


Office of the City Manager

CONSENT CALENDAR

March 15, 2005

To: Honorable Mayor and
Members of the City Council
From:  Phil Kamlarz, City Manager
Subject: Contract: Telephone Equipment Replacement

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a contract and any amendments with Nexus Inc. for telephone equipment replacement components and related services in an amount of \$50,000 per year, for a total amount not to exceed \$120,000 for the period April 1, 2005 through June 30, 2007.

FISCAL IMPACTS OF RECOMMENDATION

The cost of the contract with Nexus is \$50,000 per year. This amount will be treated as an overhead to the cost of making telephone calls, and will therefore be charged as part of each department's telephone bill.

To establish the contract, the General Fund will provide the funding and be reimbursed through departmental phone charges.

Budget Code: 010-2751-410-7044 (General Fund, I.T. Department, Hardware)

CURRENT SITUATION AND ITS EFFECTS

The City's NEC Model 2400 PBX is no longer covered by the supplier's warrantee. As a consequence, when a part needs replacing, it would have to be purchased. To expedite the replacement process, and thus minimize any potential service interruption, staff proposes to purchase what amounts to an extended warrantee for the equipment.

Under the agreement with Nexus, all necessary repairs and replacements will be covered by a fixed annual charge – equal to approximately 2.7% of the purchase price (\$1.85 million) of the City's telephone system.

BACKGROUND

The City of Berkeley has been running its own telephone system, using an NEC model 2400 PBX, since 2000. Initially, the system was deployed in the new Public Safety Building, and it is now used by 90% of the Administration.

RATIONALE FOR RECOMMENDATION

Despite the high initial investment, the new telephone system has achieved overall savings by centralizing the technical and fiscal administration of the City's telecommunications services. In 1999, the last year before the new system was installed, the City paid \$1.25 million to Pacific Bell (now SBC) for telephone services. As soon as the new system was installed, the telephone company's charges began to drop, and they are currently running at about \$400,000 per year. A net reduction of \$5 million in SBC's charges is expected over the predicted ten-year lifespan of the system. Deducting the initial cost of the system and the proposed agreement will yield net savings of approximately \$3 million.

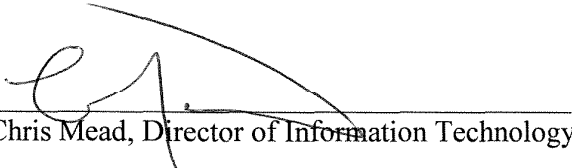
ALTERNATIVE ACTIONS CONSIDERED

In theory, City staff could buy and install replacement parts on an ad hoc basis when equipment fails. However, the potential interruptions to telephone service are judged to be unacceptable. Further, there would be no ceiling to the potential cost.

CONTACT PERSON

Donna LaSala, Deputy I.T. Director.....981-6541

Approved:


Chris Mead, Director of Information Technology

RESOLUTION NO. -N.S.

AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT AND ANY AMENDMENTS WITH NEXUS INC. FOR SPARE PARTS INSTALLATION AND RELATED SERVICES FOR THE PERIOD APRIL 1, 2005 TO JUNE 30, 2007 IN AN AMOUNT NOT TO EXCEED \$120,000

WHEREAS, the City of Berkeley's phone system is essential to the Administration; and

WHEREAS, the warranty of the system has now expired; and

WHEREAS, from time to time, the telephone system will need spare parts and related services that must be delivered and installed in a timely manner.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley authorizes the City Manager to enter into an agreement with Nexus Inc. for a total not to exceed \$120,000 for the period April 1, 2005 to June 30, 2007 (Budget code 010-2701-410-3046, CMS #PRARC). A record signature copy of said agreement and any amendments to be on file in the office of the City Clerk.

