

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

9148

Agenda Number

43.

Meeting Date:

August 25, 2011

Department:

Purchasing

Subject

Authorize award and execution of a 58-month requirements service agreement through the State of Texas Department of Information Resources (DIR) cooperative purchasing program with AT&T CORP., Dallas, TX, for local telephone and data services in an estimated amount not to exceed \$17,500,000, with five 12-month extension options in an estimated amount not to exceed \$3,500,000 per extension option, for a total estimated contract amount not to exceed \$35,000,000.

Amount and Source of Funding

Funding in the amount of \$291,667 is included in the Fiscal Year 2010-2011 Operating Budgets of various City departments. Funding in the amount of \$3,500,000 is included in the Fiscal Year 2011-2012 Proposed Operating Budgets of various City departments. Funding for the remaining forty five months of the original contract period and extension options is contingent upon available funding in future budgets.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing
Language:

Cooperative Purchase.

Prior Council
Action:For More
Information:

Mick Osborne, Specialist Sr. Buyer/974-2995

Boards and
Commission
Action:

MBE / WBE:

This Cooperative Purchase is exempt from the MBE /WBE Ordinance. This exemption is in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this contract.

Related Items:**Additional Backup Information**

This contract is for local telephone service that provides dial tone to our Private Branch Exchange (PBX) citywide, flow meter circuits for Austin Water and Austin Energy dedicated circuits for ERCOT remote monitoring, which requires Flat Business Line Service (IFL). AT&T is the only provider who can provide the Flat Business Line Service (IFL) to our current installation of 2200 business lines.

AT&T owns the all of the copper infrastructure that provides these services. Contracting with AT&T through DIR allows the City to avoid the additional fees another provider would charge to use the AT&T infrastructure. Our current savings with the new contract will result in a 28 – 58% reduction in the per minute/per usage rate dependent upon the type of service (IFL, PLPA Circuits, DID Services, etc.), being billed monthly.

Our previous services were authorized under the DIR Contract Texan 2000, which expires August 31st. This contract was originally with Southwestern Bell and later assigned to AT&T after their merger. The previous contract was for a 10 year period: \$20.0 million for the initial 5 year period, with \$4.0 million for 5 each 12 month extension option for a grand total of \$40.0 million. The total expenditures for the previous 5 year period for local service was \$12.5 million.

The initial period of 58 months with 5 each 12 month extensions was selected in order to be in alignment with the new DIR contract.

The top five users of this service are AE, AWU, CTM, PARD and Health.