

Date: 2/22/2008

Committee Meeting Date: 2/21/2008

Board Meeting Date: 3/6/2008

**BOARD MEMORANDUM**

ACTION ITEM

**TO:** Santa Clara Valley Transportation Authority  
Board of Directors

**THROUGH:** Michael T. Burns  
General Manager

**FROM:** Bill Lopez  
Chief Administrative Officer

**SUBJECT:** CALNET II Agreement for Voice and Data Services

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**Policy-Related Action: No      Government Code Section 84308 Applies: No**

**RECOMMENDATION:**

Authorize the General Manager to execute the CALNET II agreement with AT&T to take advantage of the favorable pricing that the State of California has negotiated for voice and data services (a variety of telephone, internet, and intranet services). Over the length of the five year agreement, along with options for two one-year extensions, it is estimated that the VTA would expend \$3 million for these services. The cost and services covered in this contract were approved in the Fiscal Year 2008 and 2009 adopted budgets.

**BACKGROUND:**

On Dec. 4, 1998, the State of California awarded a 7 year contract to AT&T with three yearly extensions that offered voice and data services to qualifying governmental agencies. This agreement, called CALNET, allowed local agencies to cooperatively order voice and data services at the State's negotiated prices without additional fees. The contract was awarded based on pricing and ability to provide service. In August of 2002, VTA signed on as a CALNET participant to take advantage of the competitive pricing.

Using the combined purchasing power of the State of California and of many California local governments and public agencies, the California State Department of Public Services (DPS) held a competitive RFP process late last year for four categories of telecommunications services. As a result of that RFP, the California State DPS awarded contracts to AT&T for two of the subject services and awarded contracts to Verizon for the other two services. The categories of service that are relevant to VTA are covered by the following two contracts, which were executed on January 30, 2007:

**State of California's Master Service Agreement 1, with AT&T:** For Voice, Data and Video Services

**State of California's Master Service Agreement 2, with AT&T:** For Long Distance and Network Based Services

The State quickly identified that there was little time for agencies to sign the agreement, and extended the original CALNET contract for two years to allow for the agreements between local agencies and AT&T to be signed.

**DISCUSSION:**

VTA staff recommends that VTA sign the CALNET II agreement with AT&T to take advantage of the extremely competitive pricing the state has negotiated. Staff's assessment of the new agreement with the current services utilized by VTA projects a 7% savings over the original CALNET agreement. VTA currently spends approximately \$300,000 per year for voice and data services; signing the agreement would provide for an approximate savings of \$21,000 a year based on current usages. VTA can take advantage of the new reduced pricing by signing this "piggyback" agreement that will provide services for 5 years and offers two one year extensions. VTA is only committed for two years at the end of which VTA may cancel services with thirty calendar days written notice.

**ALTERNATIVES:**

Not signing the contract would require that VTA put out an RFP for these services, and would not have the negotiating power that the combined State and local government agencies agreement provides.

**FISCAL IMPACT:**

Funding for this contract is budgeted for Fiscal Years 2008 and 2009. There will be an approximate 7%, or approx. \$20,000 savings a year, compared to the cost of our current CALNET voice and data services.

**SMALL BUSINESS ENTERPRISE (SBE) PARTICIPATION:**

Based on the limited scope of work and no subcontracting opportunities, no specific goal has been established for this contract. The contractor will be encouraged to make reasonable efforts to utilize SBEs in its procurement of ancillary services and products associated with the performance of this contract.

**STANDING COMMITTEE DISCUSSION/RECOMENDATION:**

The Administration & Finance Committee meeting as Committee of the Whole considered this item on February 21, 2008 and made the following comments:

- Expressed strong support for using the negotiating strength of CALNET and supporting agreements.
- Supported our request to sign the agreement

Prepared by: George Sandoval, Communications Manager