

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2005 JAN 13 PM 8: 18

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: January 25, 2005

RE: A report and Resolution authorizing the City Administrator or her designee to negotiate and execute a seven year contract for the lease of network equipment and services with Enterasys, Inc., for an amount not to exceed \$215,000 annually or \$1,500,000 over the term of the contract without return to Council.

SUMMARY

Staff requests City Council authorization for the City Administrator to negotiate and execute a seven-year contract with Enterasys, Inc., to provide network equipment and services to the City of Oakland. This contract will cover the cost of equipment and maintenance to provide the City with upgraded network equipment to support Voice over IP (Voice over Internet Protocol) and new system applications.

This project is in conjunction with and is dependent upon the approval of the citywide implementation of the Voice over IP (VOIP) project. The two projects, while separate contracts, are dependent on each other. The savings from the deployment of VOIP will provide sufficient cost savings to pay for the network upgrade and VOIP.

In January of 2003, the Office of Information Technology (OIT) investigated possible cost savings and cost containment initiatives. The cost of telephone services and the costs to replace the City's aging telephone equipment, voice mail system, and network infrastructure were identified. A plan was developed to allow for the savings from one technology (VOIP) to pay for the cost of another (network upgrade). Specifically, the City could replace its aging equipment (telephone instruments and data equipment) utilizing the cost savings generated from converting to the use of IP telephones. Through the deployment of the VOIP equipment, the City will be able to reduce its communication charges (currently \$2,830,000 per year) by almost \$800,000 per year. The resulting savings will cover the cost of this proposal along with that of the VOIP equipment covered in a separate report. The annual cost of the two projects is \$490,000.

FISCAL IMPACT

The costs for this upgrade are \$215,000 annually for seven years. The lease payments will be funded by the cost savings from the installation of the VOIP equipment. The details of project funding are discussed in the report authorizing the citywide implementation of VOIP phones.

Item: _____
Finance & Management Committee
January 25, 2005

BACKGROUND

The City currently has two manufacturers providing network equipment. The first is Enterasys Network (formerly Cabletron). This equipment was first deployed as part of the construction of the Civic Center Complex (City Hall buildings) and contains equipment that is no longer manufactured, operates at a speed that is one tenth the speed of standard equipment sold today, has a higher cost to maintain and does not contain the security or service features needed in today's networks. The second manufacturer is Cisco Systems Inc. This equipment meets the current networking needs and has been the networking equipment deployed over the last two years. This type of network equipment was recommended for the network as part of the Integrated Public Safety System (IPSS) project.

During 2003, OIT conducted interviews and assessments with our current network equipment vendors and the "leading" network equipment vendors. Systems were evaluated to determine if the City should change its current practice of implementing Cisco equipment as its network vendor. After months of interviews and assessments, it was determined that there would be no significant advantage to change our current "manufacturer of choice" and that a change at this time would significantly increase the City's operating cost. After committee review of the initial network upgrade project in February of 2004, staff re-evaluated the overall service, price and features of the two incumbent systems. As a result of this evaluation and current maintenance concerns, it was determined that the existing outdated equipment by Enterasys could be replaced without significantly affecting the overall performance of the network. This will allow the City to replace the existing equipment at a cost significantly lower than that of the other vendor. While this recommendation does not consolidate the vendors or contracts, the resulting network will serve the City at the level needed to provide reliable services. Staff recommends the continued use of the Cisco equipment on the Police network (IPSS).

KEY ISSUES AND IMPACTS

The City relies on two main technology platforms for communication: voice and data or more commonly referred to as the telephone equipment and data network. A major failure of either of these technologies can be catastrophic to the daily operation of the City.

The current data network is a "patchwork" of old and new equipment, including the equipment deployed during the rebuild of City Hall and administrative buildings and the newer equipment deployed as part of IPSS. The older equipment was manufactured by Cabletron (now Enterasys) and the newer system is Cisco. The older equipment lacks the security applications and speed needed for today's network and applications. Failure of these systems can cause a disruption in communications with the public and City staff. A major network outage will interrupt the majority of applications in the City including payroll, financial and program input, and it will halt communications via E-mail.

The deployment of the new voice technology and the upgrade of the data network will replace outdated equipment and replace it with new more dependable equipment and services. All of these new costs will be funded using existing funds and savings generated from the deployment of the VOIP technology.

PROJECT DESCRIPTION

The purpose of this initiative is to provide a converged network where data and voice are one. This converged network will provide significant cost savings, while at the same time, expand telephone capabilities, network security, and reliability and lower the City's overall maintenance costs. This model can help the City contain rising technology costs and position the City to provide upgraded services utilizing existing dollars.

The first phase of the project consisted of the upgrade of the network in 150 Frank H. Ogawa Plaza as part of the Voice over IP pilot project. In the second phase, network upgrades will be performed at the remaining two sites at Frank Ogawa Plaza, the Municipal Service Center, the Emergency Operations Center and the Museum.

Enterasys has trained and used Oakland vendors as part of the pilot project and will continue to use them to implement the upgrade. The estimated completion date of the project is December 2005.

SUSTAINABLE OPPORTUNITIES

As part of the lease agreement, Enterasys Inc. has indicated its willingness to incorporate local companies into its deployment. As part of the final lease documents all local vendors have been identified.

DISABILITY AND SENIOR CITIZEN ACCESS

While the network upgrade project has some advantages, such as access speed, it is the VOIP technology that provides a significant advantage to disabled individuals. VOIP has the capability to transfer text messaging to the telephone, facilitating communication with disabled individuals.

RECOMMENDATION(S) AND RATIONALE

Staff recommends that City Council authorize the City Administrator to execute a seven-year contract with Enterasys, Inc., to provide network equipment and services to the City of Oakland. This lease will cover the cost to provide the City with network and related equipment.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council waive bidding requirements and authorize the competitive process undertaken by staff, and authorize the City Administrator or her designee to negotiate and award a seven year contract with Enterasys Inc., to provide network equipment and services to the City of Oakland in an amount not to exceed \$215,000 annually or \$1,500,000 over the term of the contract without return to Council.

Item: _____
Finance & Management Committee
January 25, 2005

Respectfully submitted,



**William E. Noland, Director
Finance and Management Agency**

Prepared by:
Bob Glaze, Chief Technology Officer
Information Technology Division

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:



OFFICE OF THE CITY ADMINISTRATOR

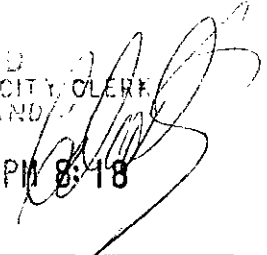
OAKLAND CITY COUNCIL

RESOLUTION NO. _____

C.M.S.

2008 JAN 13 PM 8:18

FILED
OFFICE OF THE CITY CLERK
OAKLAND



A Resolution Authorizing the City Administrator or her designee to execute a seven year contract for the lease of network equipment and services with Enterasys Inc., for an amount not to exceed \$215,000 annually or \$1,500,000 over the term of the without return to Council.

WHEREAS, the Finance and Management Agency (FMA) is working to update and improve the service and reliability of the City's network infrastructure; and

WHEREAS, the implementation of a new telephone technology (Voice over IP) can reduce the cost of telephone line charges; and

WHEREAS, the savings generated through the implementation of the Voice over IP technology can be used to pay for the upgrade; and

WHEREAS, existing funds have been identified as part of the network improvements, that would be combined into this lease; and

WHEREAS, the FMA Information Technology reviewed and interviewed our existing vendors and potential vendors for network services; and

WHEREAS, the selection committee recommended continuation and expansion of our deployment of Enterasys equipment based on their compatibility with existing equipment and the proposed ShoreTel Communications Inc. Voice over IP equipment and services; and

WHEREAS, on June 15, 2004, the City Council approved resolution 78613 and 78674 authorizing a pilot project with Enterasys equipment in 150 Frank H. Ogawa plaza in order to demonstrate the ShoreTel's ability to perform large installations; and

WHEREAS, ShoreTel communications completed a successful pilot project in 150 Frank H. Ogawa plaza which demonstrated the vendors ability to perform large installations; and

WHEREAS, the successful completion of the pilot project provided additional data to demonstrate the actual cost savings of the new system; and

WHEREAS, the City finds that the Voice over IP pilot project was a success utilizing Enterasys network equipment; and

WHEREAS, the City finds that this contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; now, therefore, be it

RESOLVED: That the City hereby finds and determines that pursuant to Chapter 2.04, Article I, section 2.04.050.I.5, it is in the best interests of the City to waive bidding requirements of 2.04.050 and authorize the competitive process undertaken by staff, and authorizing the City Administrator or her designee to execute a 7 year contract for the lease of network equipment and services with Enterasys Inc., for an amount not to exceed \$215,000 annually or \$1,500,000 over the term of the contract without return to Council; and be it

FURTHER RESOLVED: That the City Administrator or his designee is hereby authorized to take whatever action is necessary with respect to the agreement consistent with this Resolution and its basic purpose; and be it

FURTHER RESOLVED: That the contract shall be reviewed and approved by the City Attorney's Office for form and legality prior to execution, and a copy shall be placed on file with the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2005

PASSED BY THE FOLLOWING VOTE:

AYES-

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

CEDA FLOYD

City Clerk and Clerk of the Council of
the City of Oakland, California