

Agenda Report

TO: CITY COUNCIL DATE: JANUARY 28, 2008

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO AMEND THE CONTRACT WITH NORTEL NETWORKS, INC. TO PROVIDE LIFECYCLE UPDATES FOR THE CITY'S NORTEL TELEPHONE SYSTEMS

RECOMMENDATION

It is recommended that the City Council:

- (1) Authorize the City Manager to amend Contract Number 19,292 with Nortel Networks, Inc to increase the amount of the contract from \$800,780 to an amount not to exceed \$1,616,465 for the purchase and implementation of hardware and software lifecycle updates to the City's existing Nortel telephone and automatic call distribution (ACD)/call center systems, without competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services.
- (2) Approve a journal voucher appropriating \$522,685 from the Computing and Communications unappropriated fund balance to Capital Improvement Project (CIP) 71127, Information Technology Services Division (ITSD) Equipment.
- (3) Grant the proposed amendment an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049(B), contracts for which the City's best interests are served.

BACKGROUND

The City's Nortel Telephone and ACD/call center systems have reached the end of their useful lives and are in need of hardware and/or software changes (lifecycle updates), which include the replacement of manufacturer discontinued, retired and unsupported components. These changes will ensure the systems remain reliable and serviceable while also keeping pace with technology improvements.

It is in the City's best interest to enter into an agreement with Nortel Network, Inc. to purchase and implement these lifecycle updates because of aggressively discounted pricing as a result of Nortel Contract Number 19,292 for Interactive Voice Response (IVR) and Interactive Web Response (IWR), which was previously approved by the City Council on January 22, 2007. Nortel is currently providing and installing the City's

IVR/IWR system and therefore can devote the necessary local personnel and provide the level of experience, expertise, and multi-system coordination required for the concurrent installation, updating and integration of the City's three major Nortel systems (Telephone, ACD/Call Center and IVR/IWR). Also, the City currently has a contract in place directly with Nortel Network Inc. to provide the highest level of technical support (Tier III technical support).

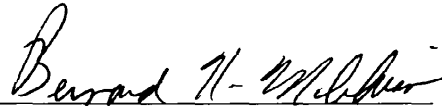
The City's Nortel telephone system was originally installed in 1982. By 1996, the system had undergone lifecycle updates and expansion to provide a centralized phone system for the entire city. Software lifecycle updates were implemented in 2000 and again in 2003.

Since 2004, hardware and software lifecycle updates have been postponed due to incompatibility issues with the City's existing IVR system. The City is now proceeding with the implementation of the new IVR/IWR which requires concurrent installation of the telephone system lifecycle updates to preserve existing functionality. This will also avoid IVR/IWR reprogramming and additional costs if the telephone updates were performed later.

FISCAL IMPACT

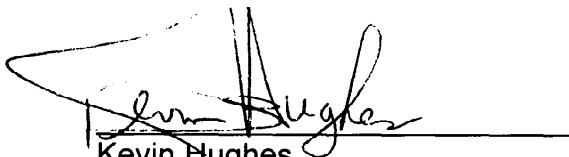
An amount of \$293,000 is currently available in CIP 71127. With the approval of the recommended journal voucher in the amount of \$522,685, sufficient funding for the proposed contract amendment will be available.

Respectfully submitted,



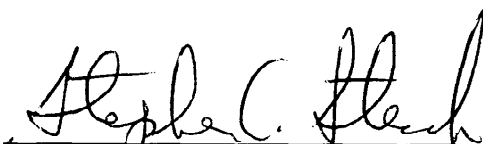
Bernard K. Melekian
City Manager

Prepared by:



Kevin Hughes
Telecommunications Manager

Approved by:



Stephen C. Stark
Director of Finance

Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment of 2000
Pasadena City Charter, Article XVII

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than a 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:

NORTEL NETWORKS INC. A DELAWARE CORPORATION ("NNT")

2. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

<u>PLEASE SEE ATTACHMENT A HERETO FOR A COMPLETE LIST OF NNT DIRECTORS AND OFFICERS.</u>

3. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

<u>NORTEL NETWORKS INC, A DELAWARE CORPORATION IS OWNED BY NORTEL NETWORKS LIMITED, A CANADIAN CORPORATION.</u>

Prepared by: LLOYD I. FERRARO, JR.
Senior Director
Contracts Administration *(Signature)*

Title: _____

Date: 12 SEPTEMBER 2006 08 AUGUST 2007

For office use only: Contract/Transaction No. _____
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If not a contract, type of transaction: _____

Nortel Networks Inc.

August 8, 2007

CURRENT DIRECTORS

Name	Elected	Citizenship	Residence
Sledge , Karen Elizabeth	2006-01-23	USA	USA
Stevenson , Katharine Berghuis	2002-01-18	Canada/USA	Canada

CURRENT OFFICERS

Title	Name	Appointed
President	Sledge , Karen Elizabeth	2006-01-24
Vice-President, Tax	Krebs , Laurie Ann	2002-11-04
Vice-President, Finance	Stout , Allen Keith	2002-11-04
Secretary	LaSalle , William Joseph	2002-11-04
Treasurer	Poe , Kimberly P.	2006-01-24
Assistant Secretary	Davies , Gordon Allan	2005-01-14
Assistant Secretary	Dearing , Joseph F.	2007-08-01
Assistant Secretary	Egan , Lynn C.	1996-10-23
Assistant Secretary	Knudsen , Paul T.	2000-05-24
Assistant Secretary	Morfe Jr , Claudio	2006-05-02
Assistant Secretary	Raphun , Charles Raymond	2007-04-19

Lloyd J. Ferraro, Jr. 08/08/2007

LLOYD J. FERRARO, JR.
Senior Director
Contracts Administration