Council Meeting of
January 12, 2010

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

Members of the Council:

SUBJECT: Communications and Information Technology – Authorize the appropriation of funds and modify an existing contract services agreement.

Expenditure: $45,000

RECOMMENDATION

Recommendation of the Information Technology Director that Council authorize the appropriation of $45,000 from the Telephone Replacement Fund and modify the contract services agreement C2009-093 with Nexus IS, of Valencia, CA, to increase the contingency fee from $66,134 to $111,134.

Funding

Funding is available in the Telephone Replacement Fund.

BACKGROUND

On May 19, 2009, a professional services contract (C2009-093) was awarded to Nexus IS to purchase, install, and maintain a new telephone and voicemail system for a not-to-exceed amount of $1,322,671, plus a 5% contingency fee of $66,134. Since the award, the system has been ordered, lab-tested, and staged on-site awaiting installation. Installations will begin mid-January 2010 and the system's operational cutover is set for February 12 through 15.

Five change orders have been approved by the project team totaling $34,935.74. The balance of the unused contingency budget is $31,198.26. One change order is pending further discussion with the contractor that would exceed the remaining available contingency budget.

ANALYSIS

The five contract change orders expensed against the contract's contingency budget were approved by the project team to add performance capacity, improve system redundancy, conserve facility space, and standardize the technical design. The merits of the change orders approved were not identified until well after the initial contract award. Briefly, the five change orders include:

- The addition of one Port Interface Rack (PIR) chassis to the Police department's core telephone switch. The PIR would permit the addition of physical expansion modules versus reliance on virtual, software-based growth capabilities. $13,689.40
- The addition of two Primary Rate Interface (PRI) cards to the City Hall core telephone switch. The PRI cards would permit a greater variety and capacity of telephone trunk circuits to be connected to the overall telephone system. $11,193.91
- The addition of 19 analog line cards, one for each of the satellite telephone system locations. The cards would permit redundancy beyond what was originally required in the event of a telephone circuit outage. $7,475.15
- The exchange of 11 Uninterruptible Power Supplies (UPS) for rack mounted versions. The rack-mounted UPS was better suited for the limited equipment spaces available at the satellite telephone system locations. $2,996.66
- The deletion of the system installation at the Del Amo Fashion Center Police Community Center. Instead, the original system inventory will be partially installed at the City Hall to verify proper operation before acceptance. $419.38 credit to City.

The pending change order to exchange the five Voice-over-Internet Protocol (VoIP) compression cards for an upgraded version was prompted by the team's desire to upgrade the system's overall VoIP performance before final deployment to conserve as much leased bandwidth to and from the satellite telephone system locations. Purchase of the upgraded cards is also a hedge in the event that application traffic to the satellite locations increases faster than the City can afford additional bandwidth. The net expense to exchange the cards is about $35,000.

It is the project team's consensus that the pending change order for the VoIP compression cards has merit and should be funded and approved. Although the team does not foresee any additional significant change orders, it believes that a portion of the original contingency budget should be reestablished. The $45,000 modification requested would cover the exchange of the compression cards and leave a contingency balance of about $41,198.

Respectfully submitted,

RICHARD SHIGAKI
Information Technology Director

CONCUR:

LeRoy J. Jackson
City Manager

Attachment A: Agenda Item 12B, dtd June 2, 2009
Attachment B: Signed copy of Contract Services Agreement, C2009-093, dtd June 2, 2009
Attachment C: Revised FEAP 174 – Telephone and Voicemail System Replacement

x agenda items\Telephone Voicemail Replacement - Modify Contigency FEAP 174 1-12-10.doc

Attachment A

Council Meeting of
June 2, 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 new telephone and voicemail system, appropriate funds, and approve modification to FEAP #174.

Expenditure: $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 for a cost of $1,322,671, plus a 5% contingency fee of $66,134, for a not to exceed to amount of $1,388,805; and

2) Approve an additional appropriation of $706,087 from the Telephone Replacement Fund; and

3) 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 and City-wide cabling infrastructure already in place. Internet Protocol (IP) 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
Attachment D: Contract with Nexus IS, Inc. (Limited Distribution)

X:word/agenda items/telephone & voicemail replacement 6-2-09.doc

Attachment A

City of Torrance **174** Revised 5-13-2009

Capital Improvement Project Request Form

Type of Project:

[X] 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: [X] No land involved [ ] City owned [ ] Not yet acquired

Estimated Annual Ongoing Operating and Maintenance Costs

[X] 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

Fiscal Year Ending June 30

Description	2005	2006	2007	2008	2009
Survey/Design	X	X	X		
Plans/Specifications			X	X	
Purchase/Construction				X	X
Other: _____					

Project Financing

Financing Source	Fiscal Year Ending June 30 2005	2006	2007	2008	2009	***TOTAL***
Capital Project-Telephone Replacement	$1,185,000					**$1,185,000**
Telephone Replacement Fund (additional funding)					$706,087	**$706,087**
TOTAL	$1,185,000				$706,087	**$1,891,087**
Less offsetting revenue						
Net project request	$1,185,000				$706,087	**$1,891,087**

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

Requested by: Robert Shepin 5/12/09	
Department Head Signature Date	Department Priority # 1

Attachment B

City of Torrance **174** Original

Capital Improvement Project Request Form

Type of Project:

[X] 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	2nd & 3rd year warranty
TOTAL	$	1,185,000	

Status of Land: [X] 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

Fiscal Year Ending June 30

Description	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					
Financing Source	2004	2005	2006	2007	2008	***TOTAL***
Telephone Replacement Fund		$1,185,000				**$1,185,000**
TOTAL		$1,185,000				**$1,185,000**
Less offsetting revenue						
Net project request		$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 Head Signature Date	Department Priority # _____

PBX Replacement Evaluation
Using Best Value Method

05/13/2009

Rating Criteria	Weighting Cat.	Weighting Element	DTC Rating	DTC Score	NEC Rating	NEC Score	Nexus Rating	Nexus Score
System	**5%**							
Compliant with Specification		100	10	100.00	10	100.00	10	100.00
Weighted Category Score				5.00		5.00		5.00
Manufacturer	**5%**							
Compliant with Specification		100	10	100.00	10	100.00	10	100.00
Weighted Category Score				5.00		5.00		5.00
Integrator/Distributor	**90%**							
Completeness of Proposal		5	5	2.50	8	4.00	9	4.50
System Implementation Plan		20	6	12.00	9	18.00	8	16.00
Network Assessment Plan		10	7	7.00	9	9.00	8	8.00
Team Member Qualifications		5	6	3.00	10	5.00	9	4.50
Technical Training Plan		10	7	7.00	7	7.00	7	7.00
End User Training Plan		10	7	7.00	7	7.00	7	7.00
Applications & Hardware Support		0	0	0.00	0	0.00	0	0.00
Support & Maintenance Plan		15	8	12.00	10	15.00	9	13.50
System Deployment Experience		10	7	7.00	10	10.00	9	9.00
Service History/Reputation		15	8	12.00	10	15.00	8	12.00
Integrator/Distributor Total		**100**		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

Attachment C

Attachment D

CONTRACT SERVICES AGREEMENT

This CONTRACT SERVICES AGREEMENT ("Agreement") is made and entered into as of _____ (the "Effective Date"), by and between the CITY OF TORRANCE, a municipal corporation ("CITY"), and Nexus IS Inc., a Delaware Corporation ("CONTRACTOR").

RECITALS:

A. CITY wishes to retain the services of an experienced and qualified CONTRACTOR to purchase, install and maintain a new telephone and voicemail system.

B. CONTRACTOR represents that it is qualified to perform those services.

C. In order to obtain the desired good and services, the CITY circulated a Request for Proposal (RFP) to furnish a Telephone and Voicemail System Replacement, CITY RFP No. B2008-9.

D. CONTRACTOR has submitted a PROPOSAL in response to the RFP. Based upon its review of all PROPOSALS submitted, the CITY is willing to award the contract to CONTRACTOR.

AGREEMENT:

1. SERVICES TO BE PERFORMED BY CONTRACTOR

CONTRACTOR will provide the services set forth in the PROPOSAL. Copies of the RFP and PROPOSAL are on file in the Office of the City Clerk and are incorporated into this agreement as if fully set forth herein. In the event of any conflict between the terms of the PROPOSAL and this Agreement, the terms of this Agreement shall prevail.

2. TERM

Unless earlier terminated in accordance with Paragraph 4 below, this Agreement will continue in full force and effect for one year from the Effective Date plus the three year maintenance period set forth in EXHIBIT A.

3. COMPENSATION

A. CONTRACTOR's Fee.

For services rendered pursuant to this Agreement, CONTRACTOR will be paid in accordance with the Compensation Schedule set forth in EXHIBIT A, however, that in no event will the total amount of money paid the CONTRACTOR, for services initially contemplated by this Agreement,

exceed the sum of $1,388.805.00 ("Agreement Sum"), unless otherwise first approved in writing by CITY.

B. Schedule of Payment.

Provided that the CONTRACTOR is not in default under the terms of this Agreement, CONTRACTOR will be paid in accordance with the PROPOSAL.

4. TERMINATION OF AGREEMENT

A. Termination by CITY for Convenience.

1. CITY may, at any time, terminate the Agreement for CITY's convenience and without cause.

2. Upon receipt of written notice from CITY of such termination for CITY's convenience, CONTRACTOR will:

   a. cease operations as directed by CITY in the notice;
   b. take actions necessary, or that CITY may direct, for the protection and preservation of the work; and
   c. except for work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.

3. In case of such termination for CITY's convenience, CONTRACTOR will be entitled to receive payment for work executed; and costs incurred by reason of such termination, along with reasonable overhead and profit on the work not executed.

B. Termination for Cause.

1. If either party fails to perform any term, covenant or condition in this Agreement and that failure continues for 15 calendar days after the nondefaulting party gives the defaulting party written notice of the failure to perform, this Agreement may be terminated for cause; provided, however, that if during the notice period the defaulting party has promptly commenced and continues diligent efforts to remedy the default, the defaulting party will have such additional time as is reasonably necessary to remedy the default.

2. In the event this Agreement is terminated for cause by the default of the CONTRACTOR, the CITY may, at the expense of the CONTRACTOR and its surety, complete this Agreement or cause it to be completed. Any check or bond delivered to the CITY in connection with this Agreement, and the money payable thereon, will be forfeited to and remain the property of the CITY. All moneys

due the CONTRACTOR under the terms of this Agreement will be retained by the CITY, but the retention will not release the CONTRACTOR and its surety from liability for the default. Under these circumstances, however, the CONTRACTOR and its surety will be credited with the amount of money retained, toward any amount by which the cost of completion exceeds the Agreement Sum and any amount authorized for extra services.

3. Termination for cause will not affect or terminate any of the rights of the CITY as against the CONTRACTOR or its surety then existing, or which may thereafter accrue because of the default; this provision is in addition to all other rights and remedies available to the CITY under law.

C. Termination for Breach of Law.

In the event the CONTRACTOR or any of its officers, directors, shareholders, employees, agents, subsidiaries or affiliates is convicted (i) of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of a contract or subcontract; (ii) under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a public consultant or contractor; (iii) under state or federal antitrust statutes arising out of the submission of bids or proposals; or (iv) of violation of Paragraph 19 of this Agreement; or for any other cause the CITY determines to be so serious and compelling as to affect CONTRACTOR's responsibility as a public consultant or contractor, including but not limited to, debarment by another governmental agency, then the CITY reserves the unilateral right to terminate this Agreement or to impose such other sanctions (which may include financial sanctions, temporary suspensions or any other condition deemed appropriate short of termination) as it deems proper. The CITY will not take action until CONTRACTOR has been given notice and an opportunity to present evidence in mitigation.

5. <u>FORCE MAJEURE</u>

If any party fails to perform its obligations because of strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental control, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform, then that party's performance shall be excused for a period equal to the period of such cause for failure to perform.

6. **RETENTION OF FUNDS**
CONTRACTOR authorizes CITY to withhold 20% of payment until final acceptance in accordance with EXHIBIT A.

7. **CITY REPRESENTATIVE**
Ernest Gallo, Communciations Manager is designated as the "City Representative," authorized to act in its behalf with respect to the work and services specified in this Agreement and to make all decisions in connection with this Agreement. Whenever approval, directions, or other actions are required by CITY under this Agreement, those actions will be taken by the City Representative, unless otherwise stated. The City Manager has the right to designate another City Representative at any time, by providing notice to CONTRACTOR.

8. **CONTRACTOR REPRESENTATIVE(S)**
The following principal(s) of CONTRACTOR are designated as being the principal(s) and representative(s) of CONTRACTOR authorized to act in its behalf with respect to the work specified in this Agreement and make all decisions in connection with this Agreement:

Shannon Mora, Contract Administrator

9. **INDEPENDENT CONTRACTOR**
The CONTRACTOR is, and at all times will remain as to CITY, a wholly independent contractor. Neither CITY nor any of its agents will have control over the conduct of the CONTRACTOR or any of the CONTRACTOR's employees, except as otherwise set forth in this Agreement. The CONTRACTOR may not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY.

10. **BUSINESS LICENSE**
The CONTRACTOR must obtain a City business license prior to the start of work under this Agreement, unless CONTRACTOR is qualified for an exemption.

11. **OTHER LICENSES AND PERMITS**
CONTRACTOR warrants that it has all professional, contracting and other permits and licenses required to undertake the work contemplated by this Agreement. CONTRACTOR warrants that it has the legal authority to grant CITY the perpetual use of all software furnished with the purchase of the equipment or provided to CITY by CONTRACTOR during the maintenance period.

12. **FAMILIARITY WITH WORK**
By executing this Agreement, CONTRACTOR warrants that CONTRACTOR (a) has thoroughly investigated and considered the scope of services to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending

performance of the services under this Agreement. If the services involve work upon any site, CONTRACTOR warrants that CONTRACTOR has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services set forth in this Agreement. Should CONTRACTOR discover any latent or unknown conditions that will materially affect the performance of the services set forth in this Agreement, CONTRACTOR must immediately inform CITY of that fact and may not proceed except at CONTRACTOR's risk until written instructions are received from CITY.

13. CARE OF WORK

CONTRACTOR must adopt reasonable methods during the term of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and other components to prevent losses or damages, and will be responsible for all damages, to persons or property, until acceptance of the work by CITY, except those losses or damages as may be caused by CITY's own negligence.

14. CONTRACTOR'S ACCOUNTING RECORDS; OTHER PROJECT RECORDS

Records of the CONTRACTOR's time pertaining to the project, and records of accounts between CITY and the CONTRACTOR, will be kept on a generally recognized accounting basis. CONTRACTOR will also maintain all other records, including without limitation specifications, drawings, progress reports and the like, relating to the project. All records will be available to CITY during normal working hours. CONTRACTOR will maintain these records for three years after final payment.

15. INDEMNIFICATION

CONTRACTOR will indemnify, defend, and hold harmless CITY, the Redevelopment Agency of the City of Torrance, the City Council, each member thereof, present and future, members of boards and commissions, its officers, agents, employees and volunteers from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages whatsoever, including, but not limited to, those arising from breach of contract, bodily injury, death, personal injury, property damage, loss of use, or property loss however the same may be caused and regardless of the responsibility for negligence. The obligation to indemnify, defend and hold harmless includes, but is not limited to, any liability or expense, including defense costs and legal fees, arising from the negligent acts or omissions, or willful misconduct of CONTRACTOR, its officers, employees, agents, subcontractors or vendors. It is further agreed, CONTRACTOR's obligations to indemnify, defend and hold harmless will apply even in the event of concurrent negligence on the part of CITY, the City Council, each member thereof, present and future, or its officers, agents and employees, except for liability resulting solely from the negligence or willful misconduct of CITY, its officers, employees or agents. Payment by CITY is not a condition precedent to enforcement of this indemnity. In the event of any dispute between CONTRACTOR and CITY, as to whether liability arises from the sole negligence of the CITY or its officers, employees, agents, subcontractors or vendors, CONTRACTOR will be obligated to pay for CITY's defense until such

time as a final judgment has been entered adjudicating the CITY as solely negligent. CONTRACTOR will not be entitled in the event of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

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No officer or employee of CITY will be personally liable to CONTRACTOR, in the event of any default or breach by the CITY or for any amount that may become due to CONTRACTOR.

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A. CONTRACTOR and its subcontractors must maintain at its sole expense the following insurance, which will be full coverage not subject to self insurance provisions:

1. Automobile Liability, including owned, non-owned and hired vehicles, with at least the following limits of liability:

   a. Primary Bodily Injury with limits of at least $500,000 per person, $500,000 per occurrence; and

   b. Primary Property Damage of at least $250,000 per occurrence; or

   c. Combined single limits of $1,000,000 per occurrence.

2. General Liability including coverage for premises, products and completed operations, independent contractors/vendors, personal injury and contractual obligations with combined single limits of coverage of at least $1,000,000 per occurrence.

3. Workers' Compensation with limits as required by the State of California and Employer's Liability with limits of at least $1,000,000.

B. The insurance provided by CONTRACTOR will be primary and non-contributory.

C. CITY ("City of Torrance"), the Redevelopment Agency of the City of Torrance, the City Council and each member thereof, members of boards and commissions, every officer, agent, official, employee and volunteer must be named as additional insured under the automobile and general liability policies.

D. CONTRACTOR must provide certificates of insurance and/or endorsements indicating appropriate coverage, to the City Clerk of the City of Torrance before the commencement of work.

E. Each insurance policy required by this Paragraph must contain a provision that no termination, cancellation or change of coverage can be made without thirty days notice to CITY.

18. SUFFICIENCY OF INSURERS

Insurance required by this Agreement will be satisfactory only if issued by companies admitted to do business in California, rated "B+" or better in the most recent edition of Best's Key Rating Guide, and only if they are of a financial category Class VII or better, unless these requirements are waived by the Risk Manager of CITY ("Risk Manager") due to unique circumstances. In the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to CITY, the CONTRACTOR agrees that the minimum limits of any insurance policies or performance bonds required by this Agreement may be changed accordingly upon receipt of written notice from the Risk Manager; provided that CONTRACTOR will have the right to appeal a determination of increased coverage by the Risk Manager to the City Council of CITY within 10 days of receipt of notice from the Risk Manager.

19. CONFLICT OF INTEREST

A. No officer or employee of the CITY may have any financial interest, direct or indirect, in this Agreement, nor may any officer or employee participate in any decision relating to the Agreement that effects the officer or employee's financial interest or the financial interest of any corporation, partnership or association in which the officer or employee is, directly or indirectly interested, in violation of any law, rule or regulation.

B. No person may offer, give, or agree to give any officer or employee or former officer or employee, nor may any officer or employee solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any way pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal.

20. NOTICE

A. All notices, requests, demands, or other communications under this Agreement will be in writing. Notice will be sufficiently given for all purposes as follows:

1. Personal delivery. When personally delivered to the recipient: notice is effective on delivery.

2. First Class mail. When mailed first class to the last address of the recipient known to the party giving notice: notice is effective three

mail delivery days after deposit in an United States Postal Service office or mailbox.

3. Certified mail. When mailed certified mail, return receipt requested: notice is effective on receipt, if delivery is confirmed by a return receipt.

4. Overnight delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account: notice is effective on delivery, if delivery is confirmed by the delivery service.

5. Facsimile transmission. When sent by fax to the last fax number of the recipient known to the party giving notice: notice is effective on receipt. Any notice given by fax will be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a non-business day.

6. Addresses for purpose of giving notice are as follows:

CONTRACTOR	Shannon Mora Contract Administrator 27202 W. Turnberry Lane, Ste 100 Valencia, CA Fax: (661) 200-6902
CITY:	City Clerk City of Torrance 3031 Torrance Boulevard Torrance, CA 90509-2970 Fax: (310) 618-2931

B. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified, will be deemed effective as of the first date the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messenger or overnight delivery service.

C. Either party may change its address or fax number by giving the other party notice of the change in any manner permitted by this Agreement.

21. <u>PROHIBITION AGAINST ASSIGNMENT AND SUBCONTRACTING</u>

This Agreement and all exhibits are binding on the heirs, successors, and assigns of the parties. The Agreement may not be assigned or subcontracted by either CITY or CONTRACTOR without the prior written consent of the other.

22. INTEGRATION; AMENDMENT

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained in it. No prior oral or written understanding will be of any force or effect with respect to the terms of this Agreement. The Agreement may not be modified or altered except in writing signed by both parties.

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The terms of this Agreement should be construed in accordance with the meaning of the language used and should not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction that might otherwise apply.

24. SEVERABILITY

If any part of this Agreement is found to be in conflict with applicable laws, that part will be inoperative, null and void insofar as it is in conflict with any applicable laws, but the remainder of the Agreement will remain in full force and effect.

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Time is of the essence in the performance of this Agreement.

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CONTRACTOR will be knowledgeable of and will comply with all applicable federal, state, county and city statutes, rules, regulations, ordinances and orders.

28. WAIVER OF BREACH

No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default will impair the right or remedy or be construed as a waiver. A party's consent or approval of any act by the other party requiring the party's consent or approval will not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and will not be a waiver of any other default concerning the same or any other provision of this Agreement.

29. ATTORNEY'S FEES

Except as provided for in Paragraph 15, in any dispute, litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party will be awarded reasonable attorney's fees, together with any costs and expenses, to resolve the dispute and to enforce any judgment.

30. EXHIBITS

All exhibits identified in this Agreement are incorporated into the Agreement by this reference.

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The persons executing this Agreement on behalf of the CONTRACTOR warrant that (i) the CONTRACTOR is duly organized and existing; (ii) they are duly authorized to execute this Agreement on behalf of the CONTRACTOR; (iii) by so executing this Agreement, the CONTRACTOR is formally bound to the provisions of this Agreement; and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which the CONTRACTOR is bound.

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:_____

Nexus IS, Inc.
a Delaware Corporation

By:_____
Signer
Title

Attachment: Exhibit A Compensation Schedule

EXHIBIT A

COMPENSATION SCHEDULE

Agreement Sum:

The agreement sum of $1,388,805 is comprised of three components:

1. Installation Payments shall be prorated based on the amount of $1,189,184.
2. Maintenance Payments shall be based on a 3-year total amount of $133,487.
3. Contingency Payments shall not exceed $66,134 and are only payable subject to a properly executed change order(s). Contingency Payments are subject to the same milestone and percentage payment terms as Installation Payments.

Installation Payments:

Milestone	Percentage	Description
Offsite Delivery	50%	Payment is due subject to the City verifying that all project hardware and software has been delivered to Nexus IS. The City's verification would also include the confirmation that all 5 core telephone switches are assembled and powered on.
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Final Acceptance	20%	Payment is due subject to the City declaring that all "punch-list" items have been satisfactorily resolved. Title to each item of equipment shall pass to the City upon final payment.

Maintenance Payments:

1. The $34,189.24 payment for the first year of annual support will be due after the cutover of the first core or satellite system.
2. The $42,300.79 payment for the second year renewal will be due on a date to be determined later based on the consolidation of the various warranty periods and staggered maintenance start dates.
3. The $56,996.34 third year renewal payment will be due 1 year after the renewal date set on in the second year.

Attachment B

CONTRACT SERVICES AGREEMENT

This CONTRACT SERVICES AGREEMENT ("Agreement") is made and entered into as of June 2, 2009 (the "Effective Date"), by and between the CITY OF TORRANCE, a municipal corporation ("CITY"), and Nexus IS Inc., a Delaware Corporation ("CONTRACTOR").

RECITALS:

A. CITY wishes to retain the services of an experienced and qualified CONTRACTOR to purchase, install and maintain a new telephone and voicemail system.

B. CONTRACTOR represents that it is qualified to perform those services.

C. In order to obtain the desired good and services, the CITY circulated a Request for Proposal (RFP) to furnish a Telephone and Voicemail System Replacement, CITY RFP No. B2008-9.

D. CONTRACTOR has submitted a PROPOSAL in response to the RFP. Based upon its review of all PROPOSALS submitted, the CITY is willing to award the contract to CONTRACTOR.

C2009-093

AGREEMENT:

1. **SERVICES TO BE PERFORMED BY CONTRACTOR**
CONTRACTOR will provide the services set forth in the PROPOSAL. Copies of the RFP and PROPOSAL are on file in the Office of the City Clerk and are incorporated into this agreement as if fully set forth herein. In the event of any conflict between the terms of the PROPOSAL and this Agreement, the terms of this Agreement shall prevail.

2. **TERM**
Unless earlier terminated in accordance with Paragraph 4 below, this Agreement will continue in full force and effect for one year from the Effective Date plus the three year maintenance period set forth in EXHIBIT A.

3. **COMPENSATION**
A. CONTRACTOR's Fee.

For services rendered pursuant to this Agreement, CONTRACTOR will be paid in accordance with the Compensation Schedule set forth in EXHIBIT A, however, that in no event will the total amount of money paid the CONTRACTOR, for services initially contemplated by this Agreement,

COPY

exceed the sum of $1,388.805.00 ("Agreement Sum"), unless otherwise first approved in writing by CITY.

B. Schedule of Payment.

Provided that the CONTRACTOR is not in default under the terms of this Agreement, CONTRACTOR will be paid in accordance with the PROPOSAL.

4. TERMINATION OF AGREEMENT

A. Termination by CITY for Convenience.

1. CITY may, at any time, terminate the Agreement for CITY's convenience and without cause.

2. Upon receipt of written notice from CITY of such termination for CITY's convenience, CONTRACTOR will:

   a. cease operations as directed by CITY in the notice;
   b. take actions necessary, or that CITY may direct, for the protection and preservation of the work; and
   c. except for work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.

3. In case of such termination for CITY's convenience, CONTRACTOR will be entitled to receive payment for work executed; and costs incurred by reason of such termination, along with reasonable overhead and profit on the work not executed.

B. Termination for Cause.

1. If either party fails to perform any term, covenant or condition in this Agreement and that failure continues for 15 calendar days after the nondefaulting party gives the defaulting party written notice of the failure to perform, this Agreement may be terminated for cause; provided, however, that if during the notice period the defaulting party has promptly commenced and continues diligent efforts to remedy the default, the defaulting party will have such additional time as is reasonably necessary to remedy the default.

2. In the event this Agreement is terminated for cause by the default of the CONTRACTOR, the CITY may, at the expense of the CONTRACTOR and its surety, complete this Agreement or cause it to be completed. Any check or bond delivered to the CITY in connection with this Agreement, and the money payable thereon, will be forfeited to and remain the property of the CITY. All moneys

due the CONTRACTOR under the terms of this Agreement will be retained by the CITY, but the retention will not release the CONTRACTOR and its surety from liability for the default. Under these circumstances, however, the CONTRACTOR and its surety will be credited with the amount of money retained, toward any amount by which the cost of completion exceeds the Agreement Sum and any amount authorized for extra services.

3. Termination for cause will not affect or terminate any of the rights of the CITY as against the CONTRACTOR or its surety then existing, or which may thereafter accrue because of the default; this provision is in addition to all other rights and remedies available to the CITY under law.

C. Termination for Breach of Law.

In the event the CONTRACTOR or any of its officers, directors, shareholders, employees, agents, subsidiaries or affiliates is convicted (i) of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of a contract or subcontract; (ii) under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a public consultant or contractor; (iii) under state or federal antitrust statutes arising out of the submission of bids or proposals; or (iv) of violation of Paragraph 19 of this Agreement; or for any other cause the CITY determines to be so serious and compelling as to affect CONTRACTOR's responsibility as a public consultant or contractor, including but not limited to, debarment by another governmental agency, then the CITY reserves the unilateral right to terminate this Agreement or to impose such other sanctions (which may include financial sanctions, temporary suspensions or any other condition deemed appropriate short of termination) as it deems proper. The CITY will not take action until CONTRACTOR has been given notice and an opportunity to present evidence in mitigation.

5. <u>FORCE MAJEURE</u>

If any party fails to perform its obligations because of strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental control, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform, then that party's performance shall be excused for a period equal to the period of such cause for failure to perform.

6. **RETENTION OF FUNDS**
CONTRACTOR authorizes CITY to withhold 20% of payment until final acceptance in accordance with EXHIBIT A.

7. **CITY REPRESENTATIVE**
Ernest Gallo, Communciations Manager is designated as the "City Representative," authorized to act in its behalf with respect to the work and services specified in this Agreement and to make all decisions in connection with this Agreement. Whenever approval, directions, or other actions are required by CITY under this Agreement, those actions will be taken by the City Representative, unless otherwise stated. The City Manager has the right to designate another City Representative at any time, by providing notice to CONTRACTOR.

8. **CONTRACTOR REPRESENTATIVE(S)**
The following principal(s) of CONTRACTOR are designated as being the principal(s) and representative(s) of CONTRACTOR authorized to act in its behalf with respect to the work specified in this Agreement and make all decisions in connection with this Agreement:

Shannon Mora, Contract Administrator

9. **INDEPENDENT CONTRACTOR**
The CONTRACTOR is, and at all times will remain as to CITY, a wholly independent contractor. Neither CITY nor any of its agents will have control over the conduct of the CONTRACTOR or any of the CONTRACTOR's employees, except as otherwise set forth in this Agreement. The CONTRACTOR may not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY.

10. **BUSINESS LICENSE**
The CONTRACTOR must obtain a City business license prior to the start of work under this Agreement, unless CONTRACTOR is qualified for an exemption.

11. **OTHER LICENSES AND PERMITS**
CONTRACTOR warrants that it has all professional, contracting and other permits and licenses required to undertake the work contemplated by this Agreement. CONTRACTOR warrants that it has the legal authority to grant CITY the perpetual use of all software furnished with the purchase of the equipment or provided to CITY by CONTRACTOR during the maintenance period.

12. **FAMILIARITY WITH WORK**
By executing this Agreement, CONTRACTOR warrants that CONTRACTOR (a) has thoroughly investigated and considered the scope of services to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending

performance of the services under this Agreement. If the services involve work upon any site, CONTRACTOR warrants that CONTRACTOR has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services set forth in this Agreement. Should CONTRACTOR discover any latent or unknown conditions that will materially affect the performance of the services set forth in this Agreement, CONTRACTOR must immediately inform CITY of that fact and may not proceed except at CONTRACTOR's risk until written instructions are received from CITY.

13. CARE OF WORK

CONTRACTOR must adopt reasonable methods during the term of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and other components to prevent losses or damages, and will be responsible for all damages, to persons or property, until acceptance of the work by CITY, except those losses or damages as may be caused by CITY's own negligence.

14. CONTRACTOR'S ACCOUNTING RECORDS; OTHER PROJECT RECORDS

Records of the CONTRACTOR's time pertaining to the project, and records of accounts between CITY and the CONTRACTOR, will be kept on a generally recognized accounting basis. CONTRACTOR will also maintain all other records, including without limitation specifications, drawings, progress reports and the like, relating to the project. All records will be available to CITY during normal working hours. CONTRACTOR will maintain these records for three years after final payment.

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B. No person may offer, give, or agree to give any officer or employee or former officer or employee, nor may any officer or employee solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any way pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal.

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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:

Nexus IS, Inc.
a Delaware Corporation

By:
Signer Thomas Lyon
Title VP of Professional Service

Attachment: Exhibit A Compensation Schedule

EXHIBIT A

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Attachment C

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City of Torrance

Capital Improvement Project Request Form

Type of Project:

[X] 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.

June 2009 Update:
The contract was awarded to Nexus, IS of Valencia, CA. The project team held its first joint meeting, action items were assigned, and a deployment planning survey is being prepared. Installations are projected to begin in late 2009. Separately, staff has interviewed two consultants to assist in the design and bidding of the related campus fiber and copper cabling replacement. Cable installations are projected to begin Fall 2009.

September 2009 Update:
The contractor has received all the principle hardware, staged the 5 core systems, and is assembling their first payment milestone invoice. Staff is coordinating site preparations like fiber optic repairs, equipment room modifications, upgrading network circuits, etc. Announcement of the City-wide installation schedule is pending approval of the final project timeline. Installations are still projected to begin in late 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 – Contingencies	$	111,134	(Additional funding request of $45,000 incl)
TOTAL	$	1,936,087	

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

Estimated Annual Ongoing Operating and Maintenance Costs

[X] 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

Description	2005	2006	2007	2008	2009
Survey/Design	X	X	X		
Plans/Specifications			X	X	
Purchase/Construction				X	X
Other: _____					

Fiscal Year Ending June 30

Project Financing

Financing Source	2004-05	2006	2007	2008-09	2009-10	***TOTAL***
Capital Project-Telephone Replacement	$1,185,000					**$1,185,000**
Telephone Replacement Fund (additional funding)-council 12b 6/2/09				$706,087		**$706,087**
Telephone Replacement Fund (additional funding request)					$45,000	**$45,000**
TOTAL	$1,185,000			$706,087	$45,000	**$1,936,087**
Less offsetting revenue						
Net project request	$1,185,000			$706,087	$45,000	**$1,936,087**

Fiscal Year Ending June 30

Vehicle Request Approval (if necessary)	Automation Request Approval (if necessary)
Department Head Signature Date	Department Head Signature 1/6/10 Date

Requested by: 1/6/10	
Department Head Signature Date	Department Priority # _____