Annual labor costs (with benefits)	\$	0
Additional Personnel Requirements:		
# of positions (support department)		0
Annual labor costs (with benefits)	\$	0
Equipment	\$	1,032,533
Materials	\$	295,000
Professional Services	\$	337,420
Other – Tools/Training	\$	160,000
Other – Contingency at 5%	\$	66,134
TOTAL	\$	1,891,087

Status of Land: No land involved City owned Not yet acquired

Estimated Annual Ongoing Operating and Maintenance Costs

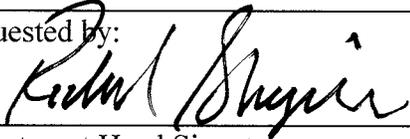
None

Additional Personnel Requirements:		
# of position(s) – within department	_____	
Annual labor costs (with benefits)	\$	
Additional Personnel Requirements:		
# of position(s) – support department	_____	
Annual labor costs (with benefits)	\$	
Professional Services/Contracts	\$	0
Materials	\$	0
Equipment	\$	0
Other: Periodic Training	\$	0
TOTAL	\$	0

Project Time Line

<i>Description</i>	Fiscal Year Ending June 30				
	2005	2006	2007	2008	2009
Survey/Design	X	X	X		
Plans/Specifications			X	X	
Purchase/Construction				X	X
Other: _____					

Project Financing						
Fiscal Year Ending June 30						
<i>Financing Source</i>	2005	2006	2007	2008	2009	<i>TOTAL</i>
Capital Project-Telephone Replacement	\$1,185,000					\$1,185,000
Telephone Replacement Fund (additional funding)					\$706,087	\$706,087
<i>TOTAL</i>	\$1,185,000				\$706,087	\$1,891,087
<i>Less offsetting revenue</i>						
<i>Net project request</i>	\$1,185,000				\$706,087	\$1,891,087
Vehicle Request Approval (if necessary)				Automation Request Approval (if necessary)		
_____ Department Head Signature				_____ Department Head Signature		
Date				Date		

Requested by: 		Department Priority # <u> 1 </u>
Department Head Signature	Date	

City of Torrance

174 Original

Capital Improvement Project Request Form**Type of Project:**

Equipment Automation Infrastructure Facilities Other

Project Location: Various facilities within City

Department: Communications
and Information Technology

Project Title:
Telephone and Voicemail System - Replacement

Description:

Replace the existing NEC telephone switches (6 each) and voicemail system with new system. Project will include the latest PBX technology: the latest proven networking protocol between nodes; full battery back-up; redundancy on City Hall and Police Department systems; full voice mail integration; all necessary programming terminals; documentation; technician training; user training; all planning and installation charges; all telephone company related charges; a one (1) to three (3) year, all-inclusive factory warranty.

Original Justification:

In year 2005, the existing telephone system will be 14 years old and the voicemail system will be 5 years old.

The average usable life span of a PBX system is 6 to 12 years. Based on the quality of maintenance performed over the last 10 years and the periodic hardware/software upgrades, it is expected that the PBX system's effective life span will be 15 years.

The effective life span of a voicemail system will be shorter as voicemail technology and client growth move much faster than that of the PBX industry. The current voicemail system will be outdated by its fifth or sixth year, and the cost to interface the existing system with a new PBX system will be cost prohibitive, versus replacement.

Project Costs

Estimated Project Implementation Cost

Additional Personnel Requirements:	
# of positions (within department)	0
Annual labor costs (with benefits)	\$ 0
Additional Personnel Requirements:	
# of positions (support department)	0
Annual labor costs (with benefits)	\$ 0
Equipment	\$ 975,000
Materials	\$ 45,000
Professional Services	\$ 25,000
Land	\$ 0
Other	\$ 140,000
	2 nd & 3 rd year warranty
TOTAL	\$ 1,185,000

Status of Land: No land involved City owned Not yet acquired

Estimated Annual Ongoing Operating and Maintenance Costs

None

Additional Personnel Requirements:	
# of position(s) – within department	_____
Annual labor costs (with benefits)	\$ _____
Additional Personnel Requirements:	
# of position(s) – support department	_____
Annual labor costs (with benefits)	\$ _____
Professional Services/Contracts	\$ _____
Materials	\$ _____
Equipment	\$ _____
Other: _____	\$ _____
TOTAL	\$ _____

NOTE: No additional costs should be necessary. The existing phone service contract will likely be decreased, dependent of scope of warranty purchased, with equipment.

Project Time Line

<u>Description</u>	Fiscal Year Ending June 30				
	2005	2006	2007	2008	2009
Survey/Design	X	X	X		
Plans/Specifications			X	X	
Purchase/Construction				X	X
Other: _____					

Project Financing						
Fiscal Year Ending June 30						
<i>Financing Source</i>	2004	2005	2006	2007	2008	<i>TOTAL</i>
Telephone Replacement Fund		\$1,185,000				\$1,185,000
<i>TOTAL</i>		\$1,185,000				\$1,185,000
<i>Less offsetting revenue</i>						
<i>Net project request</i>		\$1,185,000				\$1,185,000

Vehicle Request Approval (if necessary)		Automation Request Approval (if necessary)	
_____	_____	_____	_____
Department Head Signature	Date	Department Head Signature	Date

Requested by:		Department Priority # _____
Department Head Signature	Date	

05/13/2009

**PBX Replacement Evaluation
Using Best Value Method**

Rating Criteria	Weighting		DTC	NEC	Nexus
	Cat.	Element			
System	5%	100	10	10	10
Compliant with Specification		5.00			
Weighted Category Score					
Manufacturer	5%	100	10	10	10
Compliant with Specification		5.00			
Weighted Category Score					
Integrator/Distributor	90%	5	5	8	9
Completeness of Proposal		20	2.50	4.00	4.50
System Implementation Plan		10	12.00	18.00	16.00
Network Assessment Plan		5	7.00	9.00	8.00
Team Member Qualifications		10	3.00	5.00	4.50
Technical Training Plan		10	7.00	7.00	7.00
End User Training Plan		0	7.00	7.00	7.00
Applications & Hardware Support		15	0.00	0.00	0.00
Support & Maintenance Plan		10	12.00	15.00	13.50
System Deployment Experience		15	7.00	10.00	9.00
Service History/Reputation		100	12.00	15.00	12.00
Integrator/Distributor Total			69.50	90.00	81.50
Weighted Category Score			62.55	81.00	73.35
Total Weighted Score		100%	72.55	91.00	83.35
Cost					
Installation (hardware/software/labor)					
Ongoing (3 years)					
Cost Total		\$1,450,928	\$1,592,290	\$1,322,671	
Best Value Method Ratio		2,000	1,750	1,587	
				Best Value	