



Good Neighbors

San Diego
Housing Commission

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REPORT

DATE: For the Agenda of March 23, 2001 **Item 100**

REPORT NO.: HCR01-041

SUBJECT: Award of Contract for Telecommunication System and Related Services

SUMMARY

Issue: Should the Housing Commission acquire a new telecommunications system and related services to increase staff efficiency and improve service delivery to housing program participants and the general public?

Recommendation: That the Housing Commission authorize the Chief Executive Officer to execute a contract with Expanets for the lease and maintenance of a telecommunications system and related start-up expenses, with approval of General Counsel as to form, for a period of five years, in an amount not to exceed \$124,200 in year 1 and \$112,985 in years 2 through 5. Lower payments, as detailed herein, will be required in year 6 and beyond to effectuate the anticipated buyout of the system at the conclusion of the lease contract and to cover the cost of system maintenance. Execution of the proposed agreement will result in enhanced telecommunication services at a lower cost than is available through the current system and provider.

Fiscal Impact: A total five-year lease cost of \$443,500. Beginning with year two of the contract, maintenance costs of \$26,685 per year will be incurred. Local and long distance service will be purchased through the State of California CALNET contract, which provides telephone service to government agencies in California at substantial savings.

Funding for this project is allocated as follows:

Fiscal Year 2001: \$47,181

Fiscal Year 2002: \$101,006

Fiscal Years 2003-2005: \$127,914

Fiscal Year 2006 \$119,783

Fiscal Year 2007 \$68,378

Fiscal Year 2008 \$27,704

Certificate of Funding Availability:

Certificate No.:	01-141
Amount:	\$47,181 (Including 10% contingency)
Revenue Source:	Various
Activity:	Various
Line Item:	Telephone

Equal Opportunity: Expanets is in compliance with the San Diego Housing Commission's Equal Opportunity requirements. Expanets is not a certified Minority, Woman or Disabled Veteran Business Enterprise.

BACKGROUND

The Housing Commission's current telephone system is provided on a rental basis from San Diego Data Processing Corporation (SDDPC). This system is approximately ten years old. In 2000, the staff contracted with Inteliant Corporation, a leading national communications technology consulting firm, to conduct a review of the Housing Commission's telephone system. After interviewing staff from all departments and reviewing internal documentation, Inteliant found that the existing system was not utilizing some of the available technologies, such as Automated Attendant, Call Center, Interactive Voice Response (IVR), Unified Messaging, Caller ID and Call Accounting. In addition, Inteliant found that by terminating the existing agreement with SDDPC, the Commission could realize substantial savings in local and long distance usage costs. Inteliant recommended that the Commission acquire a PBX system with call center capabilities. In addition, Inteliant recommended that the Commission purchase local and long distance services through the State of California CALNET contract, which provides substantially reduced rates to government entities in California.

DISCUSSION

Staff proposes to acquire a telecommunications system that will reduce cost while providing improved service and additional functionality. The major benefits to this system are listed in Attachment 1. It is expected that the Commission will save approximately \$68,929 over five years and up to \$232,122 after seven years (Attachment 3). Ultimately, this system should provide management with the ability to make better-informed decisions and provide services in a more effective manner.

To begin the selection process, staff issued a Request for Proposals (RFP) in November 2000. Notices were e-mailed to seven firms. Additionally, advertisements were placed in the *Daily Transcript*, *Voice and Viewpoint* and *La Prensa*. Six firms submitted proposals that were reviewed and evaluated by a staff committee. The proposals were reviewed for the firms' qualifications and experience, scope of services, and price. Based on the requirements identified in the RFP, one firm was determined non-responsive and another firm did not meet the threshold to be considered a finalist. Three firms, Mitel, Inc., NEC BNS and Expanets were invited to Housing Commission offices to demonstrate their systems.

Following the committee's review of the firms, the proposer ranked highest was Expanets as indicated in Attachment 2. Expanets attained the highest score in the evaluation based, in part, on an analysis of how many of the specifications would be met upon installation; ability to upgrade system to future technologies; vendor qualifications; and total cost of ownership. Expanets is a nationwide organization providing voice and data solutions to more than 100,000 customers throughout the country. The western region of Expanets is headquartered in Valencia, California and they have a fully equipped and staffed office in San Diego. Local customers include the City of Chula Vista, City of National City, San Diego County Water Authority, North Island Federal Credit Union, San Diego Union Tribune, Scripps Clinic and Palomar Health System.

If approved, the system installation will occur within 60 days of contract signing (June timeframe). Expanets included a detailed training and implementation plan with their proposal.

Staff recommends the award of contract to Expanets for the following reasons:

1. This vendor's proposed system solution meets and/or exceeds all of the functional requirements of the Housing Commission.
2. Expanets has a relatively large support facility in San Diego, with additional resources (both parts and personnel) located in Orange County and Los Angeles.
3. Expanets is the largest distributor of NEC telecommunications systems in the United States, supporting more systems than NEC's direct subsidiary: NEC Business Solutions, Inc.
4. Expanets' references – which were large, multiple location clients in the San Diego region – all provided excellent commentary on this vendor's installation and service capabilities.
5. The implementation plan presented in their Response to the RFP was detailed, and well thought out.

Extensive discussions were held with current customers of Expanets that are similar in size to the Commission. These discussions supported the committee's conclusion that Expanets has the product and resources to perform a very successful implementation at the Housing Commission.

Approval of the staff recommendation will facilitate purchase and implementation of the new telecommunications system that will increase efficiency and enhance service delivery to customers.

ALTERNATIVES

Continue existing agreement with San Diego Data Processing Corporation.

Respectfully submitted,

Steven Mikelman
Director of Operations

Approved by,

Elizabeth C. Morris
Chief Executive Officer

**Signature on File
With Original Document**

- Attachments 1) Major benefits of new system
2) Proposal Evaluation Sheet
3) Cost Comparison (Proposed vs. Existing system)
4) Contract Costs – Fiscal Years 2001 - 2008
5) Disclosure Statement

PERLMAN

Attachment 1
Major Benefits of New Phone System

1. Lower cost – the new system will result in savings of approximately \$68,929 over a five-year period and up to \$232,122 over a seven-year period.
2. Transparent network for all users, regardless of site location.
3. Improved Voice mail
 - a. More capacity per user
 - b. Added functionality and flexibility
4. Unified messaging platform which would centralize e-mail, voice-mail and fax.
5. Automated Attendant system - Using a simple menu, this software will route callers to the appropriate telephone number or recorded information without any personal assistance. By providing the answers to common questions via the Automated Attendant, departments can reduce call traffic.
6. Company directory feature capability.
7. Call center/ACD application to improve customer service levels.
8. Interactive Voice Response system (IVR). This system would allow an applicant to check his or her place on the Waiting List.
9. System management features to make changes from any LAN-connected PC
 - a. Commission staff will have the ability to make adds/moves/changes.
 - b. Certification training for SDHC system administrators built into the price.
10. New phone sets with added functionality.
 - a. Caller ID on all employee phones
 - b. Intercom
 - c. Call status information
 - d. Speed dialing
 - e. Speakerphones
11. Eight-party conference capability from any telephone.
12. Truly functional attendant consoles for operators.
13. Call accounting system that tracks all call activities and reports on trunk traffic.
14. Standalone switch at all remote locations. If connection to Newton drops, they are still able to function.
15. Improved service response times (2-3 hours for emergencies and 24 hours for minor issues).
16. The system can be upgraded to utilize “Voice over Internet” technology, which many experts predict will be the future standard technology.

ATTACHMENT 2

Proposal Evaluation Sheet

All organizations responsive to the submittal will be evaluated on the criteria listed below. Each item will be weighted as indicated.

	Avaya	Expanets	Mitel	NEC BNS	Pacific Bell
<u>Weighted Rating</u>					
• System technology/lifecycle (0-30 points)	22	27	23	24	25
• Compliance to RFP terms and conditions (0-20 points)	9	19	13	16	13
• Vendor qualifications (0-30 points)	17	24	21	22	14
• Total Cost of Ownership (0-20 points)	8	15	17	18	4
	56	85	74	80	56

Attachment 3
Cost Comparison
Existing System vs. Proposed System

	Current (SDDPC)					Proposed (Expanets)				
	Installation	Monthly	Year 1	5 Year	7 Year	Installation	Monthly	Year 1	5 Year	7 Year
Network Charges	N/A	\$10,156	\$121,874	\$609,372	\$853,120	N/A	N/A	N/A	N/A	N/A
Lease Cost	N/A	N/A	N/A	N/A	N/A	N/A	\$7,392	\$88,700	\$443,500 ¹	478,077 ²
Maintenance	N/A	N/A	N/A	N/A	N/A		\$2,224	\$0	\$106,740	\$160,110
Pac Bell Line Costs (Est)	N/A	N/A	N/A	N/A	N/A	\$8,683	\$1,307	\$24,367	\$87,102	\$118,469
Total - Equip & Lines	\$0	\$10,156	\$121,874	\$609,372	\$853,120	\$8,683	\$10,922	\$113,067	\$637,342	\$756,657
Local & Long Distance Usage		\$1,925	\$23,094	\$115,472	\$161,660	N/A	\$700	\$8,400	\$42,000	\$58,800
Move Costs/Labor		\$465	\$5,586	\$27,928	\$39,099	N/A	\$0	\$900	\$4,500	\$6,300
Grand Total		\$12,546	\$150,554	\$752,771	\$1,053,879		\$11,622	\$122,367	\$683,842	\$821,757

The lease for the proposed system includes the additional functions listed in Attachment 1. These functions are not included with our current system.

¹ This cost includes fair market buyout estimated at \$34,577 (approximately 12% of system cost excluding labor, shipping and taxes).
² Year 7 total for lease includes Fair Market Value buyout cost.

Attachment 4
Contract Costs
Fiscal Years 2001 - 2008

Fiscal Years 01-08	FY 01 (1 mth)	FY 02	FY03	FY04	FY05	FY06	FY07	FY08	
Lease cost	7,392	88,700	88,700	88,700	88,700	81,308	34,577 ³	-	478,077
Maintenance		2,224	26,685	26,685	26,685	26,685	26,685	24,285	159,934
Move costs/labor		900	900	900	900	900	900	900	6,300
New Facility at Calle Primera	14,500								
Training	5,500								
IVR development	15,500								
	42,892	91,824	116,285	116,285	116,285	108,893	62,162	25,185	
w/ 10% Contingency	47,181	101,006	127,914	127,914	127,914	119,783	68,378	27,704	747,792

³ Fair market buyout estimated (approximately 12% of system cost excluding labor, shipping and taxes).
Fiscal Year 2007 total for lease includes Fair Market Value buyout cost.