

Agenda Item #:

7B-1

PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY

Meeting Date: June 30, 2009

Consent

Regular

Public Hearing

Workshop

Department: Submitted by: Information Systems Services  
Submitted for: Information Systems Services

I. EXECUTIVE BRIEF

**Motion and Title: Staff recommends motion to approve:** A) the following 3-year agreements with AT&T Corporation: "Master Agreement"; "Volume & Term"; "Metro Ethernet"; "Centrex Plan 1"; "Centrex Plan 2"; "Centrex Plan 3"; "Centrex Plan 5"; "Frame Relay"; "Megalink, FlexServe, CrisisLink, PinPoint"; "Primary Rate ISDN"; "Dedicated Internet Access"; "NETVpn"; "Business Network Service", and "Total Revenue Spend Bonus "; and

B) a 5-year agreement with AT&T Corporation for "SMARTRing. All of the AT&T Agreements set to take effect on July 1, 2009.

**Summary:** These agreements, collectively referred to as "The AT&T Agreements", will provide the County with local voice, data, and other communications services for a period of 36 months with the provision for two (2), one (1) year extensions, with the exception of the "SMARTRing" agreement which has a single term of 60 months. These agreements continue to provide the County with high quality voice and data network performance, flexibility in network configuration and provisioning flexibility. An extensive process of negotiations over a two-month period resulted in significant cost savings to the County in comparison to the predecessor AT&T Master Services Agreement.

The AT&T Agreements increase the County's Volume and Term Reward Percentage from 20% to 21% on eligible services. This increase in the rebate percentage, along with cost reductions in individual service components within the AT&T Agreements, will save the County an estimated \$768,990 in communications expenditures in the first year with similar savings in each year thereafter. An estimated \$359,000 in further expenditure reductions will be achieved through the ongoing review and optimization of services currently being conducted by ISS and County agencies. It is estimated that the County will spend \$11,200,000 during the first twelve months of these agreements and the Volume and Term Reward percentage will generate an estimated \$1,200,000 rebate check to the County. Countywide (PK)

**Background and Justification:**  
(Begins on page 3)

**Attachments:**

1. 2 Originals, Master Agreement with AT&T
2. 2 Originals, Single Signature Document covering 14 separate Equipment Schedules and attachments to the Master Agreement (also attached)

Recommended by: Steve Bordecon Department Director Date 6-22-09

Approved by: [Signature] County Administrator Date 6/26/09

**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Capital Expenditures	\$ _____	\$ _____	\$ _____	\$ 0	\$ 0
Operating Costs	\$2,800,000	\$10,080,000	\$9,072,000	\$6,123,600	\$ 0
External Revenues	\$ _____	\$ _____	\$ _____	\$ 0	\$ 0
Program Income (County)	\$ _____	\$ _____	\$ _____	\$ 0	\$ 0
In-Kind Match (County)	\$ _____	\$ _____	\$ _____	\$ 0	\$ 0
<b>NET FISCAL IMPACT</b>	<b>\$2,800,000</b>	<b>\$10,080,000</b>	<b>\$9,072,000</b>	<b>\$6,123,600</b>	<b>\$ 0</b>

# ADDITIONAL FTE  
POSITIONS (Cumulative) 0

Is Item Included in Current Budget? Yes X No \_\_\_

Budget Account No.: Various

Budget account numbers for the AT&T services procured under this MSA are many and varied and these service costs are invoiced to all County agencies through an automated billing program.

**B. Recommended Sources of Funds/Summary of Fiscal Impact:**

**C. Departmental Fiscal Review:**

*Tom St. Paul 6/24/09*

**III. REVIEW COMMENTS**

**A. OFMB Fiscal and/or Contract Dev. and Control Comments:**

*[Signature]*  
6/28/09 OFMB  
6/23/09 CN  
6/22/09

*[Signature]*  
Contract Dev. and Control  
6/24/09

**B. Legal Sufficiency:**

*Paul F. [Signature]*  
Assistant County Attorney  
6/26/09

These Agreements reflect negotiations with AT&T.

**C. Other Department Review:**

\_\_\_\_\_  
Department Director

## AGENDA ITEM OVER 50 PAGES – MAY BE VIEWED IN ADMINISTRATION

### Background and Justification:

(Continued from page 2)

The existing AT&T Master Service Agreement (hereafter referred to as “MSA”) has been in place since July 1, 2002 and is set to expire on June 30, 2009. The AT&T MSA bundles a broad range of telecommunications services including voice and data network circuits, long distance telephone service, and PBX maintenance. AT&T provides 911 services under a separate contract with the Public Safety Department.

The existing AT&T MSA was established as a three-year agreement with options for two 2-year renewals. This agreement was originally negotiated by the County’s Facilities, Development & Operations (FDO) Department in 2002 when the Voice Services Section was part of FDO.

The attached set of successor agreements recommended for Board approval are the culmination of an extensive negotiation process which began more than two months ago. These negotiations were quite complex given the wide range of services covered under the AT&T Agreements and the regulation of service costs by tariffs established by the Florida Public Service Commission. However, the AT&T Agreements provide for a discount on eligible services which reduces the cost significantly below the maximum tariff rates.

The County’s negotiation team included representatives of ISS, the County Attorney’s Office, and the Office of Financial Management & Budget. Every effort was made to present this item during the Board of County Commissioner’s regular meeting on June 16, 2009; however, additional time was necessary to reach a final settlement on terms of the contract. Taking the additional time has proven advantageous to the County. The proposed AT&T Agreements incorporate the following provisions which we believe are favorable to Palm Beach County:

- reduction in the term of the agreement from 5 years to 3 years;
- 1<sup>st</sup> year and recurring annual saving of approximately \$769,000 from special discounts on the specific service categories of PRI, SMARTRing, Megalink, Metro-Ethernet, and Long Distance;
- increase in the Reward Discount Percentage from 20 to 21%;
- reduction in the Annual Revenue Commitment (ARC) from current spending level to \$10,350,000 with ARC in subsequent years based on 90% of the prior year actual spending. The existing contract has an established ARC of \$11,200,000 with the subsequent year ARC based on 100% of the prior year actual spending;
- contractual language that enables the County to discontinue services and or leverage existing County network assets to further reduce costs without incurring undue penalties, fees or other costs; and
- AT&T commits to the continued provision of a multiple person support team to assist the County in its telecommunication initiatives, including continuous review and optimization of services.

An estimated \$769,000 in cost savings will be achieved annually under the new AT&T Agreements.

Additionally, ISS is engaged in a long-term program to systematically review the County’s telecommunications programs with the goal of reducing costs and improving service performance. In addition to renegotiating the AT&T contract, the scope of ISS’ in-house study includes:

- identifying voice and data circuits which are candidates for downsizing or disconnection;
- developing new policies for cell phone administration;
- analysis of air card assignments and overall reduction in numbers subscribed;

**AGENDA ITEM OVER 50 PAGES – MAY BE VIEWED IN ADMINISTRATION**

- planned change for FY 2011 when the funding required for most telecommunications services will be budgeted directly in County departments and agencies to establish direct line responsibility for managing these costs;
- implementing new online call management system which provides County managers and employees with detailed information about telephone usage and costs; and
- exploring with Public Safety the feasibility of leveraging the County's existing network assets to transport 911 calls rather than leasing the 911 network from an outside service provider (currently AT&T).