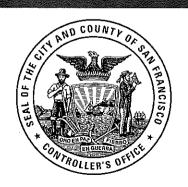
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Analysis of CALNET 3 Rates for Telecommunications Services

CITY & COUNTY OF SAN FRANCISCO



Office of the Controller

City Services Auditor City Performance

Joe Lapka | 01.27.2016

Background

- In 2015 AT&T compared our costs for telecommunications services under its CALNET 2 rates with the estimated costs under its new CALNET 3 rate structure
 - Budget and Legislative Analyst noted that AT&T did not estimate the cost savings if the City were to select a CALNET 3 provider other than AT&T
- Budget and Finance Sub-committee subsequently requested that the City Administrator work with the Controller's Office to compare the prices of other CALNET 3 providers
- October 13, 2015 memorandum from Controller's Office
 - Concluded that AT&T's rates are generally competitive with the rates of other CALNET 3 providers

	Categ	ory 1				
L.1 - Dedicated Trans	sport	1.4 - Long Distance				
• AT&T	 Verizon 	• AT&T	CenturyLink			
1.2 – MPLS, VPN and	Converged VoIP	1.5 - Toll Free				
• AT&T • NWN		• AT&T	Verizon			
IntegraJive	 Verizon 	• CenturyLi	nk			
l.S - Standalone Voll	ng.	1.6 - Legacy Teleco	mmunications			
T&TA = 1	» live	• AT&T				
* Integra	« Verizon					
	Categor	ies 2 - 7				
2 - Network Based Web Conferencing		5 - Managed Internet Services				
∗ AT& f ∗ CenturyLink	* NWN	• AT&T	• Integra			
3 - Metropolitan Are	a Network Ethernet	6 - Hosted IVR/ACE) Services			
• AT&T	Integra	* AT&T	 Verizon 			
 CenturyLink 	ζ	* NWN				
4.1 - SOMET – Ring Connectivity		7 - Network Based Managed Security				
« Integra	« Verizon	TSTA *	» Vertzon			
		» CenturyLi	nk			
L2 - SONET Point-t	o-Paint Connectivity					
	« Verizon					
= listegra		•				

* With the exception of SONET service, which is used solely by the Airport, services shown in gray are not utilized by the City

Extended Call Coverage - US

Switched Access

Allows a Customer to receive toll-

States, the District Of Columbia, the Virgin Islands, and Puerto Rico

free calls from the 50 United

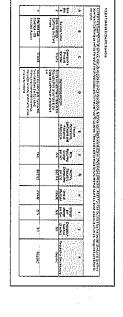
on a switched line.

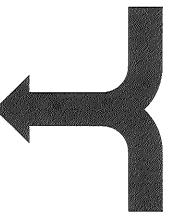
Data and Methodology

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						NET 3 Ca	talogs &	Pricing					
152	4 Toll-Free Domestic S				a Herografia As Nota Horo	d Estepad 		1 / 2 org : 1 / 2	Handesservices	·	E Bersh Construction Construction Construction		
Contranyw anyw the ca	actor's Description of tere in California as wel iller.	Service, înclud as the rest of ti	e required service description, feat to United States and from more than 7	0 countries. These cal	lls will be mad	de to numbers th	at have 8XX a	Free Services the area co	ode which are	recognized as toll free (n o	State	tomoognoogs type - navdlety/ol
Line item #	Feature Name Basic Coverage - California Switched Access	Contractor's Product identifier TFCAS	Feature Description Allows a Customer to receive toll- free calls from anywhere in the State of California on a switched line.	E Feature Restrictions, Limitations and Additional Information	Non- Recurring Charge per item N/A	Monthly Recurring Charge/flem per unit \$0.0149	Unit of Measure minute	Charge per change per Item N/A	J Delegation Needed (Yes/No) No	Required or Discretion Required	lary.		

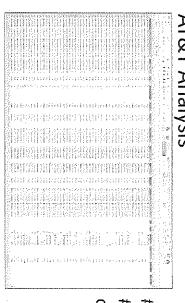
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Data and Wethodology





AT&T Analysis



calls # minutes qty services

OFFICE OF THE CONTROLLER

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МЕМОКАНВИМ

: Ken Bukmyth, Deputy City Administrator — Oriel Financial Officer, Office of the City Administrator Leo Levenson, Deputy Gilector — G'OJCAO, Department of Technology

LEO LEMPROSO, MEDITA MERCOS — OF OF JANUAL, JERDATINECA OF TECHNOLOGY Randle McClure, Project Mandeer, Chy Services Auditor 151 Joe Lagha, Ferformance Analyst, Chy Services Auditor 151

SUDJECT: Analysis of CALJET 3 rates for the City's telecommunications services DATE: October 13, 2015

Monte and Administration

This memorandum is in response to a request from the Boyrd of Supervisors that the City Administrator and the City Administrator of the City Administrator of the Committee's Office entirate the best possible rates for telecommunications reviews under the State of California's integrated Telecommunications interview of the Committee of California's integrated Telecommunications are California's the State of California's integrated Telecommunications are California's the State of California's integrated Telecommunications are California's the Committee of California's integrated Telecommunications are called the California's integrated Telecommunic

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Summary of Findings

Table 1a — Comparison of Estimated Monthly Costs for CALNET 3 Service (AT&T vs Lowest-cost Alternative Providers)¹ [lowest estimated costs shown in bold]

Service Category	Provider	Estimated Monthly Cost for C3 Service	Potential Monthly Savings vs AT&T		
1.1 – Dedicated	AT&T	\$164,990	- 		
Transport ²	Verizon	\$166,800			
1.2 - MPLS, VPN and	AT&T	\$1,231	ÅF4+		
Converged VoIP	Jive	\$718	\$51:		
4.4.1	AT&T	\$9,413	da ca		
1.4 – Long Distance	CenturyLink	\$7,912	\$1,50		
1.5 – Toll Free	AT&T	\$529			
	Verizon	\$611			
1.6 - Legacy	AT&T	\$186,937			
Telecommunications	(no other C3 service providers)		•		
3 – Metropolitan Area	AT&T	\$73,506			
Network Ethernet	[other estimates not available] ³	-	•		
5 – Managed Internet	AT&T	\$11,869			
Services ⁴	Integra	\$10,068	\$1,801		
			Total \$3,815		

Notes: 1. Estimates for service categories 1.1-1.6 are based on billing data from January 2014; estimates for service categories 3 and 5 are based on billing data from December 2014

^{2.} Excludes costs for services not identified in Verizon's product catalog, services identified in AT&T's product catalog for legacy telecommunications, and those not considered by AT&T to be C3 services; see discussion below on pages 10-11

^{3.} See discussion below on page 11

^{4.} Excludes the cost of services offered by AT&T but not Integra, and the cost of service in locations outside of Integra's service area; see discussion below on pages 11-12

Findings (continued)

Table 1b – Estimated Non-recurring Charges for New Service with the Lowest-cost Alternative CALNET 3 Providers

Service Category	Lowest-Cost Alternative Provider	Estimated Non- recurring Charges
1.1 – Dedicated Transport	Verizon	\$741,187
1.2 - MPLS, VPN and Converged VolP	Jive	\$0
1.4 – Long Distance	CenturyLink	\$0
1.5 – Toll Free	Verizon	\$200
1.6 – Legacy Telecommunications	_	₩
3 – Metropolitan Area Network Ethernet		_
5 – Managed Internet Services	Integra	\$10,000

Conclusion

- AT&T's rates are generally competitive with those of the other CALNET 3 providers
- Even where minor cost differences exist, additional considerations may also be pertinent to the selection of the City's telecommunications service providers
 - Time, cost, and resource demands associated with redesigning or reconfiguring systems, networks, or circuits, and installing new infrastructure
 - Cost and logistical complexity associated with avoiding disruptions in service during a transition from one provider to another
 - Differences in the quality or level of service

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