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CITY OF OAKLAND

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Interim Chief Information
Officer

SUBJECT: Citywide Telephone System Upgrade
and Maintenance

DATE: June 1, 2016

City Administrator Approval

Date:

6/2/16

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator Or Designee To:

- 1) **Procure Hardware, Software, And Professional Services To Replace Existing ShoreTel Handsets And Install ShoreTel Telephone Systems In The Oakland Main Library And Police Administration Building For An Amount Not To Exceed One Million Three Hundred Twenty-Five Thousand Dollars (\$1,325,000) From The Telephone Equipment And Software Internal Service Fund Balance;**
- 2) **Annually/Biennially Appropriate From The Telephone Equipment Internal Service Fund Balance Through The Budget Process, For The Purchase Of Equipment, Maintenance, Professional Services, And Costs Associated With The City's Telephone, Network And Telecommunication Services; And**
- 3) **Waive The Competitive Bidding, Advertising And Request For Proposals/Qualification Process, And Negotiate Agreement(s) With Authorized Vendors For The Above Products And Services For A Period Not To Exceed 5 Years.**

EXECUTIVE SUMMARY

Staff proposes to enter into agreements for the purchase, professional services, and ongoing support and maintenance of the City's ShoreTel Telephone system and network infrastructure. The City's telephone and supporting network and telecommunication services provide the infrastructure that connects all City departments and agencies together, and is the basic foundation upon which many of the City agencies and departments provide services to their constituents. The annual maintenance agreement for the ShoreTel telephone systems will expire in June 2016.

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The proposed project will replace the older models of existing ShoreTel handsets and install the necessary products, network and technology infrastructure to deploy ShoreTel telephone services to the Police Administration Building as well as the Main Library in an amount not to exceed \$1,325,000. Costs for implementation and ongoing maintenance will be funded by the telecommunications and software internal services fund.

BACKGROUND / LEGISLATIVE HISTORY

In 2003, the Information Technology Department (ITD) 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 telephones¹. As a result, ITD initiated a Request for Qualifications (RFQ) process. A total of 12 vendors responded, each with experience in the deployment of Voice over IP (VOIP) technologies. Of the vendors who responded, the ShoreTel Systems was selected.

In 2004, City Council approved Resolution No. 78613 C.M.S. dated June 15, 2004, authorizing implementation of the ShoreTel telephone system in an amount not to exceed \$1,650,000. The successful implementation of the ShoreTel project resulted in over 2000 telephone handsets being converted from SBC Centrex services to the new converged network. Included in this transition were all departments 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.

In 2013, City Council approved Resolution No. 84250 C.M.S. dated March 19, 2013, authorizing the continued use and support of the ShoreTel Telephone system in an amount not to exceed \$825,000 over three years. During this three year period, ITD performed a significant software upgrade of the ShoreTel telephone system and procured new hardware including the recent purchase of 950 new ShoreTel telephones.

There are currently over 2000 older model legacy ShoreTel handsets deployed Citywide. These existing ShoreTel handsets were purchased in 2004 and will soon reach the end of their useful life. Warranty and support will no longer be available for these phones beyond 2017. With the recent purchase of 950 new ShoreTel telephones, ITD has begun a technology refresh of all existing legacy ShoreTel handsets.

ANALYSIS AND POLICY ALTERNATIVES

Continued implementation of the ShoreTel system provides expanded telephone capabilities through the use of a single converged network. The ShoreTel Communicator 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

¹ IP telephones utilize the same data network on which the computer receives its information; combining voice and data infrastructures (converged network) allows for the use of a single network in order to provide telephone and computer services.

provides integration with calendars and access to both voice and email messages from a familiar Microsoft Outlook desktop interface.

The proposed project will replace the remaining ShoreTel handsets before they reach end of life and are no longer supported by the manufacturer as well as install the necessary products, technology and network infrastructure to deploy ShoreTel telephone services into the Police Administration Building and the Main Library.

The existing telephone systems at these locations are obsolete and can be very time consuming for City ITD staff to maintain. Currently, when supporting these legacy systems, request for adds, moves, and changes require IT technicians to be dispatched to physically rewire connections to accommodate routine changes such as staff relocations and extension reassignments. By upgrading to the new ShoreTel handsets, ITD staff support and maintenance needs will be significantly decreased.

ShoreTel continues to be a cost effective Voice Over IP (VoIP) solution with the lowest total cost of ownership as determine by Aberdeen Research in 2012 and again by Nemertes Research in 2015. Government agencies continue to select ShoreTel because of its ease of support, which results in lower costs of ownership. Other local municipalities that have selected ShoreTel Inc. to provide VoIP telephones services include the City of Santa Clara, City of Belmont, City of Pleasant Hill, City of Lancaster, City of San Luis Obispo and City of Santa Rosa among many others.

Justification to Waive Competitive Bid Process

Since 2013, when Council approved Resolution No. 84250 C.M.S. authorizing the continued use and support of the ShoreTel Telephone system, significant investments have been made in the maintenance and support of the ShoreTel System. In addition, ITD purchased mobility services and 950 new replacement ShoreTel handsets in the first quarter of this year as well as training of IT staff to support the current ShoreTel platform. **The loss in the investment in 950 newly purchased ShoreTel handsets and professional services alone would exceed \$250,000 if an alternative vendor were selected at this time**

Oakland Municipal Code "OMC" Section 2.04.050 requires advertising and competitive bidding for contract for the purchase of supplies, equipment, and computer software and the award to the lowest responsible, responsive bidder if award is made. OMC Section 2.04.050 I.5 provides and exception to the advertising and competitive bidding requirement of the OMC upon finding and determination by the City Council that it is in the best interests of the City to do so. Additionally, OMC Section 2.04.050.1.1 requires a RFP/Q selection process for award of contracts that exceed \$25,000 for professional service contracts and which are exempt from bidding under Section 2.04.050.1.1. However, OMC sections 2.04.050.I and 2.04.051.B permit the City Council to waive advertising, competitive bidding and the request for proposals/qualifications processes upon finding that it is in the City's best interest to do so.

Staff recommends that the Council finds and determines that it is in the best interests of the City to waive formal advertising, competitive bidding, and the competitive RFP/Q competitive selection requirements for this project. We make this recommendation based on the fact that continued implementation of this system lowers the city's overall maintenance costs and provide expanded telephone capabilities through the use of a single converged network.

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Within four to five years, staff will conduct a new RFP/Q process to identify vendors who can continue to provide telecommunications services for the City.

FISCAL IMPACT

There is no impact to the General Fund, as funding (approximately \$1.3 million) for this procurement and contract has already been budgeted as part of the ITD's existing internal services funds for telephone equipment and related software (Fund 4210).

PUBLIC OUTREACH / INTEREST

This item does not require any additional public outreach other than the required posting on the City's website.

COORDINATION

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

SUSTAINABLE OPPORTUNITIES

Economic: When possible and most cost effective, purchases of products, maintenance, and professional services will be made using local vendors to support the local economy.

Environmental: There are no environmental opportunities.

Social Equity: Ongoing continued maintenance of the City Telephone Systems and Networks will support communication between City Staff and the Oakland Community.

ACTION REQUESTED OF THE CITY COUNCIL

Adopt a resolution authorizing the City Administrator or designee to:

- 1) Procure hardware, software, and professional services to replace existing ShoreTel handsets and install ShoreTel telephone systems in the Oakland main library and police administration building for an amount not to exceed one million three hundred twenty-five thousand dollars (\$1,325,000) from the telephone equipment and software internal service fund balance;
- 2) Annually/biennially appropriate from the telephone equipment internal service fund balance through the budget process, for the purchase of equipment, maintenance, professional services, and costs associated with the city's telephone, network and telecommunication services; and
- 3) Waive the competitive bidding, advertising and Request for Proposals/Qualification process, and negotiate agreement(s) with authorized vendors for the above products and services for a period not to exceed 5 years.

For questions regarding this report, please contact Terry Allen, Information Systems Manager, at (510) 238-6458.

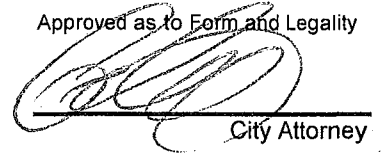
Respectfully submitted,


KATANO KASAIINE
Interim Chief Information Officer

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

Reviewed by:
Cynthia Perkins
Assistant to the Director
Information Technology Department

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City Attorney

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RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO:

- 1) **PROCURE HARDWARE, SOFTWARE, AND PROFESSIONAL SERVICES TO REPLACE EXISTING SHORETEL HANDSETS AND INSTALL SHORETEL TELEPHONE SYSTEMS IN THE OAKLAND MAIN LIBRARY AND POLICE ADMINISTRATION BUILDING FOR AN AMOUNT NOT TO EXCEED ONE MILLION THREE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$1,325,000) FROM THE TELEPHONE EQUIPMENT AND SOFTWARE INTERNAL SERVICE FUND BALANCE;**
- 2) **ANNUALLY/BIENNIALLY APPROPRIATE FROM THE TELEPHONE EQUIPMENT INTERNAL SERVICE FUND BALANCE THROUGH THE BUDGET PROCESS, FOR THE PURCHASE OF EQUIPMENT, MAINTENANCE, PROFESSIONAL SERVICES, AND COSTS ASSOCIATED WITH THE CITY'S TELEPHONE, NETWORK AND TELECOMMUNICATION SERVICES; AND**
- 3) **WAIVE THE COMPETITIVE BIDDING, ADVERTISING AND REQUEST FOR PROPOSALS/QUALIFICATION PROCESS, AND NEGOTIATE AGREEMENT(S) WITH AUTHORIZED VENDORS FOR THE ABOVE PRODUCTS AND SERVICES FOR A PERIOD NOT TO EXCEED 5 YEARS**

WHEREAS, the City's network, telephone and telecommunications services provide the infrastructure that connects all City departments and agencies together, and is the basic foundation upon which many of the City processes provide services to its constituents; and

WHEREAS, the City ShoreTel telephone system maintenance agreement(s) will expire in June 2016; and

WHEREAS, over 2000 currently deployed ShoreTel handsets are reaching their end of useful life which jeopardizes the performance of the ShoreTel telephone system in which City staff depends on; and

WHEREAS, it would not be cost effective to replace these systems given the City's current investment, therefore, it is recommended that the City execute new ShoreTel Inc., telecommunication and Networks maintenance agreements for equipment upgrades and maintenance to avoid equipment failure and lack of vendor support that would negatively impact the performance of the City's ShoreTel telephone, Network, telecommunication services and applications which are depended upon, and provide services to all City agencies and departments; and

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WHEREAS, Oakland Municipal Code (OMC) Section 2.04.050 requires advertising, competitive bidding and award to the lowest responsible, responsive bidder when the City purchases services, supplies or combination thereof which exceed \$50,000.00; and

WHEREAS, OMC Section 2.04.050 I.5 permits the Council to waive advertising and competitive bidding upon a finding and determination that it is in the best interests of the City to do so; and

WHEREAS, ShoreTel Inc., the existing City network infrastructure and supporting authorized hardware, software, technology vendors have demonstrated they can provide the necessary equipment, products and services that the City requires; and

WHEREAS, the Information Technology Department (ITD) has determined that only ShoreTel Inc., and authorized City network infrastructure equipment, software, hardware and technology vendors/dealers can provide the necessary equipment, support, products and services that the City requires; and

WHEREAS, the City needs to purchase a combination of products and professional/technical services to maintain, refresh and upgrade the City's telephone systems, network and, therefore, requires waiver of the City's bidding and RFP/RFQ requirements to negotiate contracts for each system; and

WHEREAS, it is in the City's best interest to limit the solicitation of bids for software, hardware and ongoing maintenance services as the ability to upgrade, refresh and maintain existing systems will provide significant cost savings and other efficiencies to the City, requiring the use of vendors who are familiar with the existing information technology infrastructure; and

WHEREAS, existing funds have been identified to fund the cost of the proposed purchases; 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 City Council hereby authorizes the City Administrator or designee to procure hardware, software, and professional services to replace existing ShoreTel handsets and install ShoreTel telephone systems in the Oakland Main Library and Police Administration Building for an amount not to exceed one million three hundred twenty-five thousand dollars (\$1,325,000) from the telephone equipment and software internal service fund balance; and be it

FURTHER RESOLVED; That the City Council hereby authorizes the City Administrator or designee to appropriate annually/biennially appropriate from the telephone equipment internal service fund balance through the budget process, for the purchase of equipment, maintenance, professional services, and costs associated with the city's telephone, network and telecommunication services; and be it

FURTHER RESOLVED: That the Council, pursuant to OMC Section 2.04.50 I.5, hereby finds and determines that it is in the best interests of the City to waive the competitive bidding, advertising and request for proposals/qualification, and negotiate agreement(s) with authorized vendors for the above products and services for a period not to exceed 5 years; and be it

FURTHER RESOLVED: That the City Administrator or her designee is hereby authorized to complete all required negotiations, certifications, assurances, and documentation required to accept, modify, extend and/or amend agreements associated with this resolution; 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, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, AND PRESIDENT GIBSON MCELHANEY

NOES -

ABSENT -

ABSTENTION -

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

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