



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Bruce Moe, Finance Director
Dick Warner, General Services Manager (Interim)

DATE: June 17, 2008

SUBJECT: Consideration of a Three-Year Agreement with Verizon California, Inc. to Provide CentraNet Telephone Service for Approximately \$13,200 Annually.

RECOMMENDATION:

Staff recommends that the City Council: a) waive formal bidding per Municipal Code Section 2.36.140 (waivers) and b) approve a three-year agreement with Verizon California, Inc. to provide CentraNet Service at an estimated annual cost of \$13,200.

FISCAL IMPLICATION:

The current annual cost to the City for this service is approximately \$13,200. This new agreement, while not reducing the current cost, will continue the favorable rates the City now enjoys and protect against any danger of reverting to tariffed rates, which could double current costs. This is a multi-year agreement; therefore, adequate funds will be budgeted in future years.

BACKGROUND:

The new agreement will replace the current agreement with Verizon, due to expire in June 2008. The agreement covers outgoing telephone lines (incoming are under a different plan). These phone lines are used to channel all outgoing calls, including those needed when the Reverse 911 system is activated. In addition, some lines are used to provide fire alarm and irrigation line monitoring at outlying locations. Eighty-eight lines are involved.

DISCUSSION:

In 2005, Verizon offered the City a new plan with a more favorable pricing structure specifically tailored for governmental entities. The new plan, which required a three-year agreement, reduced the City's telephone service costs by \$1,320 annually. It also saved the City approximately 50% from non-contract tariff rates.

While Verizon is the traditional local telephone carrier for most of Manhattan Beach, telephone service is now available from a variety of carriers and resellers. However, any change from the established carrier for this vital function will require extensive analysis and evaluation before considering an alternative to a proven service provider. Until such analysis is accomplished, staff

believes it is in the City's best interest to enter into a new three-year agreement with Verizon. This will provide the City with continued stable and reliable service for the phone lines, while also locking in lower rates than those the City would receive without such agreement.

The rates under the new plan are negotiated by Verizon with the State of California Department of General Services and approved by the California Public Utilities Commission. Because this is a negotiated rate structure and not formally bid, staff is requesting Council waive formal bidding per Municipal Code Section 2.36.140 (waivers).

Staff recommends that Council authorize the City Manager to sign a new three-year agreement with Verizon for CentraNet service. Entering into this agreement does not preclude staff from continuing to search for more cost-effective avenues since the agreement has provisions that allow for cancellation.

Attachments: A. Agreement between Verizon California, Inc. and the City of Manhattan Beach

AGREEMENT

This Agreement is entered into between Verizon California Inc. in its capacity as an incumbent local exchange carrier (Verizon), located at 112 Lakeview Canyon Road, CA501LB, Thousand Oaks, California 91362, and City of Manhattan Beach (Customer) located at 1400 Highland Avenue, Manhattan Beach, CA 90266. Verizon and the Customer are each individually referred to as "a Party" and collectively referred to as "the Parties".

In consideration of the mutual covenants and promises contained herein, the Parties hereto agree as follows:

1. **Services.** Verizon shall provide to Customer CentraNet® Service (the Service) at the rates, charges and terms set forth in this Agreement and in Attachment A, which are collectively referred to as "this Agreement". All facilities furnished by Verizon under this Agreement shall remain the property of Verizon.
2. **Term.** The term period shall be for three (3) years from the in-service date.

Unless notified by Customer to cease delivery of Service upon expiration of this Agreement, the Service will revert to tariffed rates, if there is a tariffed rate available, and no new contract for the Service has been executed by the Parties. Service will be disconnected as of the expiration date of this Agreement if there is no tariffed rate available.

If Customer indicates to Verizon in writing that it desires to negotiate a new contract to continue the services provided for herein, this Agreement shall automatically be extended for a period not to exceed sixty (60) days from the end of the initial term to allow the Parties to finalize a new Agreement. Written notice must be provided by Customer at least thirty (30) days prior to the end of the original termination date.

3. **Effective Date.** This Agreement shall be effective when executed by both Parties and will be filed with the California Public Utilities Commission (Commission).
4. **In-Service Date.** The in-service date for the Service shall be June 26, 2008, the date following the expiration of Customer's current agreement, provided that this Agreement is fully executed and effective as of that date. If this Agreement is not fully executed and effective as of June 26, 2008, the in-service date shall be the date following the Effective Date on which one of the Services is available for Customer's use at one of Customer's locations.
5. **Commission/Tariffs/Other Applicable Charges.** This Agreement shall at all times be subject to such changes or modifications by the Commission as the Commission may from time to time direct in the exercise of its lawful jurisdiction.



This Agreement is subject to allowable federal, state and local surcharges and taxes.

This Agreement is governed by and subject to the terms and conditions contained in applicable Verizon tariffs, including Verizon's tariff rules on late payment charges, unless such tariffs are expressly inconsistent with the express terms of this Agreement, in which case the terms of this Agreement shall apply.

6. **Payment.** Customer shall be responsible for payment of all rates and charges from the in-service date of the Service notwithstanding any delay in the issuance of bills for services provided. Any back billing limitations applicable to Verizon's tariffed services (including, but not limited to, those currently contained in Rules 10 and 11, Schedule Cal. P.U.C. No. D&R) do not apply to this Agreement.

7. **Access.** Verizon and its authorized employees and contractors shall have the right of ingress to and egress from the Customer's premises where its facilities are installed in order to provide the Service, in accordance with Customer's reasonable security procedures.

8. **Default.** If Customer defaults in the payment of any amounts due hereunder, or violates any other provision of this Agreement, and if such default or violation is not cured within thirty (30) days after notice thereof from Verizon, Verizon may terminate this Agreement forthwith without any liability on the part of Verizon, and Customer shall be liable for any unpaid charges for the service incurred up to the time of the termination, plus any applicable basic termination liability charges as set forth in Attachment A.

9. **Limitation of Liability.** The liability of Verizon for any losses or damages arising out of the Services or this Agreement, including but not limited to defects, errors, delays, mistakes, omissions, or interruptions shall in all instances be limited to the pro rata charges to Customer for the periods during which the Service is so affected. Verizon shall in no instance be liable to Customer for any general compensatory, consequential, indirect, incidental, special or punitive damages, including but not limited to revenues or lost profits.

10. **Force Majeure.** Verizon's performance under this Agreement, or any obligation hereunder, shall be excused if said performance or obligation is prevented, restricted or interfered with due to any cause(s) beyond the reasonable control of Verizon or by reason of acts of God, war, revolution, civil commotion, acts of public enemy, embargo, fire, explosion, vandalism, cut cable, inclement weather, earthquake, acts of the Government in its sovereign capacity, labor difficulties, including without limitation, strikes, slowdowns, picketing or boycotts, unavailability of facilities or equipment. Verizon shall not be liable for any delay or failure in its performance during the occurrence of such circumstances.



11. **Customer Indemnification.** Customer shall indemnify, defend and hold harmless Verizon against any claim, suit or dispute for libel, slander, infringement of patent, copyright or unauthorized use of any trademark, trade name or service mark arising out of the material, data, information or other content transmitted pursuant to the Service.

12. **Notice.** Any notice given or required to be given by one Party to the other pursuant to this Agreement shall be in writing and shall be served by one or more of the following methods: 1) by personal service, receipt of which shall be deemed to be on the date personally delivered; 2) by certified or registered Mail, or by a courier or overnight delivery service, receipt of which shall be deemed to be on the date such notice is acknowledged in writing by the receiving Party; or 3) by facsimile, receipt of which shall be deemed to be on the next Business Day (defined as a day on which the United States Mail is delivered) after transmission if sent by facsimile. The transmitting Party shall retain the facsimile transmission confirmation record. Said notice shall be sent or delivered to the Parties to their respective authorized representatives and to the addresses designated below, unless modified by giving notice pursuant to this Section:

If to Customer:

City of Manhattan Beach
Attn: Gwen Eng, General Services Manager
1400 Highland Avenue
Manhattan Beach, CA 90266
Facsimile: 310-802-5567

If to Verizon:

6415-6455 Business Center Drive
Highlands Ranch, CO 80130
Attn: Customer Service
Email: notice@verizonbusiness.com

With a copy to:

Verizon Business Services
22001 Loudoun County Parkway
Ashburn, VA 20147
Attn: Vice President, Legal

13. **Modification/Waiver.** Any changes or modifications to this Agreement must be in writing and executed by both Parties, and shall be filed with the Commission. The terms and conditions contained on a Customer purchase order document (whether signed by one or both Parties) shall not serve to modify the terms and conditions of this



Agreement. The waiver of any term or condition under this Agreement by either Party is not a waiver of any other term or waiver of the same term at any other time. Any waiver must be written and signed by the Parties and shall be filed with the Commission.

14. **Assignment.** Neither this Agreement nor any interest herein of Customer may be assigned, or in any manner transferred by Customer without the prior written consent of Verizon. Any attempted assignment or transfer in contravention of the preceding sentence shall be null and void.

15. **Resale.** Customer shall not under any circumstances resell the Service provided under this Agreement.

16. **Captions/Headings.** Section or paragraph headings contained in this Agreement or any addendum are for reference purposes only and shall not affect the meaning or interpretation of this Agreement or any addendum.

17. **Construction.** This Agreement and the provisions contained in it shall not be construed or interpreted for or against any party hereto because that party drafted or caused that party's legal representative to draft any of its provisions.

18. **Governing Law.** This Agreement shall at all times be governed by the laws of the State of California, excluding its choice of law rules, and by the regulations of the Commission.

19. **Entire Agreement.** Except for written amendments, supplements or modifications made after the execution of this Agreement in accordance with Paragraph 13 hereof, this Agreement represents the entire agreement between the Parties regarding the subject matter of this Agreement and supersedes all prior negotiations, representations and agreements, either oral or written, or made by or to any employee, officer, or agent of any Party.

20. **Authority.** The persons signing this Agreement on behalf of the Parties represent and warrant to have the respective Party's authority to enter into and execute this Agreement, and shall indemnify the other Party for any lack of such authority.

21. **Confidentiality.** Customer requests that its identity be kept confidential and not publicly disclosed by Verizon or the Commission, unless required by law.



Customer must sign and date this Agreement on or before December 31, 2008, or the proposed Service arrangement and price will no longer be available. This Agreement will not be considered fully executed until signed by both Customer and Verizon.

CITY OF MANHATTAN BEACH

VERIZON BUSINESS NETWORK
SERVICES INC. on behalf of VERIZON
CALIFORNIA INC.

By _____

By _____

Name _____

Name _____

Title _____

Title _____

Date _____

Date _____



ATTACHMENT A

Verizon shall provide CentraNet® Service to Customer pursuant to this Agreement at the following rates, terms and conditions:

Description of CentraNet® Service:

CentraNet® Service is an arrangement whereby certain basic and optional features are provided from central office switching equipment located on Verizon’s property. Customer must maintain a minimum of two (2) CentraNet® Service lines for each customer group location per serving Verizon central office. A CentraNet® station line cannot be used in lieu of a DID-DOD trunk or PBX trunk.

Location of CentraNet® Service:

CentraNet® Services shall be provided at the Billing Telephone Numbers (BTNs) and locations identified in Exhibit 1 to Attachment A.

Customer may add Customer Locations for CentraNet® Service during the term of this Agreement, provided that such other Customer Locations are within Verizon’s franchise service territory.

Charges:

A. Monthly Recurring Charges (MRC):

Initial Order		
<u>Quantity</u>	<u>Monthly Recurring Charge Items</u>	<u>Per Line Charge</u>
88	CENTRANET® LINE	\$9.50
88	FEATURE PAK 2000	\$3.00

The above charges do not include Federally mandated end user common line charges, any applicable local, state, or federal fees, taxes, surcharges, or other applicable tariffed charges.

Charges for any other additional features ordered by Customer are taken from Verizon's Tariff, and are subject to change with that Tariff.

B. Non-Recurring Charges (NRC):

Rates for initial installation, moves, and changes, including line additions will be assessed from the applicable tariff.

Basic Termination Liability Charges (BTL):

If for any reason Customer terminates or discontinues the Service prior to the



expiration of the term, at the time of discontinuance or termination, Customer shall pay twenty-five percent (25%) of the rates and charges, set forth above, for the Initial Order Quantities set forth for the remaining life of the contract. See formula below:

Termination Liability = 25% X # of lines X \$ (monthly line rate) X # of months remaining at the time of termination.

If Customer terminates this Agreement subsequent to the execution of this Agreement by the Parties but prior to the in-service date, Customer shall pay to Verizon all costs incurred by Verizon for contract and service preparation.



Exhibit 1 to Attachment A

BTN	Address	City
310-802-5600	1400 Highland Ave	Manhattan Beach, CA
310-802-5625	1501 N. Peck Ave	Manhattan Beach, CA
310-802-5683	1800 N. Peck Ave	Manhattan Beach, CA
310-802-5637	3621 Bell Ave	Manhattan Beach, CA
310-802-5677	3301 Bell Ave	Manhattan Beach, CA
310-802-5633	1599 North Valley Dr	Manhattan Beach, CA
310-802-5667	1601 North Valley Dr	Manhattan Beach, CA
310-802-5669	1901 North Valley Dr	Manhattan Beach, CA
310-802-5672	1600 Manhattan Beach Blvd	Manhattan Beach, CA
310-802-5678	1601 Manhattan Beach Blvd	Manhattan Beach, CA
310-802-5689	1932 Manhattan Beach Blvd	Manhattan Beach, CA
310-802-5675	701 South Peck Ave	Manhattan Beach, CA
310-802-5676	1625 Marine Ave	Manhattan Beach, CA
310-802-5679	1431 6 th Street	Manhattan Beach, CA

