

Agenda Report

April 24, 2023

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH NWN CORPORATION TO PROVIDE MICROSOFT TEAMS PHONE SYSTEM AND FIVE9 CLOUD CONTACT CENTER IMPLEMENTATION INCLUDING CALLING PLANS WITH TECHNICAL SUPPORT IN AN AMOUNT NOT TO EXCEED \$1,177,697 FOR 26 MONTHS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the recommended actions are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines per Section 15061 (b) (3), the "common sense" provision that CEQA only applies to projects that may have an effect on the environment;
2. Authorize the City Manager to enter into a contract with NWN Corporation to provide Microsoft Teams Phone System and Five9 Contact Center implementation including calling plans with 24/7 technical support for an amount not to exceed \$1,177,697 for a 26-month period through 6/30/2025, which includes a ten percent contingency on the base implementation cost only. Neither competitive bidding nor competitive selection are required pursuant to City Charter section 1002(H), and Pasadena Municipal code section 4.08.049(A)(3), contracts with other governmental entities;
3. Authorize the City Manager to execute future contract extensions in accordance with prevailing pricing through the State of California's CALNET NextGen contract for as long as the City utilizes the Microsoft Teams phone system; and
4. Rescind the contract award in response to specifications for Microsoft Teams Phone System-Cloud PBX Implementation originally awarded to NTT America, Inc. on June 13, 2022, for \$1,881,965.

BACKGROUND:

The Department of Information Technology (DoIT) delivers voice services to employees across forty-two locations within the City limits. Voice services are provided via various

legacy telecommunication systems with multiple generations and types of telephone sets. The current systems have reached their manufacturer end-of-life and support status, and the current maintenance provider offers only best-effort maintenance and support, which can lead to extended down time if issues arise.

Given this current state, DoIT staff researched and reviewed various modern telephony offerings and options. Based on this review, DoIT implemented a Microsoft Teams Phone System solution as a proof of concept, leveraging the existing Microsoft Teams platform, the City-owned fiber network, and existing vendor relationships to deliver Microsoft Teams Phone System services to over one-hundred City employees working both on-site, as well as remote. Thereafter, to secure best pricing and recommendations from vendors, staff issued a Request for Proposals (RFP) in 2022 for implementation of a Microsoft Teams phone system.

On June 13, 2022, the City Council approved a five-year contract in the amount of \$1,881,965 with NTT America, Inc. (NTT) for the implementation of a Microsoft Teams phone system contact center (call centers) and associated systems and services. Unfortunately, after months of negotiations the City and NTT could not come to agreement on satisfactory terms and conditions. Therefore, staff is recommending that the contract award to NTT be rescinded.

As an alternative, staff reconsidered leveraging the CALNET NextGen contract, a competitively bid contract administered by the State, and available for use by any California government agency. The contract is currently used to provision various telecommunications services. Use of this contract was considered earlier in the replacement project; however, staff believed it would be more prudent to issue a RFP to assess the marketplace on services, pricing, and terms.

The costs and terms available in the CALNET NextGen contract are comparable to the results received through the RFP, and as such, present a viable avenue to procure telecommunications services for this replacement project. Additionally, under the CALNET contract there are no term agreements and services can be cancelled at any time. With this in mind, staff solicited two CALNET quotes: one from NWN Corporation (NWN) and another from AT&T that matched the identified requirements in the original RFP.

Staff reviewed both quotes and recommends authorization to enter into a 26-month contract for an amount not to exceed \$1,177,697 with NWN through June 30, 2025, based on their lower overall cost, as well as their ability to provide the City with a single point of contact for all systems and services required. A breakdown of the contract is as follows:

Base Implementation Amount	\$ 199,910.50
Dialing Plan & Maintenance (26 months)	\$ 957,795.00
Contingency Allowance (10%)	<u>\$ 19,991.50</u>
Contract "Not To Exceed" Amount	\$1,177,697.00

The contract with NWN Corporation will include the following services:

Implementation (one-time):

- Planning, design and deployment of Microsoft Teams Phone System
- Planning, design and deployment of Five9 Contact Center solution
- E911 Compliancy Teams integration
- Administrator and user training

Annual Calling Plan and Maintenance Coverage (26 months):

- Unlimited domestic calling with NWN calling through Teams Phone System Cloud Solution
- 24x7x365 customer service

To ensure continuity of service, staff is further recommending authorization for the City Manager to execute future contract extensions with increases in accordance with prevailing pricing through the State of California's CALNET NextGen contract for as long as the City utilizes the Microsoft Teams phone system.

NWN Corporation is an award-winning cloud communications services provider and Microsoft certified partner, based in Exeter, Rhode Island. NWN corporation designs and delivers cloud-based business solutions that enable organizations to easily transition to software-based cloud services. NWN provides a seamless journey from on-premises infrastructure to a modern and secure cloud-based experience while providing a predictable cost model that can be scaled as needed. integrated Microsoft Teams calling using their high quality and reliable voice backbone. Implementation is expected to begin in June 2023 with a phased migration to the new system within the contract term. There are currently no open purchase orders or contracts with NWN Corporation.

COUNCIL POLICY CONSIDERATION:

This proposed contract with NWN Corporation promotes the City Council's goal to improve, maintain and enhance public facilities and infrastructure; to provide a high quality of public service, which adds to the quality of life in the City and increases its attractiveness through more efficient management of resources.

ENVIRONMENTAL ANALYSIS:

The actions proposed herein are exempt from the CEQA pursuant to State CEQA Guidelines Section 15061 (b)(3), the "common sense" provision of CEQA (formerly the general rule), which applies to projects which may have the potential for causing a significant effect on the environment. The proposed action will not result in any new development or physical changes.

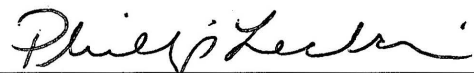
FISCAL IMPACT:

The maximum cost of the proposed contract is \$1,177,697. Funding for this action will be addressed by the utilization of existing budgeted appropriations in Capital Improvement Program project #71165 (DoIT Equipment Lifecycle Replacement FY 2020 - FY 2024) for the one-time implementation cost and year one calling and maintenance plan costs. Annual recurring costs thereafter will be addressed by future budgeted appropriations in the Department of Information Technology operating budget beginning in FY 2025. It is anticipated that \$180,000 will be spent in FY 2023 for a portion of the one-time implementation costs. The remaining amount will be spent over the rest of the contract term.

The following table presents an overall contract summary:

FY2023 Contract Amount	\$ 180,000
Future Contract Amount	\$ 997,697
Total Fiscal Impact	\$1,177,697

Respectfully submitted,


PHILLIP LECLAIR
Chief Information Officer
Department of Information Technology

Prepared by:


for Stephanie Riancho-Rush
Information Technology Project Manager
Department of Information Technology

Approved by:


MIGUEL MÁRQUEZ
City Manager