

**LEGISLATIVE DIGEST**

[Agreement Amendment – AT&T - Telecommunications Services - Not to Exceed \$101,433,700]

**Ordinance authorizing the Department of Technology and the Department of Contract Administration to enter into the Second Amendment of an Agreement between the City and AT&T for the City’s telecommunications services by extending the term of the agreement through March 1, 2016, and increasing the total not-to-exceed amount of the agreement to \$101,433,700.**

Existing Law

In 2010, the City entered into an agreement with AT&T for a broad array of telecommunications services. The initial term of the agreement was four and a half years and the City’s agreement is based on the State of California’s CALNET2. The term of the agreement was through August 2014.

Background Information

This Ordinance would authorize the Department of Technology and the Office of Contract Administration to extend the agreement with AT&T through March1, 2016 and increase the not to exceed amount of the original agreement.

The 2010 Contract includes terms that allow the City to purchase services under the best pricing available to other public entities, and allows for a two year extension on the contract. This pricing is based on the service agreements that are attached to the contract as exhibits and include (1) the State of California Calnet 2 agreement; (2) the Western States Contracting Alliance agreement; (3) the San Francisco Airport Sonet agreement; and (4) the Merced County agreement. The Agreement also allows City non-profits to purchase telecommunication services directly from AT&T at the preferred pricing available to the City.

The 2010 Contract has a non-standard insurance provision in Section 15 because the vendor is self-insured. The City is waiving a right to seek incidental and consequential damages and limiting AT&T’s liability to the City in Section 17. These provisions are standard in the industry and it is to include them in the original Agreement in order to receive the other benefits of the contract. The City has agreed to a modified LBE provision in Section 32 because the contract incorporates agreements that were previously negotiated by other public entities. This Amendment makes no changes to these previously negotiated terms.

DT has determined it will continue to purchase services from AT&T under the Calnet 2 Contract for the two additional years permitted under the contract. DT has established a guaranteed maximum amount of 75 million dollars for the 2010 Contract based on: past usage of basic telecommunications services. It needs to increase the not to exceed amount of the

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agreement because of the costs for specific projects currently planned by the Municipal Transportation Agency, the San Francisco Airport, the Department of Technology, the Police Department and the Laguna Honda Hospital rebuild project.

Under the Agreement, there are two additional one-year extensions available upon request by the State of California.