



# City of Galveston

## DEPARTMENT OF INFORMATION TECHNOLOGY

### STAFF REPORT

March 28, 2019

To: Brian Maxwell, City Manager  
Honorable Mayor and City Council

From: Hope Dean, Executive Director & Chief Information Technology Officer

RE: Staff recommends City Council enter into an agreement with the Texas Department of Information Resources (DIR) utilizing the State's TEX-AN contract for the purchase of long distance service.

#### **BACKGROUND**

In addition to the being charged with providing a modern, progressive, and stable computing environment for the City's computing and electronic needs the IT department provides oversight for voice communication technology. The City has historically utilized AT&T for its voice communications provider.

The City utilizes several on premise components for phone service from AT&T and has done so for an undetermined period of time. Services range from standard Plain Old Telephone Service (POTS), Voice over Internet Protocol (VoIP), Direct Inward Dial numbers (DIDs) for the City's main phone system, and long distance service. These services make up critical and essential items that allow for communication to constituents and businesses, as well as, communication to core city infrastructure that provides the backbone for many essential services.

#### **CURRENT SITUATION**

1. The City of Galveston uses AT&T for its phone service, including long distance service. Staff completed a review of the City's long distance service for calendar year 2018 and determined the average monthly use is between 50 and 60 hours.
2. The Department of Information Resources offers an expansive portfolio of voice and data service through its TEX-AN contract. One of the services offered through the TEX-AN contract is AT&T long distance. Further, The State of Texas is capable of offering agencies highly competitive rates and service levels that are more favorable than would typically be negotiated at the agency level due to volume pricing. The state rate for AT&T long distance service is as follows:



TEX-AN NG LONG DISTANCE RATES				
AT&T	Ded Orig - Ded Term	Ded Orig - SW Term	SW Orig - Ded Term	SW Orig - SW Term
<b>OUTBOUND SERVICES</b>				
INTRA-LATA	\$0.01456	\$0.01792	\$0.01792	\$0.02576
INTER-LATA	\$0.01456	\$0.01792	\$0.01792	\$0.02576
INTERSTATE	\$0.01456	\$0.01792	\$0.01792	\$0.02576
CANADA	\$0.03472	\$0.03472	\$0.03920	\$0.03920
<b>INBOUND SERVICES</b>				
	<b>Dedicated</b>		<b>Switched</b>	
800 - IntraState	\$0.01568		\$0.02576	
800 - InterState	\$0.01568		\$0.02600	
CANADA	\$0.06149		\$0.08366	
<b>DIRECTORY ASSISTANCE PER CALL</b>				
INTRASTATE	\$0.401			
INTERSTATE	\$0.502			
CANADA	\$2.790			

- The City has the ability to reduce its long distance service fees by entering into a contract with the State of Texas Department of Information Resource utilizing the TEX-AN negotiated contract rates which would not require that the City switch service providers and would reduce per minute charges to a fraction of current rate structure. The State contracted rates would result in significant per minute rate reductions in many cases exceeding 99 percent. For example some in-state long distance calls are currently billed at \$3.45 per minute, this same call under that DIR contract would be reduced to less than 3-5 cents per minute (or fraction thereof).
- The agreement for long distance service with the state can be terminated with 60 day noticed without termination fees.

### **ISSUES**

- The City of Galveston is currently not under contract for its long distance service and is paying non contract rates.
- The City has the opportunity to lower its long distance fees by moving its service under the TEX-AN state negotiated AT&T contract rates.

### **ALTERNATIVES**

- Approve an agreement with the State of Texas for long distance service utilizing pre-negotiated TEX-AN contract rates;
- Do not approve the agreement; or
- Issue a Request for Proposal (RFP) for long distance service. However, it is not expected that the City would be capable of achieving lower rates since the State negotiated rates are based on a high volume than would be used by the City of Galveston.

**RECOMMENDATION**

Approve an agreement with the State of Texas for AT&T long distance service utilizing pre-negotiated TEX-AN contract rates.

**FISCAL IMPACT REPORT**

Requested by:	Hope Dean Chief Information Technology Officer
Funding Source:	Cost reduction across all department budgets
Costs of implementation:	\$ None