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OFFICE OF THE CITY CLERK
OAKLAND
2013 FEB 14 AM 11:05

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Jim Reese

SUBJECT: Appropriation of Existing Funds to Upgrade Telephone Infrastructure
DATE: January 17, 2013

City Administrator
Approval

Date

2/7/13

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the Council approve a resolution waiving formal advertising, competitive bidding, and the Request For Proposals/Qualifications ("RFP/RFQ") requirements of the Oakland Municipal Code ("CMC") and authorizing the City Administrator or her designee to negotiate and enter into two contracts: (1) a contract with ShoreTel Inc. or an authorized reseller for professional services, hardware and software to upgrade the ShoreTel telephone system and annual maintenance for an amount not to exceed \$275,000.00 annually or \$825,000.00 for a contract term of 3 years; and (2) a contract with Enterasys Networks or an authorized reseller for the upgrade of hardware, software, professional services and maintenance of the City Services Enterasys Network for an implementation cost not to exceed \$1,200,000.00 and an annual maintenance amount not to exceed \$150,000.00 per year for a term of 5 years, for a grand total contract amount of \$1,950,000.00.

Additionally, staff recommends that the Council approves a resolution authorizing The City Administrator or her designee to appropriate current revenues and fund balance in Internal Services Fund 4210 for the ongoing cost associated with the delivery of telephone, network and telecommunications services without return to Council. These costs include upgrade of the telephone and network equipment, maintenance and support, telephone lines and installation services.

EXECUTIVE SUMMARY

The ShoreTel phone system is a Voice-over-IP (VoIP) based voice system that provides voice communication services for two thousand city employees. The Enterasys Data Network is the primary transport for the City's Voice-over-IP telephone System as well as the majority of non public safety applications in the City including payroll and email communications. The ShoreTel

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Implementation lowers the City's overall maintenance cost and provides expanded telephone capabilities through the use of a single converged network. The ShoreTel Personal Call Manager desktop software allows city associates to manage voice communications with customized call handling features that eliminate time-consuming tasks and maximize productivity. The easy to use application provides integration with calendars and access to both voice and email messages from a familiar Microsoft Outlook desktop interface.

The annual maintenance agreement for the ShoreTel telephone system expired in 2012. The annual maintenance agreement for the Enterasys Network will expired in 2013. A new maintenance agreement and upgrade for both Enterasys and Shoretel is necessary for continued vendor equipment and application support of the network and telephone systems. All current and future cost will be funded using existing and future internal services funds (4210 fund balance).

OUTCOME

Appropriate all current revenues (\$1,600,000) and fund balance in internal services Fund 4210 for the ongoing cost associated with the delivery of telephone, network and telecommunications services. Appropriation of funds from Fund 4210 will facilitate the upgrade and maintenance of the Enterasys Network and the Shoretel Telephone system.

BACKGROUND/LEGISLATIVE HISTORY

The Department of Information Technology (DIT) explored possible cost savings and cost containment initiatives by which the City could reduce or contain its technology spending. One of the areas identified was telephone services. A plan was developed by which aging telephone and City Services network equipment would be replaced utilizing the cost savings generated from the use of IP Telephones. IP telephones utilize the same data network on which the computer receives its information. The combining of voice and data infrastructures (converged network) allows for the use of a single network in order to provide telephone and computer services. In September 2003, the Department of Information Technology initiated a Request for Information (RFI). Twelve vendors responded to the RFI, each with experience with the deployment of Voice over IP (VOIP) technologies. The ShoreTel Systems was selected. In January of 2004, City Council approved Resolution No.78513 C.M.S. authorizing implementation of the ShoreTel telephone system in an amount of \$1,650,000.00.

The successful implementation of this project resulted in over two thousand (2000) telephone handsets being converted from SBC Centrex services to the new converged network. Included in this transition were all department and agencies located in City Hall, 150 and 250 Frank H. Ogawa Plaza buildings, the Municipal Service Center, Eastmont Mall Police Station and the Emergency Operations Center.

OMC Section 2.04.050 requires formal advertising and competitive bidding when the City purchases services, supplies or combination thereof required by the City which exceeds \$50,000.00. However, OMC Section 2.04.050 I. 5 permits the Council to waive these requirements upon a finding and determination that it is in the best interests of the City to do so. Additionally, OMC Section 2.04.051 A requires the City to conduct a request for proposal or request for qualifications, competitive selection process ("RFP/RFQ") prior to the purchase of professional services unless this requirement is waived under OMC Section 2.04.051 B upon a finding by the City Council or its designee that it is in the best interests of the City to do so.

The staff recommends that the Council pursuant to OMC Section 2.04.50 1.5 and Section 2.04.051 B, respectively, finds and determines that it is in the best interests of the City to waive the formal advertising, competitive bidding, and the RFP/RFQ requirements and authorize the City Administrator, or her designee, to negotiate and enter into a contract with ShoreTel or an authorized reseller, for professional services, hardware and software to upgrade the ShoreTel Telephone System. There was substantial investment in ShoreTel telephone equipment and end user training with over two thousand handsets deployed. The ShoreTel telephone system was selected after an extensive RFI evaluation process. ShoreTel has demonstrated for over seven (7) years they can provide the necessary equipment and services that the City requires. Upgrade of the currently deployed ShoreTel platform will allow the City to continue to leverage its initial investment in ShoreTel telephone handsets which will continue to be supported by ShoreTel until 2017.

Similarly, staff recommends that the Council pursuant to OMC Section 2.04.50 1.5 and Section 2.04.051 B, respectively, finds and determines that it is in the best interests of the City to waive the formal advertising, competitive bidding, and the RFP/RFQ requirements and authorize the City Administrator, or her designee, to negotiate and enter into a contract with Enterasys Networks or an authorized reseller, for the upgrade of hardware, software, professional services and maintenance of the City Services Enterasys Network. Enterasys Networks has demonstrated for over seven (7) years they can provide the necessary equipment and services that the City requires. The Enterasys Network equipment was selected after an extensive RFI evaluation process. City staff is fully trained and proficient in the support and maintenance of Enterasys Network equipment.

PUBLIC OUTREACH/INTEREST

This item does not require public outreach.

COORDINATION

This report was prepared in coordination with the City Administrator's Office, the City Attorney's Office, the Budget Office and the Controller's Office.

COST SUMMARY/IMPLICATIONS

This include:

1. **AMOUNT OF RECOMMENDATION/COST OF PROJECT:**

	Capital Cost	Annual Cost
Enterasys Cost	1,200,000	150,000
ShoreTel Cost	400,000	175,000
Misc. AT&T Network/ Telephone Cost	75,000	100,000
Total Cost	\$1,675,000	\$425,000

2. **SOURCE OF FUNDING:**

All departments are charged a flat fee for telephones and voicemail boxes. These fees are collected in Fund 4210. The cost of implementing this project will come from internal services Fund 4210 (fund balance).

3. **FISCAL IMPACT:**

Funding for this procurement and contract is from existing internal services funds in the Department of Information Technology. The identified funds cover the improvements to the hardware, software and maintenance cost for Telephone and Network systems. All departments are charged a flat fee for telephones and voicemail boxes. These fees are collected in Fund 4210. The cost of implementing this project will come from internal services Fund 4210 (fund balance).

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities.

Environmental: There are no environmental opportunities.

Social Equity: The Telephone System and Network upgrade will assure continued maintenance and support for communication between City Staff and the Oakland Community.

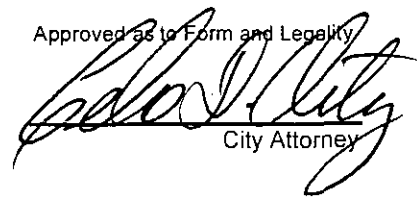
For questions regarding this report, please contact Jim Reese, Interim Director at 238-6450 or Terry Allen, Information Systems Manager at 238-6458.

Respectfully submitted,



Jim Reese *TERRY ALLEN FOR JIM REESE*
Interim Director
Human Resources and Information Technology

Prepared by:
Terry Allen, Information Systems Manager
Department of Information Technology



City Attorney

 OFFICE OF THE CITY CLERK
 OAKLAND
OAKLAND CITY COUNCIL

 13 FEB 14 PM 4:3 **RESOLUTION No. _____ C.M.S.**

 Introduced by Councilmember _____

A RESOLUTION:

(1) WAIVING FORMAL ADVERTISING AND COMPETITIVE BIDDING AND THE REQUEST FOR PROPOSALS/REQUEST FOR QUALIFICATIONS ("RFP/RFQ") REQUIREMENTS AND AUTHORIZING THE CITY ADMINISTRATOR, OR HER DESIGNEE, TO NEGOTIATE AND ENTER INTO A CONTRACT WITH SHORETEL OR AN AUTHORIZED RESELLER FOR PROFESSIONAL SERVICES, HARDWARE AND SOFTWARE TO UPGRADE THE SHORETEL TELEPHONE SYSTEM AND ANNUAL MAINTENANCE FOR AN AMOUNT NOT TO EXCEED \$275,000.00 ANNUALLY OR \$825,000.00 FOR A CONTACT TERM OF 3 YEARS, AND

2) WAIVING FORMAL ADVERTISING AND COMPETITIVE BIDDING AND THE REQUEST FOR PROPOSALS/REQUEST FOR QUALIFICATIONS ("RFP/RFQ") REQUIREMENTS AND AUTHORIZING THE CITY ADMINISTRATOR, OR HER DESIGNEE, TO NEGOTIATE AND ENTER INTO A CONTRACT WITH ENTERASYS NETWORKS OR AN AUTHORIZED RESELLER FOR THE UPGRADE OF HARDWARE, SOFTWARE, PROFESSIONAL SERVICES AND MAINTENANCE OF THE CITY SERVICES ENTERASYS NETWORK FOR AN IMPLEMENTATION COST NOT-TO-EXCEED \$ 1,200,000.00 AND AN ANNUAL MAINTENANCE AMOUNT NOT TO EXCEED \$150,000.00 PER YEAR FOR A TERM OF 5 YEARS, FOR A GRAND TOTAL CONTRACT AMOUNT OF \$1,950,000.00; AND

3) AUTHORIZING THE CITY ADMINISTRATOR OR HER DESIGNEE TO APPROPRIATE CURRENT AND FUTURE FUNDS IN INTERNAL SERVICES FUND 4210 FOR THE ONGOING COST ASSOCIATED WITH THE DELIVERY OF TELEPHONE, NETWORK AND TELECOMMUNICATIONS SERVICES WITHOUT RETURN TO COUNCIL. THESE COSTS INCLUDE UPGRADE OF THE TELEPHONE AND NETWORK EQUIPMENT, MAINTENANCE AND SUPPORT, TELEPHONE LINES AND INSTALLATION SERVICES.

WHEREAS, the ShoreTel Telephone System and Enterasys Networks were implemented in 2005 per Council resolution # 79066; and

WHEREAS, the Shoretel Inc Telephone System maintenance agreement has expired; and

WHEREAS, the Enterasys Network maintenance agreement will expire in 2013; and

WHEREAS, the Enterasys Network equipment is reaching its end of useful life and jeopardizes the performance of the ShoreTel Telephone System and other City applications that depend on its performance; and

WHEREAS, the City must execute new ShoreTel Inc. and Enterasys Networks maintenance agreements and perform equipment upgrades to avoid equipment failure and lack of vendor support that would negatively impact the performance of the City's ShoreTel telephone, Enterasys Network and applications designed to provide telephone and network services to all city agencies and department; and

WHEREAS, Oakland Municipal Code (OMC) Section 2.04.050 requires formal advertising and competitive bidding when the City purchases services, supplies or combination thereof required by the City which exceeds \$50,000.00; and

WHEREAS, OMC Section 2.04.050 1.5 permits the Council to waive formal advertising and competitive bidding upon a finding and determination that it is in the best interests of the City to do so; and

WHEREAS, OMC Section 2.04.051 A requires the City to conduct a request for proposal or request for qualification competitive selection process ("RFP/RFQ") unless waived under OMC Section 2.04.051 B upon a finding by the City Council or its designee that it is in the best interests of the City to do so; and

WHEREAS, ShoreTel Inc. and Enterasys Networks have demonstrated they can provide the necessary equipment, products and services that the City requires; and

WHEREAS, the City of Oakland will request competitive bid quotations from authorized qualified vendors to upgrade and purchase the ShoreTel and Enterasys equipment; and

WHEREAS, existing funds have been identified to fund the cost of the upgrade and proposed agreements; and

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

RESOLVED, that the Council pursuant to OMC Section 2.04.50 1.5 and Section 2.04.051 B, respectively, hereby finds and determines that it is in the best interests of the City to waive the formal advertising, competitive bidding, and the RFP/RFQ requirements and authorize the City Administrator, or her designee, to negotiate and enter into a contract with ShoreTel or an authorized reseller, for professional services, hardware and software to upgrade the ShoreTel Telephone System. The ShoreTel telephone system was selected after an extensive RFI evaluation process. ShoreTel has demonstrated for over seven (7) years they can provide the necessary equipment and services that the City requires. Upgrade of the currently deployed ShoreTel platform will allow the City to continue to leverage its initial investment; and be it

FURTHER RESOLVED, that the Council pursuant to OMC Section 2.04.50 1.5 and Section 2.04.051 B, respectively, hereby finds and determines that it is in the best interests of the City to

waive the formal advertising, competitive bidding, and the RFP/RFQ requirements and authorize the City Administrator, or her designee, to negotiate and enter into a contract with Enterasys Networks or an authorized reseller, for the upgrade of hardware, software, professional services and maintenance of the City Services Enterasys Network. Enterasys Networks has demonstrated for over seven (7) years they can provide the necessary equipment and services that the City requires. The Enterasys Network equipment was selected after an extensive RFI evaluation process. City staff is fully trained and proficient in the support and maintenance of Enterasys Network equipment; and be it

FURTHER RESOLVED, that the Council hereby authorizes the City Administrator or her designee to negotiate and enter into a contract with ShoreTel or authorized reseller for the upgrade of hardware, software, professional services and maintenance of the ShoreTel telephone system and annual maintenance for an amount not to exceed \$275,000.00 annually or \$825,000.00 for a contract term of 3 years and be it

FURTHER RESOLVED, that the Council hereby authorizes City Administrator or her designee to negotiate and enter into a contract with Enterasys Networks or an authorized reseller for the upgrade of hardware, software, professional services and maintenance of the City Services Enterasys Network for an implementation cost not to exceed \$1,200,000.00 and an annual amount not to exceed \$150,000.00 per year for a term of 5 years, for a grand total contract amount of \$1,950,000.00; and be it

FURTHER RESOLVED, that the Council hereby authorizes the City Administrator or her designee to appropriate current and future funds in internal services fund 4210 for the ongoing cost associated with the delivery of telephone, network and telecommunications services without return to Council. These costs include upgrade of the telephone and network equipment, maintenance and support, telephone lines and installation services; and be it

FURTHER RESOLVED, that a copy of the agreement will be on file in the City Clerk's Office and will be approved by the Office of the City Attorney.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF and PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California