

1 [Contract for the Purchase of Telecommunications Services in Excess of \$10 Million.]

2 **Ordinance approving a contract with AT&T providing for the purchase of a variety of**
3 **telecommunications services at a cost in excess of \$10 million and waiving certain**
4 **requirements of the Administrative Code with respect to the contract.**

5 Note: Additions are single-underline italics Times New Roman;
6 deletions are ~~strikethrough italics Times New Roman~~.
7 Board amendment additions are double underlined.
8 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 and County of San Francisco has been purchasing a bundle of
13 telecommunications services under a contract with AT&T (formerly Pacific Bell and SBC), its
14 subsidiaries and affiliates, that the Board of Supervisors approved on January 26, 2001 for a
15 period of five years ("Telecommunications Contract"). These services include local and local
16 distance telephone service and data services.

17 (b) The principal components of the Telecommunications Contract include a Master
18 Agreement for the Provision, Installation, and Maintenance of Telecommunications Services,
19 originally agreed to on June 30, 1990, and several individual Addenda and Authorizations to
20 Order ("ATOs"), which provide for the purchase of particular telecommunications services.

21 (c) Since 2001, the City has been purchasing these telecommunications services
22 (other than long-distance service) from AT&T under a competitively bid contract between the
23 State of California ("State") and AT&T entitled the California Integrated Information Network
24 agreement ("Calnet 1 Contract").
25

1 (d) The Calnet 1 Contract allows local agencies to purchase telecommunications
2 services at competitive prices using the bargaining power of the State.

3 (e) Even though the Calnet 1 Contract was to expire on December 3, 2005, the State
4 granted two one-year extensions because the State could not timely complete the competitive
5 bidding process for a new California Integrated Information Network agreement ("Calnet 2
6 Contract").

7 (f) On January 19, 2003, the Department of Telecommunications and Information
8 Services ("DTIS") and AT&T entered into an ATO under the Calnet I Contract extending the
9 Telecommunications Contract to a term that is coterminous with the Calnet 1 Contract.

10 (g) A number of City agencies, including the San Francisco Public Utilities
11 Commission, the San Francisco International Airport, and the San Francisco Public Library,
12 have also purchased telecommunications services under the Telecommunications Contract
13 that are not offered under the Calnet 1 Contract. To obtain the best pricing (and with respect
14 to the San Francisco Public Library to ensure e-rate funding from the federal government),
15 those agencies signed three to five-year contracts that extend beyond the term of the Calnet 1
16 Contract.

17 (h) In addition, the City presently purchases long distance services from AT&T under
18 the Telecommunications Contract based on the City's own competitive bidding process.

19 (i) After an extensive competitive bidding process, the State awarded different parts of
20 the Calnet 2 Contract to AT&T (for most services) and to Verizon (for certain advanced
21 services such as Voice over Internet Protocol). The Calnet 2 Contract is now available for use
22 by local agencies to purchase telecommunications services.

1 (j) While the State will require the City to sign a five-year agreement in order to
2 purchase services from AT&T under the Calnet 2 Contract (in the form of ATOs), the ATOs
3 provide that the City may cancel the agreement after two years without paying any penalties.

4 (k) Since January 27, 2006, the City has purchased in excess of \$10 million of
5 telecommunications services from AT&T under the Telecommunications Contract.

6 (l) The City must continue to purchase telecommunications services from AT&T under
7 the Telecommunications Contract in order to ensure the continued provisions of services to
8 meet the City's immediate telecommunications needs without any interruption in service. The
9 City must also pay to AT&T certain amounts presently due and owing to AT&T.

10 (m) The full text of the proposed Amendment No. 3 to Master Agreement and
11 Amendment No. 4 to Exhibit C to the Master Agreement (the "Agreement"), the ATO and
12 Addenda that are still in force and effect, and the ATOs that the City will sign for the Calnet 2
13 Contract, may be found on file with the Clerk of the Board of Supervisors in File No. 070423.

14 (n) The Agreement contains certain changes to some of the City's contracting
15 requirements as set forth in the Administrative Code. These changes include:

16 (1) Using a non-standard insurance provision (Section 15). The Risk Manager has
17 approved this provision.

18 (2) Waiving a right to seek incidental and consequential damages and limiting AT&T's
19 liability to the City (Section 17). The Board of Supervisors finds that such provisions are
20 standard in the industry and that it is in the best interests of the City to include them in the
21 Agreement.

22 Section 2. Pursuant to Section 9.118(b) of the Charter, the Board of Supervisors
23 hereby authorizes DTIS and the Office of Contract Administration to: (i) enter into the
24 Agreement; (ii) pay certain amounts now due and owing to AT&T; (iii) continue to purchase
25

1 services under the Calnet 1 Contract until it expires; (iv) sign the required ATOs to purchase
2 services under the Calnet 2 Contract; and (v) sign a separate agreement to purchase long-
3 distances services if necessary. In addition, the Board of Supervisors ratifies the existing
4 obligations of the City to AT&T under the Addenda attached to the Agreement that were
5 signed by the San Francisco Public Utilities Commission, the San Francisco International
6 Airport, and the San Francisco Public Library.

7

8 APPROVED AS TO FORM:
9 DENNIS J. HERRERA, City Attorney

10

11 By: _____

12 William K. Sanders
13 Deputy City Attorney

14

15

16

17

18

19

20

21

22

23

24

25