

DATE: MAY 12, 2015

FROM: INFORMATION TECHNOLOGY

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF STATE OF CALIFORNIA, CALIFORNIA NETWORK 3 AUTHORIZATIONS TO ORDER SERVICES FROM AT&T, INC.

SUMMARY:

The City of Los Angeles Harbor Department (Harbor Department) is requesting approval to sign two State of California, California Network 3 (CALNET 3) Authorizations to Order (ATOs) with AT&T, Inc. (AT&T). Signing the ATOs allows the Harbor Department to order telecommunications utility services from AT&T under the terms of CALNET 3, which will be used primarily to pay for telephone bills at discounted rates. The ATOs also enable the Harbor Department to order other related telecommunications products and services from AT&T offered through CALNET 3. The term of the ATOs will be from July 1, 2015 through June 30, 2018. The amount of funding for the ATOs will not exceed the amount authorized by the Board of Harbor Commissioners (Board) through the 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.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that in accordance with Administrative Code Section 10.15(a)(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;
2. Approve the two Authorizations to Order with AT&T for the acquisition of telecommunications services from July 1, 2015 to June 30, 2018;

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3. Authorize the Chief Information Officer for the Harbor Department or designee to be the Harbor Department's authorized signatory for ordering services through CALNET 3;
4. Authorize the Executive Director or designee to execute the two Authorizations to Order; and
5. Adopt Resolution No. _____.

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 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 2 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 13/14, the Harbor Department spent \$531,409 for telecommunication services under CALNET 2. For Fiscal Year 14/15, the Harbor Department spent \$439,222 as of March 1, 2015 for telecommunication services under CALNET 2. The funds in Fiscal Years 13/14 and 14/15 were from the \$500,000 budget for local telephone services and a portion of the \$725,000 budget for related cabling expenses. CALNET 2 expires on June 30, 2015.

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Proposed – CALNET 3 is the successor to CALNET 2. CALNET 3 consists of two categories, each of which requires an ATO to be signed (Transmittals 1 and 2). The Harbor Department has reviewed the terms and conditions of CALNET 3, including the schedules of rates and charges. Some rates are higher and others are lower than previously provided for under CALNET 2, but overall the expenditures are anticipated to be approximately the same. The State and AT&T have the ability to change the rates and charges through amendments to CALNET 3, without further approval from underlying agencies using the contract. All terms and conditions are available for review on the State of California's Department of Technology website, <http://www.dts.ca.gov/stnd/calnet3/>.

The proposed 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 those providers offer a more advantageous solution. If the Harbor Department decides that services under CALNET 3 are not meeting expectations, or if an alternative solution is required, AT&T cannot require the Harbor Department to pay early termination fees or penalties. The only requirement to cancel services is a 30-day 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 Form 20 (Transmittal 3). The Form 20 requires a signature from an authorized signatory of the Harbor Department. The Harbor Department requests that the Board authorize the Chief Information Officer (CIO), or designee, as the authorized signatory for ordering CALNET 3 telecommunications services for the Harbor Department.

The proposed term of the ATOs is from July 1, 2015 through June 30, 2018, which is the current end date of CALNET 3. Although the State of California has options to extend CALNET 3 until June 30, 2020, the Harbor Department is not requesting the option to extend beyond June 30, 2018 at this time. The Harbor Department might request a separate Board approval in the future to extend the CALNET ATOs beyond June 30, 2018 if the State of California exercises its extension options.

Selection Process – The State of California 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.

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ENVIRONMENTAL ASSESSMENT:

The proposed action is approval to sign two CALNET 3 ATOs with AT&T. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have no employment impact.

FINANCIAL IMPACT:

This request to authorize the Harbor Department to sign the two CALNET 3 ATOs with AT&T is not a request for funding. Signing these ATOs will allow the Harbor Department to continue to receive discounted rates for existing telecommunications products and services, and allow the Harbor Department to acquire new telecommunications products and services in a cost effective and timely manner.

Fiscal Year 15/16 funds in the amount of \$1,546,000 were requested to be budgeted in Telephone Services Account 59410, Center 0640, Program 000. Of this amount, \$500,000 was requested for local telephone services to pay for telephone bills, which will be the primary expenditure under CALNET 3. In addition, portions of the other budget items within Telephone Services Account 59410, Center 0640, Program 000 may be used to pay for related expenditures if provided under CALNET 3. Funds for future years will require approval by the Board through the annual budgetary process.

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CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the Authorizations to Order as to form and legality

TRANSMITTALS:

1. Authorization to Order (ATO) for C3-A-12-10-TS-01
2. Authorization to Order (ATO) for C3-B-12-10-TS-01
3. State of California's Telecommunications Service Request (Form 20)

FIS Approval:  (initials)
CA Approval:  (initials)



LANCE KANESHIRO
Chief Information Officer



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

APPROVED:



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