

DEPARTMENT OF
FINANCE

PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

December 10, 1996
PS:Admin:96069:RBH:DK:bd

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

PH 916-433-6240
FAX 916-399-0263

City Council
Sacramento, California

Honorable Members In Session:

**SUBJECT: ADOPTION OF SPECIFICATIONS AND AWARD OF BID NO. 1709,
TELEPHONE LONG DISTANCE AND TOLL CALL SERVICES, IN A TOTAL
AMOUNT NOT TO EXCEED \$85,000.00 PER YEAR**

LOCATION AND COUNCIL DISTRICT: City-wide; all districts

RECOMMENDATION:

Staff recommends that the City Council adopt specifications and authorize the City Manager to execute a contract for telephone long distance and toll call services, resulting from Bid No. 1709. Award is recommended to AT&T, 8950 California Center Drive, Suite 240, Sacramento, CA 95826 in a total amount not to exceed \$85,000.00 per contract year.

CONTACT PERSON: Ron Costa, Interim Communications Systems Administrator, 264-8512
Dennis Kerhulas, Senior Buyer, 433-6242

FOR COUNCIL MEETING OF: December 10, 1996

SUMMARY:

Attached is a tabulation (Attachment No.1) of sealed bids for furnishing services in accordance with the specifications used in the bidding process and recommendation for award of Bid No. 1709 for telephone long distance and toll services to be used by all City Departments.

BACKGROUND INFORMATION:

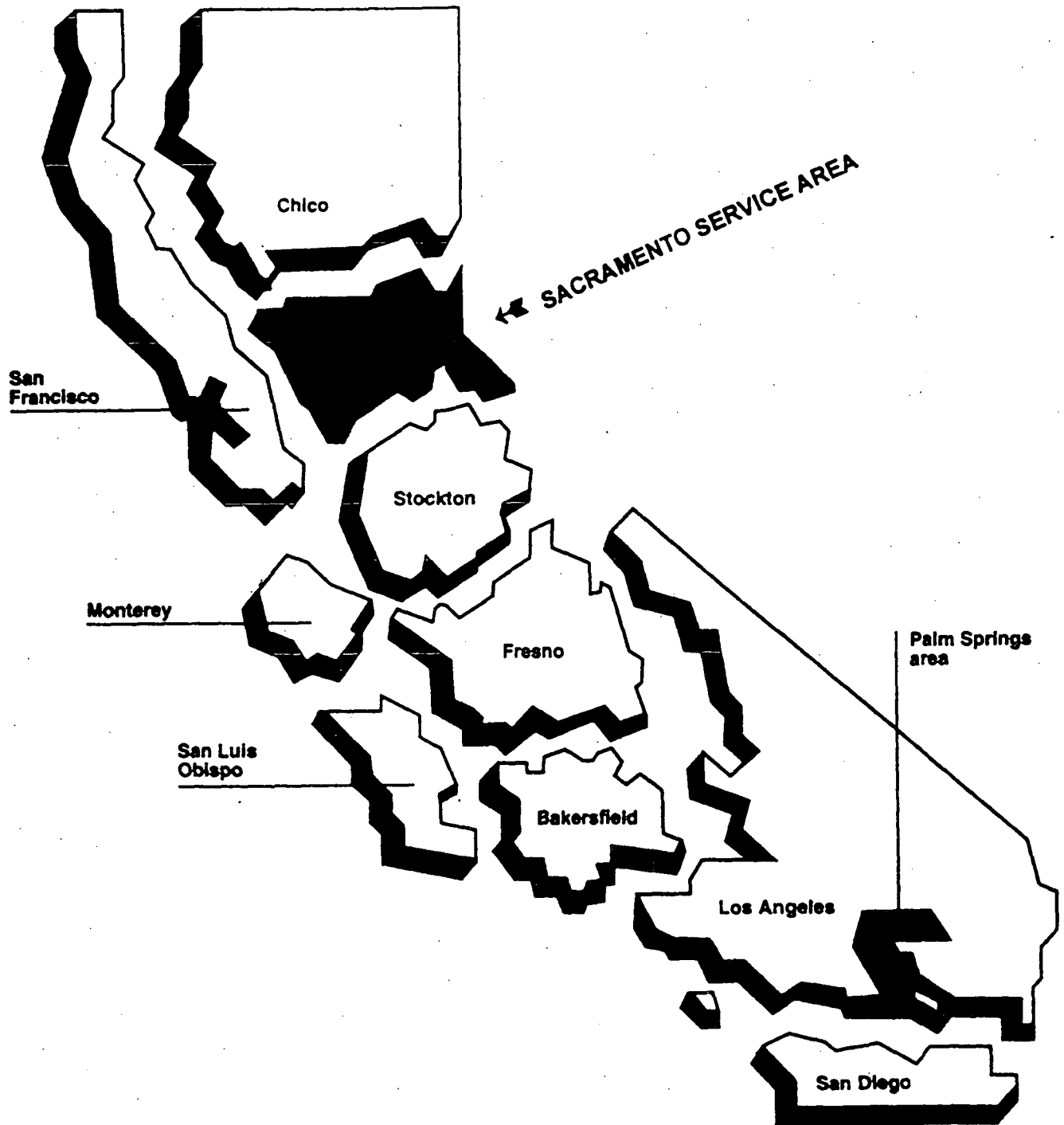
The City's long-distance telephone provider for the past 12 years has been the State of California through its CALNET service. Additionally, local toll call service within the Sacramento service area (see Attachment No.2) has been provided by Pacific Bell. The State's CALNET rates have been reviewed annually by Communication Services staff in the Information/Communication Services Department to determine competitiveness. CALNET rates were found to be consistently lower than other long distance providers. However, long distance rates have dropped dramatically over the last two years due to increased



BID TABULATION SHEET

	AT&T	Sprint	State of CA	Electric Lightwave, Inc.	CAMCO (M/WBE)	Pacific Bell
Bid Evaluation Total:	\$59,436.36	\$81,254.47	\$101,159.17	\$106,460.98	(1) \$107,953.45	(3) \$31,080.84
Actual Bid Total:	(2) \$59,436.36	\$81,254.47	\$101,159.17	\$106,460.98	\$113,950.87	Non- responsive

- (1) Prompt Payment Discount and M/WBE preference included in evaluation total.
- (2) The lowest responsible bid amount of \$59,436.36 represents the total for those items selected for evaluation purposes only. Authorization is being requested to enter into a contract in a total amount not to exceed \$85,000.00 per contract year, which includes allowances for City growth over this potential five year contract.
- (3) Toll calls only reflected in bid evaluation total.



competition. Two years ago, a Sacramento service area toll call to Auburn, California, cost \$0.25 per minute. Today's toll rate is \$0.0435 per minute and the new AT&T bid rate is \$0.0298 per minute. This competitive environment, and the ability of other long distance providers to offer service in the Pacific Bell Sacramento service area, prompted City staff to solicit bids for the service. An average of the City's bills for September, October and November 1995, were used to represent a typical City bill and calling pattern.

When the bids were evaluated, AT&T was found to be the lowest responsible bidder, followed by Sprint, State of California, Electric Lightwave, Inc., and Camacho Communications Corporation (CAMCO). Staff was unable to determine Pacific Bell's rates, or total bid, because of mathematical errors. Consequently, Pacific Bell's bid was deemed non-responsive (See Attachment No.1 for bid tabulation summary).

The City's long distance usage for voice, modem and fax communication averages about 115,000 minutes per month. A current typical monthly City long distance telephone bill is \$10,350 (\$7,650 for CALNET long distance charges plus \$2,700 for Pacific Bell toll charges). Under the new AT&T rates, the same monthly bill would be \$5,950 which represents a 42.5% savings of \$4,400 per month when compared to current service. The new rates include a 37.75 % discount in consideration of the initial three-year contract commitment as outlined in the bid specifications. In addition, the bid specifications provide for two additional one-year extensions of the contract, at the City's option.

Based on AT&T's proposal, the City's average pre-discounted long distance and toll use is about \$103,000 per year. AT&T has offered an additional one-time 40% credit on the City's annual pre-discounted yearly commitment. The credit will begin in the third month of service. Based on the recommended \$90,000 **pre-discounted** annual commitment, the one-time credit represents an additional \$36,000 savings, or the equivalent of approximately six months of free service. The credit will be applied beginning in the third month of service under the contract.

Additional benefits AT&T offers to the City include:

- Calling card service (between \$0.0429 - \$0.0691 per minute).
- Improved billing management and reporting capabilities (CD-ROM format).
- Toll-Free 800 service (between \$0.0477 - \$0.0830 per minute). Current users include the Convention and Visitors Bureau, the Police Department and Neighborhood Services Department.
- Excellent toll-fraud monitoring and trouble reporting.
- One service provider and one bill for long distance and Sacramento service area toll calls.

Based on the evaluation of the bids received, staff recommends that the City Council authorize the City Manager to execute a contract (Attachment 3) for telephone long distance and toll services with AT&T in a total amount not to exceed \$85,000.00 per contract year, which includes allowances for City growth over this potential five year contract.

FINANCIAL CONSIDERATIONS:

Sufficient Funds for FY96/97 have been budgeted by all City departments for telephone long distance and toll call services. Each City department will be able to take advantage of the proposed low rates and lower budget expenditures (object code 4202).

ENVIRONMENTAL CONSIDERATIONS:

Ongoing administrative and maintenance activities, such as purchase of supplies, equipment or materials which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).

POLICY CONSIDERATIONS:

This recommendation is consistent with the requirements for competitive bidding as detailed in Title 57 of the Sacramento City Code.

M/WBE EFFORTS:

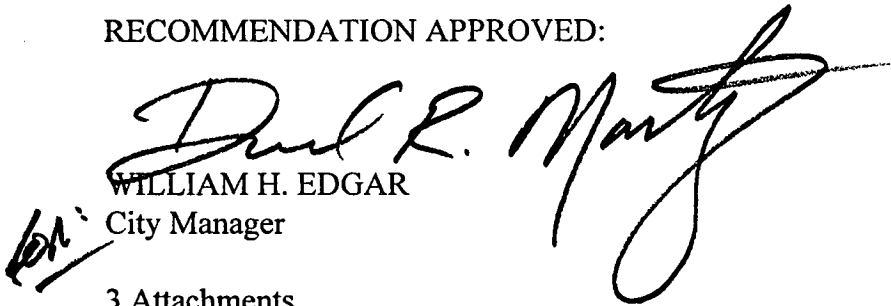
Requests for bid were sent to nineteen (19) bidders, five (5) of which were identified as M/WBE's. Of the six (6) bids received, the only M/WBE bidder was Camacho Communications Corporation (CAMCO), a City certified minority-owned business. Although the bid included provisions for a 5% M/WBE bid evaluation preference, the bid submitted by CAMCO was not the lowest responsible bid with or without the evaluation preference being applied. AT&T, the firm to which award is recommended, is not an M/WBE firm.

Respectfully Submitted,



Robert B. Holbrook
Procurement Services Manager

RECOMMENDATION APPROVED:



WHE

WILLIAM H. EDGAR
City Manager

3 Attachments

CONTRACT SERVICES AGREEMENT

THIS AGREEMENT is made at Sacramento, California, as of September 29, 1996 by and between the CITY OF SACRAMENTO, a municipal corporation ("City"), and

AT&T
8950 California Center Drive, Suite 240
Sacramento, CA 95826

("Contractor"), who agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to City the services described in Exhibit "A". Contractor shall provide said services at the time, place, and in the manner specified in Exhibit "A". The Contractor shall not be compensated for services outside the scope of Exhibit "A" unless prior to the commencement of such services: (a) Contractor notifies the City that such service is deemed an additional service and Contractor estimates the additional compensation required for this activity; and (b) the City, after notice, approves the additional service and amount of compensation therefor.
2. **Payment.** City shall pay Contractor for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit "B". The payments specified in Exhibit "B" shall be the only payments to be made to Contractor for services rendered pursuant to this Agreement unless pursuant to paragraph 1 above, City approves additional compensation for additional services. Contractor shall submit all billings for said services to City in the manner specified in Exhibit "B"; or, if no manner be specified in Exhibit "B", then according to the usual and customary procedures and practices which Contractor uses for billing clients similar to City.
3. **Facilities and Equipment.** Except as set forth in Exhibit "C", Contractor shall, at its sole cost and expense, furnish all facilities and equipment which may be required for furnishing services pursuant to this Agreement. City shall furnish to Contractor only the facilities and equipment listed in Exhibit "C" according to the terms and conditions set forth in Exhibit "C".
4. **General Provisions.** The provisions set forth in Bid No. 1709 which include insurance requirements, are part of this Agreement. In the event of any inconsistency between said provisions and any other terms or conditions of this Agreement, this Agreement shall control.
5. **City Representative.** The City Representative specified in Exhibit "A", or the representative's designee, shall administer this Agreement for the City.

6. **Exhibits.** All exhibits referred to herein are attached hereto and are by this reference incorporated herein.

Executed as of the day first above stated.

CITY OF SACRAMENTO
A Municipal Corporation

CITY:

CONTRACTOR:

William H. Edgar
City Manager

Richard A Barger

FOR

(Signature)

Patrice Barger, Branch Manager
AT&T
8950 California Center Drive, Suite 240
Sacramento, CA 95826

Federal I.D. Number

State I.D. Number

City of Sacramento Business
Operations Tax Certificate Number

APPROVED AS TO FORM:

Joe Adams

CITY ATTORNEY

ATTEST:

Attachments:
Exhibit "A"
Exhibit "B"
Exhibit "C"

CITY CLERK

EXHIBIT "A"

CONTRACT SERVICES AGREEMENT

REPRESENTATIVES AND SERVICES TO BE PROVIDED

1. Representatives:

The City Representative for this Agreement is:

<u>Ronald Costa</u>	<u>Communications Services Mgr.</u>	<u>(916) 264-8510</u>
(Name)	(Title)	(Telephone)

All contractor questions pertaining to this agreement will be referred to the above named person, or the representative's designee.

The Contractor Representative for this Agreement is:

<u>Lee Beringinsmith</u>	<u>Account Executive</u>	<u>(916) 481-0209</u>
(Name)	(Title)	(Telephone)

All City questions pertaining to this Agreement will be referred to the above named person. All correspondence to the City will be addressed to:

City of Sacramento
Procurement Services Division
Attn: Dennis Kerhulas - Senior Buyer
5730 - 24th Street, Building Four
Sacramento, CA 95822

2. Services to be provided:

2.1 Services shall consist of telephone long distance and toll call services as described in Bid No.1709, the proposal submitted by AT&T in response thereto and the terms and conditions contained within the AT&T Network Services Commitment Form (NSCF), which is hereby referenced as Attachment 1 to this Exhibit. In the event of any conflict between the terms set forth in the Bid, the AT&T proposal and the NSCF, the terms of the Bid shall prevail.

2.2 (Reference City Bid, Page 12, Invoicing and Reports) - AT&T will furnish the City of Sacramento with an automatic billing system with bill-back and customer report capabilities. AT&T will work with the City to develop a report that will provide users with call detail by organization and department. Additionally, a summary report by City organization will be developed and used for debiting City accounts.



Network Services Commitment Form

RCB-310
(0-94)

EXHIBIT "A"
Attachment 1

Customer Name City of Sacramento		AT&T	Master Customer Number 891870-B5
Address 6000 J Street		Address 8950 California Center Drive	
Address		Address Bldg 2, Suite 240	
City State Zip Code Sacramento, CA 95819		City State Zip Code Sacramento CA 95826-3279	
		AT&T Contact Lee Beringsmith	
		Telephone Number 916-481-0209	

Select Appropriate Option(s)

- New Order** **Add/Delete Locations** **Upgrade** **Trial** **Cancel** **Renewal**
- Promotion:** We Want you Back Promotion

(describe / cta)

Pricing Plans

(Main Billed or Sub-Account Telephone Numbers Location List must be attached for RVPP. Location Detail must be attached to DFRP, AVP and SSP)

- AT&T 800 Location and Service Specific Term Plan (LSTP II)**
- AT&T 800 Service AT&T 800 MEGACOM[®] Service Discounted Fixed Rate Plan (DFRP)
- AT&T 800 READYLINE[®] AT&T 800 MASTERLINE[®] Service ACCUNET[®] T1.5 Service
- Revenue Volume Pricing Plan (RVPP)^{*} ACCUNET[®] T45 Service
- AT&T 800 Customer Specific Term Plan II (CSTP-II) and RVPP^{*}** **Access Value Plan (AVP)**
- ACCUNET[®] Select Savings Plan (SSP)**
- Other:** _____ (specify)

Term: months years

Net Usage / Revenue Commitment: \$ _____ monthly annually

* YOU AGREE TO ACCEPT JOINT RESPONSIBILITY FOR THE FINANCIAL OBLIGATION INCURRED BY THE DESIGNATED LOCATIONS IF AT&T IS UNABLE TO COLLECT PAYMENT FROM THESE LOCATIONS.

- ACCUNET[®] Flexible Digital Access Service (AFDAS)**
(Location Detail must be attached)

- State Calling Service (SCS) - Available only to State and Local Government entities.**
(Location Detail must be attached)

- SCS Option 1 SCS Option 2 SCS MSA 21

- I certify that my combined intrastate, interstate and international outbound usage, for the service being replaced by the SCS option checked above, for the prior year exceeded 1.8 million minutes. (Required for waiver of the Service Establishment Charge for the Monthly Plan or the 12 Month Term Plan) (SCS Option 1 or SCS Option 2 only)
- I certify that my combined intrastate, interstate and international outbound usage, for the prior year, from all locations using local exchange service access (LESA) which are to be included in SCS Option 1, exceeded \$12.00 per month per location. (Required only for reimbursement of Local Exchange Company (LEC) Primary Interexchange Carrier (PIC) Change Charges and waiver of the LESA Access Line Grouping charges) (SCS Option 1 only)
- I certify that the Location Customers listed on the attached Location Detail are internal departments or subsidiary entities of the Customer indicated under "Customer Name" above. (Required only for Aggregated State Association Pricing Plan (ASAPP) Customers and for Location Account Billing Option) (SCS Option 1 and SCS MSA only)
- I certify that I am duly authorized to order services for the Location Customers and I and my agent(s) retain exclusive control over the ordering of SCS services provided to all Location Customers. (SCS Option 1 and SCS MSA only)
- I certify that I am duly authorized to order services for the Location Customers and I have indicated on the attached Location Detail for each Location Customer whether I and my agent(s) retain exclusive control over the ordering of SCS services or I allow the Location Customer to order SCS services on its own behalf. (SCS Option 1 and SCS MSA only)

- Domestic Term and Volume Plan:** DTVP - Annual Pre-Discounted Billing Commitment: \$90,000 Term: 3 years International Monthly Plan
- International Term and Volume Plan:** ITVP - Annual Pre-Discounted Billing Commitment: \$0 Term: 0 years Domestic Monthly Plan

- The above DTVP / ITVP are subject to following Aggregated State Association Pricing Plan (ASAPP):

- Domestic Pricing: Monthly Plan ASAPP / DTVP -1,500,000
- International Pricing: Monthly Plan ASAPP / ITVP - 200,000

NOTE: The expiration date of the Customer's DTVP / ITVP Term above may not be more than two (2) years after the expiration date of the ASAPP Term indicated below.

ASAPP Term: 5 years ASAPP Term Start Date: April 1996

Name of Qualifying Association: CSAC

- I certify that the Customer indicated under "Customer Name" above is a member of the above Qualifying Association. (Required only for ASAPP Customers)

THE SERVICE(S) AND PRICING PLAN(S) YOU HAVE SELECTED WILL BE GOVERNED BY THE RATES AND TERMS AND CONDITIONS IN THE APPROPRIATE AT&T TARIFFS AS ~~MAY BE MODIFIED FROM TIME TO TIME~~. YOUR SIGNATURE ACKNOWLEDGES THAT YOU UNDERSTAND THE TERMS AND CONDITIONS UNDER WHICH THE SERVICE(S) SELECTED WILL BE PROVIDED AND THAT YOU ARE DULY AUTHORIZED TO MAKE THE COMMITMENT(S) AND TO ORDER SERVICE FOR EACH OF THESE LOCATIONS.

They exist on July 3, 1996

City of Sacramento
(Customer)

By: _____
(Authorized Customer Signature)

(Typed or Printed Name)

(Title)

(Date)

AT&T

Accepted By: Patrice N Barger
(Authorized AT&T Signature)

Patrice Barger
(Typed or Printed Name)

Branch Manager
(Title)

(Date)

EXHIBIT "B"

CONTRACT SERVICES AGREEMENT

FEE SCHEDULE/MANNER OF PAYMENT

I. **Contractor's Compensation.**

A. Fees

The Contractor agrees to perform those services, set forth in Exhibit "A" of this Agreement, and the City agrees to pay the Contractor compensation as described in Request for Bid No. 1709 and the bid submitted by AT&T in response thereto in the prediscounted amount of no less than \$90,000.00 per year (Reference AT&T Bid, Page 30, Item A.6.8, Other Financial Incentives, Paragraphs 3 & 4).

B. Payments During Software Development Period

AT&T agrees not to place a late payment demand upon the City during software development period.

2. Invoicing

Request for payment shall be sent to:

City of Sacramento
Communication Services
Attn: Ronald Costa
1000 "I" Street, Suite #180
Sacramento, CA 95814

EXHIBIT "C"

CONTRACT SERVICES AGREEMENT

FACILITIES AND EQUIPMENT TO BE PROVIDED BY CITY

The City will not furnish facilities or equipment for this Agreement other than as described in Request for Bid No.1709.