

## City of Garden Grove

### INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal  
Dept: City Manager  
Subject: CALNET II Agreement for Telephone Services

From: Kingsley Okereke  
Dept: Finance  
Date: September 25, 2007

#### OBJECTIVE

To seek City Council approval authorizing the City Manager or his designee to enter into the CALNET II agreement with AT&T California for telephone services.

#### BACKGROUND

The City is currently in the CALNET I contract with AT&T California, which is master five-year agreement with two option years for renewal. The City is currently in the fifth year of the contract, which is due to expire on December 8, 2007. The new agreement, CALNET II, provides the Centrex telephone system, service, maintenance and related services at a 10% lower rate than the current CALNET I agreement.

#### ANALYSIS

The following three (3) options are available to the City:

1. Continue CALNET I services at the current rates, and terms and conditions until the ATO expires. Under the current agreement, the City can elect to continue services under CALNET I for an additional two years.
2. Migrate current services from CALNET I over to the new CALNET II agreement which offers lower rates and an extended line of services. CALNET II is a five-year agreement with a two (2) year commitment period.
3. Notify AT&T to cancel the CALNET I agreement in full and migrate telephone services to a Non-CALNET service provider and pay any applicable cancellation fees.

It is recommended that the City migrate from CALNET I to CALNET II to benefit from the competitive rates, and upgraded features offered such as the improved billing platform for analyzing data to control costs. The City will also benefit from a lower long distance rate. Under the CALNET I agreement, the long distance service was provided by EXPRESS TEL, a secondary carrier. Under the new CALNET II agreement, which now combines the long distance service, a more competitive rate is available to the City.

#### FINANCIAL IMPACT

The financial impact will be an annual cost savings of \$16,250.00 over the current CALNET I agreement.

COMMUNITY VISION IMPLEMENTATION

The migration to the CALNET II agreement contributes to the Well Administered Community element, as outlined in the Strategic Plan adopted by Council, by improving the efficiency and cost effectiveness of providing phone services to the CITY.

RECOMMENDATION

It is recommended that City Council:

- Authorize the City Manager or his designee to enter into the CALNET II agreement with AT&T California for a five-year term.

KINGSLEY OKEREKE  
Director of Finance

By: Sandra Segawa  
Buyer

Attachment: Agreement