



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99654-7091

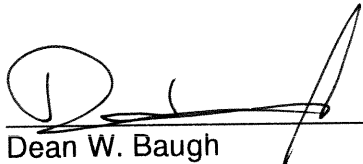
COUNCIL MEMORANDUM NO. 96-47

FROM: Telephone Committee
DATE: April 17, 1996
SUBJECT: Telephone Proposals and Recommendations


In approximately May 1995 Mayor Stein ask Marj Harris and Myself to review our telephone system to try and resolve some of the problems we were having with the phones and look into the addition of a voice mail system. We approached Northcom our present phone system provider to research the problems. During our initial conversation it was learned that our phone system was operating on version 1 of the operation system software and it should have been on version 3 at that time. We asked Northcom for a quote on upgrading our current phone system and to have a voice mail platform installed. Upon receiving the quote from Northcom we received a request from another vendor to provide a quote on a new phone system including the voice mail system.

After reviewing both quotes we determined that we needed someone who understood phone systems to review the quotes. We contacted Mel Sather at Octagon Company inc. to provide his professional assistance. We received Mel's report on April 4, 1996 (see attached). The report showed that both systems would do the job that we required, they were compatible in many aspects. His report stated that many of the problems we've been experiencing were software related and the upgrade will take care of them. The voice mail system proposed by Northcom is superior to the system proposed by the other vendor per the report.


After reviewing the report we decide to stay with our current phone system and to negotiate with Northcom on their quote. During these negotiations Northcom agreed to provide the upgrade to Version 4 of the operating software, (Version 4 was issued while we were going through this process) at no cost, because we have had many problems due to the lack of upgrades. This is contingent on the purchase of the voice mail platform. The revised quote is attached for your information.



Dean W. Baugh
Senior Accountant



Marjorie D. Harris, CMC
City Clerk



John C. Stein
Mayor

APPROVED

DATE: 4/22/96

BY: [Signature]

Area Code (907)

Administration
Ph: 373-9055
Fx: 373-9085

Clerks Office
Ph: 373-9065
Fx: 373-9085

Finance
Ph: 373-9070
Fx: 373-9085

Library
Ph: 376-5913
Fx: 376-2347

Museum
Ph: 373-9071
Fx: 373-9072

Planning
Ph: 373-9074
Fx: 373-9085

Ph: _____
Fx: _____

Public Works
Ph: 373-9095
Fx: 373-9085

Ph: _____
Fx: _____

FAX

Date: 04/17/96

Number of pages including cover sheet: 2

To:

City of Wasilla

Dean Baugh

Phone: (907) 373-9070

Fax phone: (907) 373-9085

CC: _____

From:

John Shceman

Phone: (907) 745-6600 x106

Fax phone: (907) 243-3511

REMARKS:

Urgent

For your review

Reply ASAP

Please comment

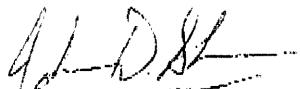
Dean,

Enclosed is the revised proposal which includes freq upgrade(s) to the most current version of the Merlin Legend, RIs 4.0. Also, you are currently paying approximately \$400 / month in rental for telephone equipment at your site. Upon purchase of the additional equipment and 1 year maintenance contract for your current equipment, title to the rental equipment shall be passed on to the City of Wasilla.

Your last request, to include a letter of intent for notification of new Legend upgrade releases within 90 days of their availability will also be provided. Please let me know if there is an item I have not covered.

Hope your having a great day!

Sincerely,



John D. Shceman

Business Consultant

APR 11 96 10:14 AM 1011 P.02

Jes

SCHEDULE A

CITY OF WASILLA

System: Installation of free Merlin Legend Rls 4.0 Upgrade, 2 system modules, and Integrated Solutions Voice Mail consisting of the following equipment:

Equipment:	1 Legend Upgrade R1 / 2-3	
	1 Legend Upgrade Rls 4.0	
	1 408 GS / LS MLX Module	
	1 Legend T/R w/ Ring Gen 012 Card	
		Purchase Price \$ 3,852.11
Optional Equipment:	1 IS III ML / AVP12 / MAP5 (4-port)	\$14,614.65
	4 MLX-10D Telephones (Rental Equip Buyout)	\$ 1,372.25
		LEASING TOTAL \$19,839.01

Maintenance: \$352.85 Month X 12 Months = \$ 4,234.20
(Includes Control Unit equipment and Voice Mail ** does not include telephones **)

Payment Options:

AT&T \$1 Buyout (19,839.01)	36 Months	\$ 709.44/month
	48 Months	\$ 552.32/month
	60 Months	\$ 469.99/month

DOES NOT INCLUDE STATION WIRING
(Price Includes Installation)

Proposal price good 30 days from 4/16/96

TELEPHONE SYSTEM COMPARATIVE EVALUATION for CITY of WASILLA

OVERVIEW:

Comparative analysis of the two bid packages indicates that either approach will provide satisfactory service, and that selection of a system should be predicated upon the cost and the quality of service.

I have met with both bidders and have done both an equipment assessment and have evaluated customer satisfaction for the WireCom product (Nitsuko).

Whereas both telephone systems will provide comparable features and reliability, there are some variants with respect to voice mail. From our discussions, it is obvious that the City is in need of an advanced auto attendant feature, and both vendors can provide systems which will meet these needs.

From our discussions, it seems that the City has had less than stellar service in the past from the AT&T rep, both as MTA and as NorthCom. I think that an advantage in working with NorthCom is that they are aware of this and are willing to become more proactive in sales and service.

We also discussed the pros and cons of a large, well entrenched entity versus a smaller, independent vendor, and I undertook a study of the small vendor with this in mind.

One reservation with respect to NorthCom is the somewhat tenuous nature of service reps with the AT&T expansion into Alaska. Prior to their acquisition of Alascom there was need for a service representative, and thus MTA and then NorthCom evolved. I haven't been able to ascertain the longer range plan for AT&T to get into equipment sales and service, and its effect on the future of NorthCom. The fact that they are going to get into the local telephone business almost mandates equipment leasing and sales. Historically, AT&T does tend to consolidate and streamline when entering a new market, so it is likely that there will be some type of change of venue in you service provider at some point, but it is impossible to determine if this would be advantageous or detrimental in terms of service representation. Suffice it to say that AT&T will probably always be here, in one form or another.

VENDORS:

In actuality, NorthCom is more of a start-up company than WireCom, and it is reflected in the way they are perceived by their customer base. I have contacted

several WireCom users of Nitsuko and have found that they are universal in praise of the quality of equipment and service. Some of their customers are former MTA/NorthCom AT&T users and others are professional telecommunications users who have based their choice of a system and vendor on compatibility with their own telecommunications requirements. One, the Nushagak Telephone Co-op in Dillingham chose WireCom and Nitsuko for their headquarters and were very positive in their assessment of the equipment and of the service from WireCom. Of course, as a telephone company, they have very little need for follow-up service and maintenance. Another is Network Business Systems in Anchorage, who have a Nitsuko system with network interface applications. They were impressed enough with WireCom to form a partnership with them to become the network applications experts for systems requiring this capability. Of course, as business partners, they aren't completely objective, but I put a lot of credence in decisions made by telecommunications professionals.

In short, I don't believe that you would have any problems with the equipment quality or service provided by WireCom.

As to the longevity of WireCom, I know they have been around for more than twenty years. The Nitsuko brand is an evolution of TIE which Nitsuko purchased a few years ago, and it is a brand comparable to Mitel, Rolm and other systems. Therefore, even without WireCom, there would likely always be a local vendor representing them.

Respective to our discussion about off-shore suppliers, it seems that the AT&T product line is partly manufactured off-shore, so that comparison is moot as well.

TELEPHONE EQUIPMENT:

Given that the basic equipment is virtually identical in features and flexibility, arguments about the actual number of buttons aside, both vendors are providing nearly identical capabilities. Both systems will handle T1 and are ISDN compatible. Both can be remotely configured and administered, when necessary. Both have tenant features, allowing departments and separate groups such as the police, museum and library to appear as if they have their own independent telephone systems.

With a capacity of 224 ports and 80 trunks for the Legend and 384 ports and 128 trunks for the Nitsuko, both have more than adequate expansion capacity.

The issue of new versus old instruments and cards is a valid consideration. Your personal experience with the Legend and the fundamental reliability of the physical equipment should give you a sense of the future reliability. My perception is that many of the problems experienced with this system are software related, or the result of inadequate maintenance. From my discussions with Nitsuko users, there have been no equipment or system failures, a fact that is backed up in my discussions with WireCom representatives. The equipment seems well designed and rugged, so the

question comes down to historical experience on your part and the cost-benefit for new versus used equipment. The fact that NorthCom is willing to give a one-year warranty on the entire system, not just their upgrade package, does even the field, though.

Given that the usability of the basic telephone system in its final configuration will be more or less identical in terms of features, reliability and ease of upgrading, the only outstanding element is voice mail.

VOICE MAIL:

Both vendors offer a low end and a high end voice mail package, but based upon our discussions, it would seem advisable for you to get the best possible system, as this will be your first point of contact for the public and other organizational elements will pivot on how well voice mail performs for you.

The NorthCom quote is for either an Integrated Solution III package or a Merlin Mail system.

The IS III is clearly a large part of the system cost in their bid, and it is quite a bit more than just plain old voice mail. It combines Audix Voice Power voice mail with an automated attendant feature, FAX attendant and a Call Accounting system plus the system programming and maintenance hardware/software.

Also available (presumably, at extra cost) is PassageWay Solution, which allows integration of the phone, voice mail and Microsoft Windows-based applications via Windows Dynamic Data Exchange. It provides the end-user with a "Rolodex" like software card file, automatic database retrieval activated by ANI (automatic number identification) or caller ID, and a logging program which records all activity.

Their voice mail platforms can handle up to twenty-four simultaneous calls with up to fifty hours of voice storage, which can accommodate automatic voice information as well as incoming voice mail.

The AT&T IS III is a somewhat superior in that it is a comprehensive information management system. However, being proprietary, it is not going to be as flexible as systems which are being evolved by competing vendors. They, to their credit, seem to have designed a lot into this package.

Nitsuko has the NVM-2000 integrated voice mail/auto attendant, which has some interesting features, although to achieve some of the capability of the IS III will require some aftermarket software integration. This is, however, very do-able, and Nitsuko will be releasing (if they haven't already) complementary software to give you access to the same kinds of features that the IS III provides.

AUTO ATTENDANT:

The auto attendant features have much in common with either system: Both are capable of handling multiple departments and multiple levels of menus with customized greetings or announcements. Automated attendants have the ability to be programmed for different times of the day and/or days of the week. Both systems can direct incoming calls to a fax machine or fax modem, and with a fax-on demand feature, a caller can request a fax of a specific, pre-programmed document, form, etc., and have it sent to their fax machine. Both systems allow easy recording of telephone conversations, which is legal in Alaska as long as one party (you) know that it is being recorded. However, it might be advisable to inform an outside party if this is going to be done.

The Nitsuko attendant has Call Announcing, wherein the automated attendant asks who's calling, records the caller's name and announces the call to you. You have the option to pick up or route it to voice mail. There is also an "answering machine" mode which allows another level of call screening by listening as the message is recorded. A park & page feature can avoid unnecessary callbacks and LD charges by "parking" the caller, paging you and allowing you to pick up from any extension.

The Nitsuko, while not having the advanced integrated features of the Legend system, can be tied via a data port into a PC to allow for auto dialing, scheduling and database retrieval from a variety of Personal Information Management software packages such as Sidekick and Callware.

It can store up to 24 hours of messages and has a capacity up to 1,000 voice mail boxes.

To summarize voice mail, either package has comparable capabilities, with each having some proprietary tricks or features, but both are well suited for your application. IS III is a "system" with voice mail being one element of that system, but either vendor will accommodate integrated data/voice/fax requirements.

SUMMARY:

The relative cost of each system is the final element:

NorthCom is proposing two basic schedules, with a mix of new and used equipment and software upgrades. The more expensive includes the IS III voice mail platform at \$21,071.17.

WireCom proposing an entire new system for \$27,661.00. That is \$6,589.83 higher than NorthCom.

With that kind of price spread, a few factors will influence your buying decision:

1. Is it worth the extra nearly seven thousand for an all new system?
2. Is there an ongoing service issue which could mitigate the additional price?

Because the two vendors are proposing quite different packages, i.e. a system upgrade versus an all new system, it would not appear that you would be bound strictly by bottom line pricing. Therefore, it would not be necessary to re-bid this if you have clear consensus on the direction you want to go. As I have demonstrated, either system should provide satisfactory service. Each has adequate expansion capacity. Warranties are the same. AT&T equipment and software is more proprietary, but software flexibility is evolving with both systems, so your decision can be either service- or price-driven.

The only other competitive aspect is the fact that WireCom is an authorized AT&T service center with government contracts to maintain several systems in the area. They could probably bid the exact same upgrade, but I can't tell if their AT&T arrangement would give them any price advantage.

Therefore, if you do decide to go with the upgrade, you could re-negotiate with both vendors. If you decide to buy new you could ask NorthCom to bid all new equipment. This avoids the conflicts that arise out of the structure of the two proposals. I don't feel that it would be cost-effective to have a new bid package engineered, and it would add considerable time to the project.

PREPARED AND SUBMITTED BY:

(Signed)
Mel Sather
President
Octagon Company, Inc.



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99654-7091

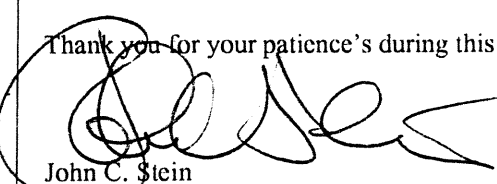
April 17, 1996

Wire Communications Inc.
4134 Ingra Street
Anchorage, Alaska 99503

Dear Roy:

Thank you for your proposal on our telephone system. After reviewing the two proposals and the report from our consultant we have decided to pursue the upgrade to our current telephone system and purchase the voice mail system through Northcom Communications.

Thank you for your patience's during this process.


John C. Stein
Mayor

Area Code (907)

Administration

Ph: 373-9055

Fx: 373-9085

Clerks Office

Ph: 373-9065

Fx: 373-9085

Finance

Ph: 373-9070

Fx: 373-9085

Library

Ph: 376-5913

Fx: 376-2347

Museum

Ph: 373-9071

Fx: 373-9072

Planning

Ph: 373-9074

Fx: 373-9085

Ph: 373-9077

Fx: 373-9051

Public Works

Ph: 373-9095

Fx: 373-9085

Ph: _____

Fx: _____

CREDIT APPLICATION

FAX 907-243-3511

BUSINESS INFORMATION

Full Legal Name: City of Wasilla Tax Identification Number: 92-6010143

Billing Street Address: 290 E. Herning Ave

City/County/State/Zip: Wasilla, AK 99654

Equipment Location (if different from above) Street Address/City/County/State/Zip: _____

Contact: <u>Marjorie D. Harris</u>	Phone No.: <u>907 1373-9065</u>	<input type="checkbox"/> Proprietorship <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Not for Profit <input type="checkbox"/> Corporation <input type="checkbox"/> S Corporation Date of Inc. _____ State of Inc. _____ <input type="checkbox"/> Limited Liability <input checked="" type="checkbox"/> State or Local Gov't
Nature of Business: <u>City Government</u>	Years in Business: <u>22</u> No. of Employees: <u>54</u>	
Principal/Partner/Officer: _____ Title: _____	Social Security No.: _____	
Home Street Address: _____	City/State/Zip: _____ Phone No.: ()	
Principal/Partner/Officer: _____ Title: _____	Social Security No.: _____	
Home Street Address: _____	City/State/Zip: _____ Phone No.: ()	

If you are a state or local government, please answer the following.
 1. Describe what type of state or local government you are (e.g., county, school district, water district, etc.):
City of Wasilla

2. Describe the essential governmental purposes for which the Equipment will be used:
Telephones service for City Hall and Police Department

BANK REFERENCE

Bank Reference Name: <u>National Bank of Alaska</u>	Account/Loan Officer: <u>33221014</u>	Phone No.: <u>(907) 376-5355</u>
Address (City, State): <u>581 W. Parks Highway, Wasilla, AK 99654</u>	Checking/Loan Account No.: _____	
Bank Reference Name: _____	Account/Loan Officer: _____	Phone No.: ()
Address (City, State): _____	Checking/Loan Account No.: _____	

TRADE REFERENCE

Trade References (Name, City, State, Telephone Number)	Contact Name	Account No.	Phone No.
1. _____	_____	_____	()
2. _____	_____	_____	Phone No. ()
3. _____	_____	_____	Phone No. ()

EQUIPMENT INFORMATION

Supplier Name: _____	Contact: _____	Estimated Equipment Cost: _____
End of Lease Purchase Option: <input type="checkbox"/> Fair Market Value Purchase Option	Lease Term (Months): _____	*Estimated Other Costs: _____
<input type="checkbox"/> Fixed Price Purchase Option _____ \$	Payment Factor: _____	Estimated Total Cash Price: _____
<input type="checkbox"/> Fixed Price Purchase Option _____ % of the Total Cash Price	Lease Payment: _____	
Equipment Description: _____		

*Applicable taxes, delivery, upgrade, buyout, wire, installation and other costs.

SALES CONTACT

Sales Negotiator: _____ Phone No.: _____

BUSINESS PURPOSE You, the credit applicant, certify to us that you are applying for credit for a business purpose, and not for personal, family or household purposes.

RELEASE To Whom This May Concern:

This will be your authority and my request to you to release any information requested concerning personal or business credit standing.

X _____ 4/23/96
 Signature Date

