



NAPLES CITY COUNCIL AGENDA MEMORANDUM

Regular Meeting Date: September 16, 2009

Agenda Section: Regular	Prepared By: Steve Weeks, Technology Services Director Date: September 2, 2009	Department: Technology Services
Agenda Item: 15	Legislative <input checked="" type="checkbox"/>	Quasi-Judicial <input type="checkbox"/>

SUBJECT:

Award a contract to Selpan Interactive for the installation of a new telephone system (\$264,100) and award of a service agreement with NuVox (\$38,268.60) to provide local and long distance telephone service.

SUMMARY:

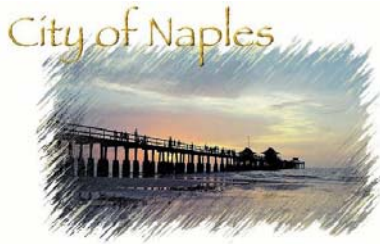
City Council is asked to award a contract to Selpan Interactive for the installation of a new telephone system (\$264,100) and award a service agreement (\$38,268.60) with NuVox to provide the required network access for local and long distance telephone service. City Council is also asked to consider a resolution to amend the FY 2008-09 Budget to allocate \$264,100 from the Technology Services Fund Balance.

BACKGROUND:

Staff recommends replacement of the existing telephone system in order to enhance reliability and to reduce communication expenses by approximately \$100,000 per year. The estimated pay-back from the required investment is about three years.

The City's current telephone system was originally installed in early 2001 and was subsequently upgraded by Embarq mid 2007. The system's main PBX switches are located at City Hall and the Police and Fire Building with sub-cabinets located at various other buildings. The two main PBX switches are connected via an Embarq provided T1 point-to-point line. When the connection fails, for whatever reason, voicemail becomes unavailable to City Hall and four digit dialing is inoperable. This, along with other issues, has happened on a fairly regular basis. There have also been hardware failures in both locations. The system is maintained by Embarq and is manufactured by Nortel, who has filed for bankruptcy. All phone relocations, additions, or changes (MAC) are billable by Embarq. For locations not connected to either of the two PBX switches, phone service is provided by Embarq via Centrex lines. Locations include all of the recreation centers, Water Plant, Fire Stations 2 and 3, Pier, Lowdermilk Park, both parking garages, City Dock and various irrigation system points. All service calls to those locations are billable.

Selpan Interactive, a Naples-based firm, was asked to review the City telephone system and make recommendations. Following a detailed review, inventory and location of telephonic equipment, Selpan Interactive offered a proposal to modernize the system and significantly reduce annual expenses. The proposed system is a Voice Over IP (VOIP) system running on a Microsoft Windows Server using Vertical's TeleVantage software. The server will reside in the City's main computer center and will be connected via a separate fiber optic link to City Hall. Service will also be provided to all recreation centers and provisions have been made to link the water plant via fiber-optic lines. Other network upgrades are also included. The proposed VOIP system reduces or eliminates the need for service for relocation, additions, or other changes since the computer based system can be managed by Technology Services staff. The system offers simplified billing, enhanced management reports, monitoring of phone usage, and integration of computer work stations and the office telephone.



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The total cost of the installation, upgrades, server, software, network switches, fiber and network upgrades, telephones and training is \$264,100. Maintenance after the first year would be \$6,000 per year with a 24/7/365 response to technical issues.

Selpan Interactive has recommended the selection of NuVox as the provider of local and long distance telephone service. NuVox is one of the largest competitive local voice and data exchange carriers in the southeast United States. They provide service to a number of Florida municipalities including Marco Island, Bradenton, Daytona Beach and Jacksonville Beach. They provide local management, technicians and customer service 24/7/365 and their network runs on very reliable hardware manufactured by Cisco. Current ongoing costs with Embarq total \$144,588 annually. NuVox's proposed ongoing costs (based on Embarq's telephone bills) are estimated to be \$38,268.60 annually which would save the City just over \$100,000 a year. Further savings may be realized. There will be a one-time cost for early termination of our current maintenance agreement with Embarq of 50% of the remainder of the contract term (less than \$12,500).

Section 2-666 (7) of the City Code provides exemptions for competitive bids or proposals, *"For telecommunications systems and information technology, including data processing equipment, systems software, and reproduction equipment"*.

The recommendation to contract with the two firms is not based on a competitive selection process. The City Manager is familiar with Selpan Interactive in that they were selected to provide a new telephone system during tenure with the City of Marco Island, following review of several systems. A local firm and local representation, demonstrated follow-up support, and reliable equipment, and substantially reduced costs are the reasons for the recommended awards. According to Marco Island staff, the system and support provided by Selpan Interactive and NuVox are exceptional.

The Blue Ribbon Finance Committee suggested to City Council that use of fund balance for capital projects or other expenses be considered that result in lower operating expenditures. The proposed replacement of the telephone system with entirely new technology is a means to allow an impressive return on the investment. Sufficient funds are available in the Technology Services Fund Balance to pay for the new system.

FUNDING SOURCE:


Technology Services unrestricted net assets and a budget amendment in the amount of \$264,100.

RECOMMENDED ACTION:

Award a contract to Selpan Interactive for the installation of a new telephone system (\$264,100); award a contract to NuVox to provide local and long distance telephone service for \$38,268.60 per year. Adopt a Resolution to amend the budget to allocate \$264,100 from Technology Services Fund Balance.

Reviewed by Department Director
Steve Weeks

Reviewed by Finance
Ann Marie Ricardi

Reviewed by City Manager
A. William Moss 

City Council Action: