



Date: June 29, 2022

To: Clerk of the Board of Supervisors

From: Linda Gerull
City CIO, Executive Director
Department of Technology

**Re: Approval of 1st amendment to the citywide Master Agreement with Verizon for Wireless Service and Equipment
Supplier ID: 000008698; Contract ID: 1000017868**

The Department of Technology (DT) manages a citywide master agreement (MA) with Verizon Wireless for the purchase of cellular voice and data services and equipment, leveraging the favorable pricing and terms from the State of California's Integrated Telecommunications Network Program (CALNET) for Cellular Voice and Data Services.

Benefits of the State of California's CALNET Contract:

- 1.) No commitment of spend, quantity or minimum purchase of any kind
- 2.) No fees to terminate service.
- 3.) Includes "Most Favored Nation" clause

Verizon agrees that no other similarly situated public customer of the Contractor or any of its Affiliates will receive rates for a substantially similar Service, or suite of Services, offered under substantially similar terms and conditions that are lower than the statewide rates provided in CALNET contract when the volume of business from the other public customer is equal to or less than the volume of the business delivered under this Contract

The City currently spends an average of **\$4 million** dollars per year under this citywide MA for both service and equipment purchase. Ordering of cellular service and equipment is decentralized and determined by individual departments. DT administers the contract and is responsible for the payment of the citywide cellular service costs. Each individual City department is responsible for the payment of the costs of its ordered hardware/equipment.

DT is seeking approval of an amendment to this agreement that would extend the term of the agreement for four additional years (to June 30, 2027, with options to renew), and increase the not to exceed (NTE) amount to \$30,626,500.00. All pricing and other terms of the MA would remain in effect.

Original Agreement:

Contract Not-to-Exceed Amount: \$9,500,000

Term: June 1, 2020 – May 22, 2023, with two options to renew for a period of two years each.

Contract Rates: CALNET Rates with Verizon

Proposed Modification:

The proposed amendment will extend the term and increase the not to exceed amount.

The existing \$9.5 million NTE amount could be reached by September 30, 2022, nine months before the expiration date of the existing agreement (which CALNET recently extended to June 30, 2023). Since the pandemic started, City departments have authorized more City employees to use city-issued cellular phones than DT anticipated when the MA was entered into in June 2020.

This amendment will:

(1) Extend term by 4 years and 1 month, so that the expiration date will be extended from May 23, 2023, to June 30, 2027. (If CALNET chooses not to extend its underlying contract, the City contract will terminate at the same time.).

(2) Add \$21.1MM to the NTE value, which represents 4.75 years of contract value. This increase consists of two portions:

- a. Nine (9) months of contract value to bring us current with the contract expiration date of May 22, 2023.
- b. Four (4) additional years of net new contract value. DT is projecting an average spend of approximately \$4.52MM/year for the next four (4) years starting in FY23-24.

In conclusion, DT is requesting that the Board approve the First Amendment to the Verizon master agreement.

Thank you for your consideration.

Sincerely,



Linda Gerull
City CIO | Executive Director
Department of Technology