

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Motion to Authorize the City Manager to Execute a Contract with Sprint/Nextel to Maintain a Minimum Level of Service for a Two Year Period.
DEPARTMENT:	Finance
PRESENTED BY:	Debbie Tarry, Finance Director Tho Dao, IT Manager

PROBLEM/ISSUE STATEMENT:

Cellular phone and blackberry services are provided to the City through Sprint/Nextel. Normally a service contract would not be required for this service, but it is anticipated that the cost will exceed the City Manager's purchasing authorization level of \$50,000 a year. As a result, the City's purchasing policies require Council to authorize the City Manager to sign a contract for cellular telephone service with Sprint/Nextel.

Sprint/Nextel has agreed to provide the infrastructure to boost its signal within City Hall in return for a two year contract. Sprint/Nextel is requiring a commitment of 56 devices (cell phones, blackberries, and modem cards) which equates to approximately \$60,500 plus taxes and fees for a two year period. The City actually anticipates spending \$128,000 over a two year period, which includes fees and taxes, since we currently use 147 devices to meet the City's needs.

As a result of negotiations with Sprint/Nextel, the City has been able to obtain very favorable pricing, which is significantly below the cost that had been anticipated in the 2010 budget. The 2010 budget includes \$85,000 for cellular phone and blackberry services, which would equate to \$170,000 for a two year period. Based on the pricing that we have been able to obtain from Sprint/Nextel (\$64,000 annually), staff anticipates the actual cost will be at least \$40,000 less for the two year period, \$20,000 annually, than originally anticipated.

In 2009 the City has spent approximately \$78,500 for cellular phone and blackberry services. The projected cost of \$64,000 for 2010 is \$14,500 less than was spent in 2009.

BACKGROUND

The City provides cellular phones and blackberries for a variety of personnel including, law enforcement (King County does not provide cellular phones through their contract), senior management, mobile workers such as the Customer Response Team (CRT), maintenance workers and building/construction inspection staff, and first responders.

Currently the City has 147 devices comprised of 37 BlackBerry units, 101 cell phones and 9 data modem cards for mobile laptops. The City's cell phone policy allows personal calls but requires employees to reimburse the cost of these calls.

When staff moved into the new City Hall building we discovered that the Nextel cellular signal was very weak due to the type of construction of the building. In many cases there was no signal making the phones inoperable. The problem is especially acute for those located on the first and second floors of the building. When we brought this to the attention of Sprint/Nextel, they acknowledged the problem and suggested that the company install external and internal antennas as well as other equipment to boost the signal level and increase the reception throughout the facility. However, to recoup their investment, they require the City to commit to a minimum level of service for a two year period.. The proposed minimum level of service requires that the City maintain at least 56 phones with a minimum monthly charge on each phone of no less than \$47. On an annual basis, this equates to \$31,584 plus taxes.

Without the signal boosting solution, many of the City issued cellular phones/blackberries will not be able to receive incoming calls or be notified of new voice mail messages, especially for those occupants who reside on the first and second floors of City Hall. This includes many of the City's mobile workers in Planning, Public Works and Community Services.

ALTERNATIVES ANALYZED:

Since Sprint/Nextel requested a two year commitment for a minimum of 56 devices, staff conducted an informal test of various cellular plans' network reception to see if either there was a plan and/or device which would work in the new building without retrofitting. The result was that there is only one carrier (T-Mobile) with a signal strong enough to meet our needs. This signal strength is due to the location of their cellular tower on the roof of the old City Hall building a few hundred feet away from the new City Hall building.

Staff also experimented with various handsets and devices to determine whether an alternative device could mitigate the signal loss from Sprint/Nextel. This did not provide satisfactory results. Consequently, staff conducted an informal user need assessment to review whether Sprint/Nextel continued to meet the functional needs of City staff, including mobile workers and law enforcement personnel.

Push-to-Talk (PTT) feature: When the City first evaluated cellular plans for the City's first responders, one of the major requirements was the interoperability with other public safety agencies via both regular cellular calls and walkie-talkie capability which is accomplished through the PTT feature. We have three workgroups in the City who rely on the PTT features of their phones: the Customer Response Team, the Public Works Operations teams and the City's Police Department. Based on the need for PTT, only two carriers can meet the City's needs, Sprint/Nextel and Verizon.

The financial analysis below compares the cost between these two carriers to meet the City's needs. The analysis has to extrapolate some information due to the non-standard configuration of available plans. As an example, not every plan offers the same amount of shared minutes per phone; some plans include unlimited data

transmission where others charge by kilobytes. The result of the analysis shows that Sprint/Nextel offers a slight cost advantage.

Nextel				Verizon			
Current Rate Plans	Units	Cost each	Total	Current Rate Plans	Units	Cost each	Total
WSCA 400 Blackberry Plans	37	\$49.99	\$1,849.63	Blackberry Plans	37	\$52.31	\$1,935.47
Business Essentials Add On	95	\$25.00	\$2,375.00	Cell Phone Only*	101	\$34.04	\$3,438.04
Business Essentials 1000	5	\$59.99	\$299.95				
Stand By - Penny Plan	1	\$0.01	\$0.01				
Connection Cards	9	\$43.00	\$387.00	Connection Cards	9	\$44.99	\$404.91
Total Access and Related Items Monthly			\$4,911.59	Total Access and Related Items Monthly			\$5,778.42

In addition to the direct charges for service there are taxes and fees charged by both companies. Taxes and fees approximate \$400 per month. Over a two year period the City anticipates that the total cost for the Nextel/Sprint Service will be \$128,000, or approximately \$64,000 annually.

FINANCIAL IMPACT:

Sprint/Nextel has agreed to provide the infrastructure to boost its signal within City Hall in return for a two year contract. Sprint/Nextel is requiring a commitment of 56 devices (cell phones, blackberries, and modem cards) which equates to approximately \$60,500 plus taxes and fees for a two year period. The City actually anticipates spending \$128,000 over a two year period, which includes fees and taxes, since we currently use 147 devices to meet the City's needs. As a result of the negotiations with Sprint/Nextel, the City has been able to obtain very favorable pricing, which is significantly below the cost that had been anticipated in the 2010 budget. The 2010 budget includes \$85,000 for cellular phones and blackberries, which would equate to \$170,000 for a two year period. Based on the new pricing information from Sprint/Nextel, staff anticipates the actual cost will be at least \$40,000 less for the two year period, \$20,000 annually, than originally anticipated.

RECOMMENDATION

Staff is requesting that the City Council authorize the City Manager to execute a contract with Sprint/Nextel to maintain a minimum level of service for a two year period in the amount of \$128,000 for City cellular phone, blackberry, and modem card services.

Approved By: City Manager  City Attorney

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