

Agenda Report

August 9, 2010

TO: Honorable Mayor and City Council
FROM: Department of Information Technology
SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH AVAYA INC. FOR TECHNICAL SUPPORT SERVICES AND SOFTWARE

RECOMMENDATION:

It is recommended that the City Council:

1. Find the contract renewal is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3); and
2. Authorize the City Manager to enter into a contract renewal with Avaya Inc. to provide 24/7 technical support services and software for the maintenance of the City's Avaya (formerly Nortel) Telephone and Contact Center Manager (aka Call Center) Systems in an amount not to exceed \$178,698 with an annualized allocation of \$59,566, for the period from August 1, 2010 to July 30, 2013. The proposed contract is exempt from competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services; and
3. Grant the proposed contract renewal an exemption from the competitive selection process of Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interest are served.

BACKGROUND:

The City purchases Avaya Telephone and Contact Center Management system software maintenance and 24/7 technical support annually. With the recent acquisition of Nortel Inc. this past fiscal year by Avaya Inc., the maintenance and support for both products are now combined within one contract instead of two separate contracts, Furthermore, Avaya offers a three-year contract, which guarantees a 20% discount annually.

Avaya Contract Renewal for Technical Support Services and Software

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In the proposed three-year contract, the City would expend \$59,566 for each of the next three years compared to the current one-year contract rate of \$74,880. See chart below for a cost comparison:

	<u>One-Year Contract</u>	<u>Three-Year Contract</u>
Annual Cost	\$74,880	\$59,566
Three-Year Total Cost	\$224,640	\$178,698
Three-Year Savings	N/A	\$45,942

The proposed three-year contract annual cost also represents a 10% annual cost reduction compared to \$66,086 in expenditure for the same service in FY10. Lastly, the City will realize the additional benefits of retaining continuity and expertise for the complex integration and maintenance associated with the City's IVR/IWR (Interactive Voice/Web Response) Systems for which Avaya currently provides maintenance and support.

Avaya is currently completing the remainder of Contract 19,292 for the installation of a replacement IVR/IWR System designed to improve citizen service and reduce the City's costs by providing a sustainable platform. The IVR/IWR system is fully integrated with the City's Avaya Telephone and Contact Center Systems to provide seamless operation and maintenance, and feature-rich functionality. Avaya is also currently completing the last phase of Contract 19,292-1 for the major lifecycle update of the City's Telephone System, which includes integrating the City's Fire Stations into the City's Main Telephone System. Both contracts are scheduled to be completed by FY12, at which time future maintenance and support contracts can follow competitive bidding and purchasing processes.

The City's Nortel (now Avaya) Telephone System was originally installed in 1982. By 1996, the system had undergone lifecycle updates and expansion to provide a centralized phone system for the entire city excluding the City's Fire Stations. Software lifecycle updates were implemented in 2000 and again in 2003. In 2009, the City completed the major lifecycle update of the City's Main Telephone and Contact Center Systems.

COUNCIL POLICY CONSIDERATION:

The proposed three-year contract provides a guaranteed 20% annual discount over a one-year annual contract and a 10% discount over FY10 expenditures, and therefore is consistent with the City of Pasadena strategic planning goal to maintain fiscal responsibility and stability.

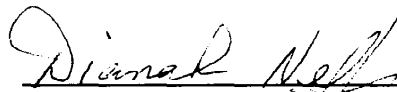
ENVIRONMENTAL ANALYSIS:

The proposed three-year contract does not have the potential for causing a significant effect on the environment and therefore is not subject to the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3).

FISCAL IMPACT:

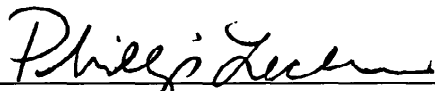
The proposed three-year contract total is \$178,698. The first year funding of \$59,566 is available in the Department of Information Technology fiscal year 2011 operating budget. Subsequent funding for the remaining two annual payments of \$59,566 will be respectively included in the FY2012 and FY2013 Recommended Operating Budget.

Respectfully submitted,



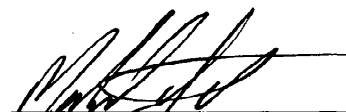
Dianah Neff
Interim Chief Information Officer
Department of Information Technology

Prepared by:



Phillip Leclair
Acting Deputy CIO
Department of Information Technology

Approved by:



MICHAEL J. BECK
City Manager

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

(If printing, please print legibly. Use additional sheets as necessary.)

1. Contractor/Organization Name:	Avaya Inc.
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2. Type of Entity:	<input checked="" type="checkbox"/> non-government <input type="checkbox"/> nonprofit 501(c)(3), (4), or (6)
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3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:	Kevin Kennedy, President & Chief Executive Officer Mohamad Ali, Senior Vice President, Corporate Development and Strategy Steven J. Bandrowezak, Vice President & General Manager, Data Solutions Alan Baratz, Senior Vice President and President, Global Communications Solutions Matthew Booher, Treasurer Jim Chirico, Executive Vice President, Business Operations Pamela Craven, Chief Administrative Officer Chris Formant, Senior Vice President and President, Avaya Global Services Roger Gaston, Senior Vice President, Human Resources Stephen J. Gold, Senior Vice President and Chief Information Officer Joel Hackney, Senior Vice President, Global Sales and Marketing, and President, Field Operations & Avaya Government Solutions Anthony Massetti, Senior Vice President and Chief Financial Officer Tom Mitchell, Senior Vice President, Channel Transformation
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4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:	Sierra Holdings Corporation
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Prepared by: Richard Depsi

Title: Account Manager

Phone: 310 216-3222

Date: August 5, 2010