



# City of Palo Alto

## City Council Staff Report

(ID # 12138)

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Report Type: Consent Calendar

Meeting Date: 6/21/2021

**Summary Title: Approve CALNET Next Generation Contracts for Wireless and Data Communications**

**Title: Approval to utilize California Dept. of Technology CALNET Cellular Voice and Data Services contract (C4-CVD-19-001-03) with CELLCO PARTNERSHIP D/B/A VERIZON WIRELESS through May 22, 2023 and including possible extension through May 22, 2027, with an anticipated cost of \$350,000 annually; CALNET Data Networks and Communications Services contract (C4-DNCS-19-001-40) with AT&T CORP. through June 30, 2025 and including possible extension through June 30, 2028; CALNET Legacy Telecommunications Voice and Data Services contract (C4-LEG-12-10-TS-01) with AT&T CORP. through January 2, 2026 and including possible extension through January 2, 2029; and CALNET Cellular Voice and Data Services contract (C4-CVD-19-001-04) with AT&T MOBILITY through June 30, 2023 and including possible extension through June 30, 2027, with an anticipated cost of \$300,000 annually**

**From: City Manager**

**Lead Department: IT Department**

### **Recommendation**

Staff recommends that Council approve and authorize the City Manager or their designee to:

- 1) Execute the Authorization to Order forms to utilize the California Department of Technology (CDT) CALNET Cellular Voice and Data Services contract ([C4-CVD-19-001-03](#)) with Cellco Partnership d/b/a Verizon Wireless through May 22, 2023 and including two (2) extensions of two (2) years per extension, provided that CDT exercises such extensions, for a total possible term not to exceed May 22, 2027, at an anticipated cost of \$350,000 annually; and
- 2) Execute the Authorization to Order forms to utilize the CDT CALNET Data Networks and Communications Services contract ([C4-DNCS-19-001-40](#)) with AT&T Corp. through June 30, 2025 and including three (3) extensions of one (1)

year per extension, provided that CDT exercises such extensions, for a total possible term not to exceed June 30, 2028; CDT CALNET Legacy Telecommunications Voice and Data Services contract ([C4-LEG-12-10-TS-01](#)) with AT&T Corp. through January 2, 2026 and including three (3) extensions of one (1) year per extension, provided that CDT exercises such extensions, for a total possible term not to exceed January 2, 2029; and CDT CALNET Cellular Voice and Data Services contract ([C4-CVD-19-001-04](#)) with AT&T Mobility through June 30, 2023 and including two (2) extensions of two (2) years per extension, provided that CDT exercises such extensions, for a total possible term not to exceed June 30, 2027, at an anticipated cost of \$300,000 annually.

### **Executive Summary**

The California Department of Technology (CDT) issued the Next Generation CALNET Cellular Voice and Data Services contract (C4-CVD-19-001-03) with Celco Partnership d/b/a Verizon Wireless, which replaced the National Association of State Procurement Officials (NASPO) ValuePoint California Participating Addendum (NASPO #1907). The City is currently leveraging the NASPO #1907 contract for wireless communication services; however, this contract is expiring, and agencies can no longer utilize this contract. Council had previously approved the utilization on December 2, 2019 ([10811](#)).

CDT also issued the Next Generation CALNET Data Networks and Communications Services contract (C4-DNCS-19-001-40) with AT&T Corp., CALNET Legacy Telecommunications Voice and Data Services contract (C4-LEG-12-10-TS-01) with AT&T Corp., and CALNET Cellular Voice and Data Services contract (C4-CVD-19-001-04) with AT&T Mobility, replacing the soon-to-be-sunsetting CALNET 3 contracts that the City has been utilizing (which Council previously approved on June 22, 2020 ([10163](#))).

### **Background**

The CALNET Next Generation contracts were competitively bid by CDT, and provide the City with discounted pricing, greater service levels, protective terms and conditions, and dedicated account representatives. Approximately \$350,000 annual expenses are expected for cellular communications and \$300,000 for data communications.

### **Discussion**

Staff performed an analysis of the Next Generation CALNET contracts and the new NASPO replacement of the retiring NASPO contract for cellular services. The State of California decided not to pursue a participating addendum for the new NASPO contract, focusing instead on CDT CALNET contracts. Given the benefits of the CALNET contracts detailed in this staff report, the City chose the CALNET contracts for City services.

Comparison chart between NASPO and Next Generation CALNET for wireless services:

<b>Wireless</b>	<b>New NASPO Contract Price Per Month</b>	<b>Next Generation CALNET Price Per Month</b>
<b>Consumption Rate Plan (per minute rates)</b>	Not available	\$0.06/per minute
<b>Unlimited Data</b>	\$39.99	\$38.94
<b>Support Provided</b>	Government Enterprise Advisor, Major Account Manager, 1- 800 Number	Government Enterprise Advisor, Major Account Manager, 1- 800 Number
<b>Plan rate changes moving to new contract</b>	Existing plans remain the same	Existing plans remain the same
<b>State of California procurement</b>	No – Utah is the lead state. Bound by Utah state law	Yes, available for local agencies and jurisdictions to leverage

CALNET contracts provide robust, reliable, and high-availability telecommunications services at special rates. CALNET offers awarded contractors a more extensive customer base than any other qualified government purchasing vehicle in California, encouraging contractors to provide better services at lower pricing and more favorable terms, conditions, and Service Level Agreements (SLAs). The City's bid process, per Palo Alto Municipal Code section 2.30.360(j), allows the use of intergovernmental cooperative purchasing agreements. CALNET contracts are spearheaded by the CDT which competitively solicits the services and uses the State's considerable bargaining power to negotiate favorable services, pricing and terms for state and local public entities to use with the providers CDT contracts with. City staff received pricing proposals from Verizon and AT&T for the contract years covered by these contracts.

**CALNET benefits:**

- Cost-effective, reliable services
- Competitively bid
- Industry-standard or better Service Level Agreements
- Excellent customer support
- No term commitment for standard catalog priced services
- Terms and conditions that are protective of the public entity

The City currently has an account with Verizon Wireless for cellular services with the IT Department as the master account. Sub-accounts are created under the master account for each city department as necessary based on department usage. Each city department is responsible for the payment of its respective invoices each month. There are also a few wireless accounts using AT&T, predominately used for public safety. Will move the public safety accounts to the new CALNET Next Generation contract. There

are over 700 cellular devices in use by the City.

Cellular communications include:

1. Cell phone access and data plans
2. Mobile hotspots and hardware (tablets, phones, accessories, etc.)
3. Device account management
4. Integrated Mobile Device Management (MDM) services that will support, manage, and secure devices.

For data communications, the City utilizes AT&T services. Data communications include:

1. Core Services: voice and data services such as business access lines, central office trunks, and T1s
2. Long Distance Service: voice network services and inter-state and international calling.
3. Dedicated Account management
4. Telecommunication hardware

These services ensure continued communication across all City services and operations including public safety and utilities. If not approved, this would significantly inhibit the City's ability to deliver critical services 24/7. A solicitation specifically completed by Palo Alto is an alternative, however, would likely result in the same or increased cost due to a smaller share of the market and would require staff resources to execute the procurement process. This cooperative contract is an efficient use of resources in compliance with the purchasing code to ensure continuity of services and at a reasonable and appropriate price.

### **Resource Impact**

The recommendations in this report are not anticipated to have any additional resource impact. The annual cost of these contracts, citywide, is estimated to remain at approximately \$350,000 for cellular communications and \$300,000 annually for data communications. Funding for these contracts is included in the FY 2022 Operating Budget, scheduled for City Council adoption on June 21, 2021. Funding for FY 2022 and beyond is subject to City Council approval of the annual appropriation of funds through the annual budget process.

### **Stakeholder Engagement**

The CALNET Next Generation contracts are a California State contract that was competitively bid and allows local governments to leverage the State's competitive telecommunication rates and savings.

### **Environmental Review**

Approval of this contract does not constitute a project under the California Environmental Quality Act (CEQA); therefore, no Environmental Assessment is required.