



Executive Director's
Report to the

Board of Harbor Commissioners

DATE: DECEMBER 6, 2017

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF STATE OF CALIFORNIA, CALIFORNIA NETWORK 3 AUTHORIZATION TO ORDER SERVICES ONE-YEAR EXTENSIONS FROM AT&T CORPORATION (AGREEMENT NO. 15-3333)

SUMMARY:

Staff is requesting approval of one-year extensions to two State of California, California Network 3 (CALNET 3) Authorizations to Order (ATOs) with AT&T Corporation. The two ATOs were approved by the Board of Harbor Commissioners on June 8, 2015 for a three-year term with two optional one-year extensions (Agreement No. 15-3333). These ATOs allow the City of Los Angeles Harbor Department (Harbor Department) to order telecommunications products and services at the reduced rates negotiated by the State with AT&T. The current ATOs expire on June 30, 2018. The State of California has exercised its first one-year option to extend the underlying contracts with AT&T, which allows the Harbor Department to similarly extend its ATOs for one year.

Staff is also requesting a conditional approval and delegation of authority to the Executive Director to enter into the second one-year extension for the ATOs in the event that the State exercises its second one-year contract extensions in 2019. The first, one-year extension would allow the Harbor Department to continue using the CALNET 3 contract until June 30, 2019. The second, conditional one-year extension would extend the ATO until June 30, 2020. The not-to-exceed payment amount for the proposed extensions shall be the amount approved by the Board for the Telephone Services budget account during each annual budget process.

AT&T was awarded participation in the CALNET 3 contract after a competitive procurement process conducted by the State of California's Department of Technology. AT&T is headquartered in Dallas, Texas, with offices in Los Angeles, California.

Telecommunications services are the financial responsibility of the Harbor Department.

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RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Find that in accordance with Administrative Code Section 10.15(8), the competitive contracting requirement is met using the responses from the State of California's Request for Qualification Proposal (RFQP) solicitation (RFQP 12-001), which resulted in the State of California's Office of Technology Services CALNET 3 Statewide Contract A (SWC-A), C3-A-12-10-TS-01 and Statewide Contract B (SWC-B), C3-B-12-10-TS-01;
3. Approve the first one-year option to extend the two Authorizations to Order with AT&T for the acquisition of telecommunications utility services for the length of the CALNET 3 contract, up to June 30, 2019;
4. Approve the second one-year option to extend the two Authorizations to Order conditioned upon the State of California exercising its second one-year extension to its contracts with AT&T, to June 30, 2020, and delegate authority to the Executive Director to exercise the second one-year extension with AT&T;
5. Authorize the Chief Information Officer for the Harbor Department or his designee to be the Harbor Department's authorized signatory for ordering services through CALNET 3;
6. Direct the Board Secretary to transmit the underlying Authorizations to Order with AT&T to the Los Angeles City Council for approval of the extensions pursuant to Section 373 of the Charter of the City of Los Angeles and Section 10.5 of the Los Angeles Administrative Code; and
7. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context – The Information Technology Division (ITD) provides the computing and telecommunications services for the Harbor Department. This includes managing the telecommunications services that are required for the Harbor Department's voice and data networks.

The Harbor Department has been using the CALNET series of contracts since 1999. The CALNET series was created by the State of California to combine the buying power of the state and local public agencies to incentivize telecommunications providers to offer their most competitive rates. By participating in CALNET, the Harbor Department can acquire necessary telecommunications services quickly and cost effectively. Without CALNET, the Harbor Department would be charged higher tariff rates for the same services. Other City of Los Angeles Departments also use CALNET, including the Information Technology Agency, Los Angeles World Airports and the Department of Water and Power.

Currently, the Harbor Department is using CALNET 3 to provide local and long distance telephone services, high-bandwidth data circuits, radio circuits, metro-ethernet services, and voice over internet protocol (VoIP) supporting circuits. In addition to paying for telephone bills, these services are used to connect the Harbor Department's network to the City of Los Angeles' networks, extend Port Police and Port Pilot radio network coverage, connect remote offices to the data network, monitor Alternative Maritime Power (AMP) terminals, link systems throughout the Port of Los Angeles complex (e.g. security systems, building operations, elevators, fire and life safety systems), and for radars and cameras to monitor ship traffic throughout the port complex.

For Fiscal Year 2016/2017, the Harbor Department spent \$568,022 for telecommunication services under CALNET 3. For Fiscal Year 2017/2018, the Harbor Department spent \$244,583 as of November 21, 2017. The funds in Fiscal Years 2016/2017 and 2017/2018 were from the \$580,000 budget for local telephone services.

Proposed Extensions – The State of California exercised its first one-year extension option for the two CALNET 3 agreements with AT&T (Transmittals 1 and 2). With these renewals, the Harbor Department may also extend its ATOs with AT&T (Agreement No. 15-3333, Transmittal 3).

The first proposed action is to exercise a one-year extension available in the cooperative agreement with the State's CALNET 3 contract (terms and conditions available online at <https://cdt.ca.gov/services/calnet/>). A second conditional approval is being requested to authorize the Executive Director to exercise the second, one-year extension in the event that the State exercises its second option to extend the CALNET

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3 contract in 2019. By allowing the Harbor Department to exercise the first one-year extension, the Harbor Department will continue to have access to the State negotiated service rates available through CALNET 3 through June 30, 2019. If the State exercises its second one-year extension the Harbor Department's access will continue through June 30, 2020.

The ATOs are non-binding. CALNET 3 does not have an exclusivity clause or stipulation requiring any long term commitments from the Harbor Department. The Harbor Department will be able to consider alternate providers if any provider offers a more advantageous solution. If the Harbor Department decides that the services under CALNET 3 are not meeting expectations, or if an alternative solution is required, AT&T cannot demand that the Harbor Department pay early termination fees or penalties. The only requirement to cancel services is a 30-day written notice from the Harbor Department to AT&T.

To order services, the Harbor Department will submit the State of California's Telecommunications Service Request to AT&T, also known as a Form 20 (Transmittal 4). The Form 20 requires a signature from an authorized signatory of the Harbor Departments. The Harbor Department requests that the Board continue to authorize the Chief Information Officer, or his designee, as the authorized signatory for ordering CALNET 3 telecommunications services for the Harbor Department.

Selection Process – AT&T was awarded participation in the CALNET 3 contract after a competitive procurement process conducted by the State of California. The State's Department of Technology, Statewide Technology Procurement Division released Request for Qualification Proposal (RFQP) solicitation 12-001, which was used to establish a list of Prequalified Multiple Award Contract (PMAC) contractors. CALNET 3 Category One, Statewide Contract C3-A-12-10-TS-01 was awarded on November 15, 2013. CALNET 3 Category Two, Statewide Contract C3-B-12-10-TS-01 was awarded on March 26, 2014.

AT&T is headquartered in Dallas, Texas, with offices in Los Angeles, California.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment to Agreement 15-3333 with AT&T to provide telecommunication services. As an administrative activity, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

This request to authorize the Harbor Department to sign the two ATOs with AT&T is not a request for funding. Signing these ATOs will allow the Harbor Department to continue receiving discounted rates for existing telecommunications products and services, services, and allow the Harbor Department to acquire new telecommunications products and services in a cost effective and timely manner.

Fiscal Year 2018/2019 funds in the amount of \$1,468,300 were requested to be budgeted in Telephone Services Account 59410, Center 0640, Program 000. Of this amount, \$580,000 was requested for local telephone services to pay for telephone bills, which is the primary expenditure under CALNET 3. Other items in Telephone Services Account 59410, Center 0640, Program 000 account, of which portions may be used to pay for related items if provided under CALNET 3, include cabling and wiring, data circuits, internet services, mobile communication services, telephone system maintenance and other telephone services. However, the total amount of the proposed extensions will not exceed the approved amount for Telephone Services Account 59410, Center 0640, Program 000. Future Fiscal Year funds will be requested as part of the annual budgeting process, subject to Board approval.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed this Board Report and the proposed actions raise no legal issues at this time.

TRANSMITTALS:

1. State of California Extension for C3-A-12-10-TS-01
2. State of California Extension for C3-B-12-10-TS-01
3. Harbor Department Authorizations to Order Under State Contracts C3-A-12-10-TS-01 and C3-B-12-10-TS-01 (Agreement No. 15-3333)
4. State of California's Telecommunications Service Request (Form 20)

FIS Approval:  (initials)

CA Approval:  (initials)



LANCE KANESHIRO
Chief Information Officer



FOR THOMAS E. GAZSI
Chief of Public Safety and
Emergency Management

APPROVED:



EUGENE D. SEROKA
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