

FILE NO. 100251

1 **[Contract with AT&T for City telecommunications services.]**

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3 **Ordinance approving, retroactively, a contract with AT&T for the purchase of**  
4 **telecommunications services and equipment for a maximum cost of \$75,000,000, for a**  
5 **four and one-half year term beginning on March 1, 2010.**

6 Note: Additions are *single-underline italics Times New Roman*;  
7 deletions are ~~*strikethrough-italics Times New Roman*~~.  
8 Board amendment additions are double underlined.  
9 Board amendment deletions are ~~strikethrough-normal~~.

9 Be it ordained by the People of the City and County of San Francisco:

10 Section 1. The Board of Supervisors of the City and County of San Francisco hereby  
11 finds that:

12 (a) The City 's Telecommunications Contract

13 (1) The City and County of San Francisco currently purchases local and long  
14 distance telephone and data services telecommunications services under a contract with  
15 AT&T (formerly Pacific Bell and SBC), its subsidiaries and affiliates, that the Board of  
16 Supervisors approved on June 19, 2007. A copy of the agreement is on file with the Clerk of  
17 the Board of Supervisors in File No. 070423 (2007 contract). The 2007 contract was to expire  
18 on November 27, 2009, until the City and AT&T extended the contract to February 28, 2010.  
19 The Department of Technology (Department) now seeks approval of a new four year, six-  
20 month contract with AT&T (the 2010 Contract), a copy of which is on file with the Board of  
21 Supervisors in File No. 100251.

22 (2) Under San Francisco Administrative Code Section 21.16, a department may  
23 rely on the results of a competitive solicitation by another department. On September 18,  
24 2008, the Airport awarded AT&T a contract for telecommunications and voice data services  
25 after a competitive bid process. The Department believes it is reasonable to rely on the

1 Airport's competitive bid process because a new competitive bid process would likely not yield  
2 better prices or terms.

3 (3) The Department has negotiated with AT&T to develop an agreement that  
4 combines the most beneficial pricing and terms of the Airport contract with the benefits from  
5 other public entity contracts that the City may purchase under. The 2010 Contract includes  
6 terms that allow the City to purchase services under the best pricing available to other public  
7 entities. This pricing is based on the service agreements that are attached to the contract as  
8 exhibits and include: (1) the State of California Calnet 2 agreement; (2) the Western States  
9 Contracting Alliance agreement; (3) the San Francisco Airport Sonet agreement; and (4) the  
10 Merced County agreement. The contract also allows City non-profits to purchase  
11 telecommunication services directly from AT&T at the preferred pricing available to the City.

12 (4) City agencies, including the San Francisco Public Utilities Commission, the  
13 San Francisco International Airport, and the San Francisco Public Library have entered into  
14 agreements with AT&T to purchase Calnet 2 services. Some of these agreements were  
15 signed after the Board reviewed the 2007 contract, and were not included in the Board's  
16 review at that time. This contract identifies and incorporates these service agreements.

17 (5) The Department expects the total cost of the AT&T contract, including  
18 existing service agreements for individual departments from March 2010 through August 2014  
19 will not exceed seventy five million dollars.

20 (b) Calnet Contract

21 (1) From 2001 to 2007, the City purchased telecommunications services from  
22 AT&T under a competitively bid contract between the State of California ("State") and AT&T  
23 titled the California Integrated Information Network agreement ("Calnet 1 Contract"). The  
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25

1 Calnet 1 Contract allowed local agencies to purchase telecommunications services at  
2 competitive prices using the bargaining power of the State.

3 (2) In 2007, after an extensive competitive bidding process, the State awarded  
4 different parts of the five year Calnet 2 Contract to AT&T (for most services) and to Verizon  
5 (for certain advanced services such as Voice over Internet Protocol), there are two additional  
6 one-year extensions available upon request by the State.

7 (3) Although the City signed a five-year agreement in order to purchase  
8 services from AT&T under the Calnet 2 Contract in 2007, the agreement allowed the City to  
9 cancel the agreement in 2009 without paying any penalties.

10 (4) After reviewing the current pricing offered by AT&T and assessing the City's  
11 telecommunications needs for the next four and one-half years, the Department has  
12 determined that is beneficial for the City to continue purchasing these services from AT&T  
13 under Calnet 2.

14 (c) Airport Contract

15 (1) In 2008, the San Francisco Airport issued a request for proposals in order to  
16 procure basic telecommunications services, as well as additional services it needed for the  
17 Airport that were not available under Calnet 2. At the conclusion of the process, the Airport  
18 selected AT&T to provide these services. The 2010 Contract incorporates the additional  
19 services requested by the Airport and upon approval of the 2010 Contract, the interim  
20 agreement between AT&T and the Airport will terminate.

21 (2) After the 2010 Contract is approved, the Department will review and monitor  
22 expenditures under the Airport's telecommunications agreement in order to assure the City is  
23 not exceeding the contract's guaranteed maximum amount of 75 million dollars, and receiving  
24 the best service options and pricing for all telecommunications services.

1 (d) Approval of Specific Contract Provisions

2 The Master Agreement contains changes to three contracting requirements as set forth  
3 in the Administrative Code. These changes are:

4 (1) Using a non-standard insurance provision (Section 15) because the vendor is self-  
5 insured. The Risk Manager has approved this provision.

6 (2) Waiving a right to seek incidental and consequential damages and limiting  
7 AT&T's liability to the City (Section 17). Such provisions are standard in the industry and  
8 necessary in order to realize the other benefits of the 2010 Contract.

9 (3) Modifying the Local Business Enterprise Utilization provision (Section 32)  
10 because the contract is based on other public entities contracts. The Human Rights  
11 Commission Director's designee has approved this provision.

12 Section 2.

13 Pursuant to Section 9.118(b) of the Charter, the Board of Supervisors hereby  
14 authorizes the Department and the Office of Contract Administration to enter into the 2010  
15 Contract for an amount not to exceed \$ 75,000,000.

16 One year prior to the end of the 2010 Contract, or approximately September 1, 2013,  
17 the Department shall report to the Board of Supervisors on the (a) specific LBEs retained and  
18 the amount of the proposed agreement awarded to each LBE and (b) expenditures incurred  
19 by each City department each year under the 2010 Contract and expenditures each year for  
20 the City as a whole.

1 APPROVED AS TO FORM:  
2 DENNIS J. HERRERA, City Attorney

3 By: Margarita Gutierrez  
4 Margarita Gutierrez  
5 Deputy City Attorney  
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**City and County of San Francisco**  
**Tails**  
**Ordinance**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 100251

**Date Passed:** May 04, 2010

Ordinance approving, retroactively, a contract with AT&T for the purchase of telecommunications services and equipment for a maximum cost of \$75,000,000 for a four and one-half year term beginning on March 1, 2010.

April 27, 2010 Board of Supervisors - PASSED, ON FIRST READING

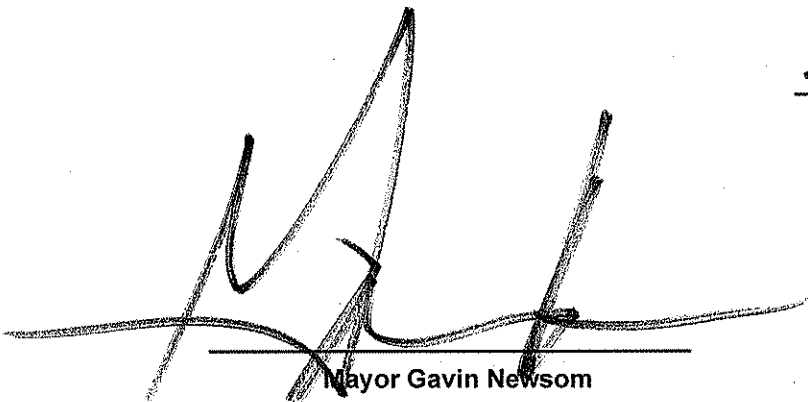
Ayes: 10 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar and Mirkarimi  
Excused: 1 - Maxwell

May 04, 2010 Board of Supervisors - FINALLY PASSED


Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi

File No. 100251

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 5/4/2010 by the Board of Supervisors of the City and County of San Francisco.



\_\_\_\_\_  
Mayor Gavin Newsom



\_\_\_\_\_  
Angela Calvillo  
Clerk of the Board

5/13/2010  
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Date Approved