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DEPARTMENT OF  
GENERAL SERVICES  
OFFICE OF THE DIRECTOR

CITY OF SACRAMENTO  
CALIFORNIA

5730 - 24TH STREET  
BUILDING FOUR  
SACRAMENTO, CA  
95822-3699

916-449-5548

DIVISIONS:

COMMUNICATIONS  
FACILITY MANAGEMENT  
FLEET MANAGEMENT  
PROCUREMENT SERVICES

March 16, 1989.

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: **NEW REVENUE SOURCE - LONG DISTANCE SERVICE FOR PAY  
TELEPHONES**

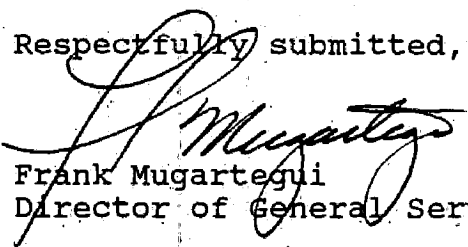
SUMMARY

The attached report recommends authorization for the City to enter into a Pay Telephone Long Distance Subscription Agreement with Com Systems, Inc.


RECOMMENDATION

It is recommended that the Budget and Finance Committee review and recommend acceptance of the attached report and adoption of the resolution by the full Council.

Respectfully submitted,

  
Frank Mugartegui  
Director of General Services

Recommendation Approved:

  
Jack R. Crist  
Deputy City Manager

March 28, 1989  
All Districts



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March 16, 1989

City Council  
Sacramento, California

Honorable Members in Session:

SUBJECT: NEW REVENUE SOURCE - LONG DISTANCE SERVICE FOR  
PAY TELEPHONES

SUMMARY

This report requests authorization for the City to enter into a Pay Telephone Long Distance Subscription Agreement with Com Systems, Inc. for a twenty-four month period.

BACKGROUND

Divestiture of Pacific Bell in 1984 has introduced numerous opportunities for the City of Sacramento. For public pay telephones, based on a recent court ruling, we must select a long distance company by April 1, 1989. Presently, there are approximately 88 pay telephones assigned to the City of Sacramento for which we receive approximately \$13,000 from Pacific Bell for calls placed, but no revenue from the long distance calls placed from the pay telephones.

Long distance companies are now offering the City a commission on the long distance calls. The City received proposals from ten long distance companies. The most favorable was from Com Systems, Inc., 7900 Haskell Avenue, Van Nuys, California 90406, who offered a twenty-four month agreement, effective April 1, 1989, with a sign-up bonus of 50% for the first three months and a 20% commission thereafter. It is estimated this will generate approximately \$70,000 over the twenty-four month period.

The agreement has been reviewed and approved with one modification by the City Attorney's Office.

FINANCIAL IMPACT

The estimated \$70,000 commissions for long distance pay telephone service for twenty-four months is a new revenue for the City. There will be no additional costs for the City.

POLICY CONSIDERATIONS

This is a rare opportunity for the City to receive new revenue without any expenditures. This new revenue source should be used to help defray the General Fund's Telephone Communication costs.

M/WBE EFFORTS

No impact on City's program since there are no M/WBE Long Distance Carriers.

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution: 1) authorizing the City to enter into a twenty-four month Pay Telephone Long Distance Agreement, with Com Systems, Inc.; and 2) that the commissions received be established as a source of revenue for the Communications Division's operating budget (101-190-1960-XXXX).

Respectfully submitted,

  
Frank Mugartegui  
Director of General Services

Recommendation Approved:

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Walter J. Slipe  
City Manager

March 28, 1989  
All Districts

Contact person to answer questions - Ron Costa - 449-2126.

**RESOLUTION No.**

**Adopted by The Sacramento City Council on date of**

**RESOLUTION APPROVING THE REPORT  
OF THE DIRECTOR OF GENERAL SERVICES  
AMENDING THE FY88-89 ESTIMATED  
REVENUES AND COMMUNICATIONS  
DIVISION OPERATING BUDGET**

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:**

1. The City Manager (or his designee) is hereby authorized and directed to enter into a Pay Telephone Long Distance Subscription Agreement with Com Systems, Inc., 7900 Haskell Ave., Van Nuys, California 90406, terms - Agreement Period: 24 months April 1, 1989 through March 31, 1991; Commissions: 50% of the gross long distance revenue for the first three months and 20% of the gross long distance revenue for the remaining 21 months' service;
2. The commissions received be established as a source of revenue for the Communications Division's Operating Budget (101-190-1960-3XXX); and
3. Amend the FY88-89 Revenue Budget with an increase of \$5,000 for this new revenue source.

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MAYOR

ATTEST:

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CITY CLERK