



REPORT TO COUNCIL

RECEIVED
CITY CLERK'S OFFICE
CITY OF SACRAMENTO
2007 DEC 11 P 3:33
City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent

December 18, 2007

**Honorable Mayor and
Members of the City Council**

Title: Contract: Authorize Sacramento Employment and Training Agency (SETA) to Implement Federal E-Rate Program

Location/Council District: Citywide

Recommendation: Adopt a Resolution authorizing SETA to contract for services not to exceed \$1,319,192 to implement the federal E-Rate program and direct the City Clerk to return on certified copy of this request to the Sacramento Employment and Training Agency office.

Contact: Rick Pryor, Fiscal Department Chief, 263-1677

Presenters: N/A

Department: Sacramento Employment and Training Agency

Division: N/A

Organization No: N/A

Description/Analysis

Issue: The SETA Governing Board has approved an action that requires the review and approval of the Mayor and City Council. Section 21 (a) (4) of the Joint Exercise of Powers Agreement states that contracts for goods or services the cost of which exceeds \$100,000 must be approved by the signatories to the Agreement before the goods or services may be obtained.

With the passage of the Telecommunications Act of 1996, the Federal Communications Commission began adding a tax on telecommunication services to provide discounts to schools and library programs. The program, known as the Schools and Libraries Program of the Universal Service Fund, is commonly referred to as E-Rate. Discounts are awarded to eligible schools and libraries depending on the level of poverty and the urban/rural status of the populations served and range from 20% to 90% of the costs of telecommunications, internet services, hardware, software, internal connections and basic maintenance on eligible internal connections. For the past 11 years the eligible entities for E-Rate have included schools, school districts and

libraries. Last year, Head Start programs were added to the list of eligible applicants.

The major benefit of SETA applying for the E-Rate program is that, if qualified, the SETA Children and Families Services Department will receive discounts of up to 90% on all telecommunications (voice and data) and hardware and software purchases made next fiscal year.

SETA was contacted about the E-Rate program in October, 2006 and has completed a Technology Plan, filed a Service Request to publicly notice its intent to put its telecommunication services out for bid, and released a request for proposals to secure a telecommunications equipment and services provider.

On September 6, 2007, the SETA Governing Board approved the release of the Request for Proposals for Telecommunications Services and Equipment and authorized the Executive Director to enter into negotiations with the selected vendor. The deadline for submission of the proposal was October 26, 2007. Seventeen telecommunications companies attended an offerors' conference. Six companies responded to the Request for Proposals including:

1. Digital Telecommunication Corporation (DTC)
2. Nexus IS, Inc.
3. Marketware Technologies
4. Verizon Business Network Services, Inc.
5. AMS.NET, Inc.
6. AT & T

Proposals were reviewed by three teams (Technical, Business, Price) made up of SETA staff and a Telecommunications Analyst from the City of Sacramento.

Two proposals (Verizon and Marketware) were eliminated because they were evaluated as not addressing the core needs of the agency as specified in the RFP. Verizon was eliminated from consideration because they proposed a central office solution. Marketware was eliminated because their proposal contained no call accounting software, no network management, and contained a single point of failure.

Two proposals (AT & T and AMS.NET, Inc.) were eliminated because their prices were too high. AT & T proposed a solution for \$1,989,891 and AMS.NET, Inc. proposed a solution for \$2,074,378.

Of the remaining two viable proposals submitted by DTC and Nexus IS, Inc., staff is recommending entering into negotiations with DTC. DTC has experience working with school districts, has low maintenance costs, included staff training certifications and a telephone help desk, and ranked high in terms of technology and pricing. DTC proposed a solution that would cost \$998,853.

SETA will enter into negotiations with DTC for telecommunications and equipment services in the amount of \$998,853. If negotiations are unsuccessful, SETA staff will then pursue negotiations with Nexus IS, Inc. in the amount of \$1,319,192. If awarded, the vast majority of this contract will be funded by the E-rate discounts.

Policy Considerations: None.

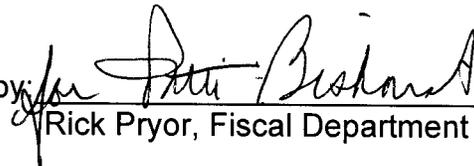
Environmental Considerations: N/A

Rationale for Recommendation: City Council approval is needed due to contract amount exceeding \$100,000.

Financial Considerations: Approval of this recommendation will have no fiscal impact on the City budget. The vast majority (approximately 2/3) of the cost of this contract will be reimbursed by the E-Rate Program. The remaining costs (approximately 1/3) will be funded by grants that SETA currently receives, such as Head Start, Workforce Investment Act, and the Community Services Block Grant. The remaining cost of the contract will be almost entirely offset by reduced operating costs of the new telecommunication system. These savings/reduced costs will continue in future years.

Emerging Small Business Development (ESBD): N/A

Respectfully Submitted by:


Rick Pryor, Fiscal Department Chief

Recommendation Approved:

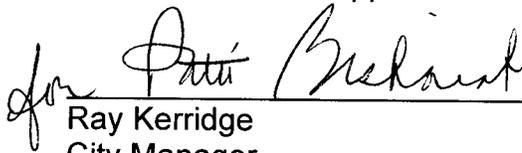

Ray Kerridge
City Manager

Table of Contents:

Report
Attachment 1: Resolution

Pg 1
Pg 4

RESOLUTION NO.

Adopted by the Sacramento City Council

**AUTHORIZE THE SACRAMENTO EMPLOYMENT AND TRAINING AGENCY (SETA)
TO IMPLEMENT FEDERAL E-RATE PROGRAM**

BACKGROUND

- A. The SETA Governing Board has approved an action that requires the review and approval of the Mayor and City Council under Section 21 (a)(4) of the Joint Exercise of Powers Agreement which states that contracts for goods or services the cost of which exceeds \$100,000 must be approved by the signatories to the Agreement before the goods or services may be obtained.
- B. SETA will apply for the Federal E-Rate program which allows the SETA Children and Families Services Department to receive discounts of up to 90% on all telecommunications (voice and data), hardware and software purchases made next fiscal year.
- C. On September 6, 2007 the SETA Governing Board approved the release of the Request for Proposals for Telecommunications Services and Equipment and authorized the Executive Director to enter into negotiations with the selected vendor. SETA will enter into negotiations with DTC for telecommunications and equipment services in the amount of \$998,853. If negotiations are unsuccessful, SETA staff will then pursue negotiations with Nexus IS, Inc. in the amount of \$1,319,192.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. SETA is authorized to contract for services not to exceed \$1,319,192 to implement the federal E-Rate Program and the City Clerk will return one certified copy of this request to the Sacramento Employment and Training Agency office.