



# City of San Antonio

## Agenda Memorandum

**File Number:**18-6418

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**Agenda Item Number:** 7.

**Agenda Date:** 12/13/2018

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Annual Contract for Telecommunications, Network Connectivity and Other Telecom Services

### **SUMMARY:**

This ordinance authorizes a new master contract with AT&T Corp. (AT&T) to provide the City with the purchase of various communication services for an estimated cost of \$3,800,000.00 annually. No funds are encumbered by this ordinance which provides for the procurement of communication services as required. Funding in the amount of \$3,800,000 is available in the Information Technology Services Department Fund included in the FY 2019 Adopted Budget.

### **BACKGROUND INFORMATION:**

Submitted for Council consideration and action is a new master contract between the City and AT&T for the purchase of various communication services used in all City departments. Services provided through this contract include wired telephone service, metropolitan ethernet services, broadband services, internet access services, long distance services and support for group conference calling, directory listing and 311 services. The Information Technology Services Department currently manages approximately 2,240 telecommunication lines, metropolitan ethernet circuits and internet access service points through the existing master contract. It is anticipated that these numbers will increase throughout the term of the contract as City departments and City provided services continue to evolve.

The City issued a Request for Competitive Sealed Proposal (RFCSP) for "Telecommunications, Network Connectivity and Other Telecom Services" (RFCSP 6100008613) on July 14, 2017, with a submission deadline

of November 13, 2017. Four proposals were received, and two proposals were deemed non-responsive. One firm failed to submit required proposal information such as experience, background and qualifications or a proposed plan which was required in order to evaluate the proposal. The second firm failed to submit their response to the Office of the City Clerk by the stated due date/time. Two proposals were deemed eligible for evaluation. AT&T is recommended for contract award based on the City's standard RFCSP evaluation process.

The Finance Department - Purchasing Division consulted with the Economic Development Department - Small Business Office and the Information Technology Services Department to review the feasibility of including a sub-contracting requirement for this contract. Following the solicitation period, the final recommendation from the Economic Development Department - Small Business Office was to pursue a sub-contracting commitment from all responsive firms that would be included in the resulting contract.

The Evaluation Committee consisted of representatives from the City Manager's Office, Information Technology Services Department and the Transportation & Capital Improvements Department. The Finance Department, Purchasing Division assisted by ensuring compliance with City procurement policies and procedures. The evaluation of each proposal response was based on a total of 100 points; 30 points allotted for experience, background, qualifications; 50 points allotted for proposed plan; and 20 points allotted for respondent's price schedule. Additional categories of consideration included references and financial qualifications.

The Evaluation Committee met on April 30, 2018 to evaluate the two responsive proposals received. After committee review and discussion, individual technical scores were submitted for Broadband, Internet and Metro Ethernet (Dedicated) services. Once scores were finalized by the selection committee, the pricing scores were revealed. A consensus recommendation was provided for the following categories in which only one proposal was received: Long Distance / 311, Wireline Services and Metro Ethernet (Shared). Scores were tabulated for the two responsive proposals for the following categories: Broadband, Internet and Metro Ethernet (Dedicated). AT&T is recommended for award across all categories of service.

A post solicitation briefing was presented to the Audit & Accountability Committee on May 24, 2018.

The initial term of the agreement shall be for the period January 1, 2019 through December 31, 2024. Two additional two-year renewals at the City's option shall also be authorized by this ordinance.

## **ISSUE:**

Beginning in 2009, the City consolidated various communication services in an effort to achieve considerable savings. These communication services are provided to approximately 12,000 City employees at over 400 sites.

In prior years, mobility services (cellular) were included as part of this contract. The City determined that it was necessary to remove this requirement from the master contract in order to allow City departments the option to choose a carrier to meet their program or coverage needs. The current master agreement with AT&T requires that 80% of all solicited services be awarded to AT&T. The new master contract has decreased that number to 70% while maintaining competitive pricing.

The City will obtain all services in accordance with Local, State and Federal guidelines. In response to the Federal Communications Commission (FCC) Restoring Internet Freedom Order issued on January 4, 2018, the City sought to secure contractual safeguards to ensure that any future contracts would not be in violation of any subsequent legislation.

Net Neutrality is the idea, principle, or requirement that Internet service providers should enable access to all

content and applications regardless of the source, and without favoring or blocking particular products or websites.

The Innovation & Technology Council Committee was briefed on October 23 on net neutrality and open internet access in response to a Council Consideration Request from Councilman Manny Pelaez. City staff proposed to continue to actively monitor net neutrality and ensure that the City negotiated the best possible internet access terms when contracting for broadband internet access services.

AT&T has committed publicly not to block lawful content, applications, service or non-harmful devices, and not to throttle, discriminate in our transmission of internet traffic, or degrade network performance based on content. AT&T's public commitments have been memorialized in the proposed new master contract.

This contract will be awarded in compliance with the Small Business Economic Development Advocacy (SBEDA) Program. AT&T has committed to satisfying the 10% Small Business Enterprise (SBE) subcontracting goal.

This contract is an exception to the Local Preference Program.

The Veteran-Owned Small Business Preference Program does not apply to non-professional service contracts, so no preference was applied to this contract.

#### **ALTERNATIVES:**

Should this contract not be approved, the City would be required to contract for communication services with multiple carriers. Lack of a consolidated contract could result in increased costs, lack of availability, and delayed delivery of communication services.

#### **FISCAL IMPACT:**

This ordinance authorizes a new master contract with AT&T to provide the City with the purchase of wired services, metropolitan Ethernet services, broadband services, internet connection services, and calling services for an estimated cost of \$3,800,000.00 annually from January 1, 2019 to December 31, 2024 with two options for additional two-year renewal. Funding in the amount of \$3,800,000 is available in the Information Technology Services Department Fund included in the FY 2019 Adopted Budget.

#### **RECOMMENDATION:**

Staff recommends approval of a new master contract with AT&T to provide the City with the purchase of various communication services and devices for an estimated cost of \$3,800,000.00 annually, based upon the departments' available budgets as managed by the Information Technology Services Department.

This contract was procured by means of a Request for Competitive Sealed Proposal and a Contracts Disclosure Form is required.