

Legislation Text

File #: 2018-820, **Version:** 1

Proposed Amendment No. 2
Contract No. CS-1689
AT&T Telecommunication/ WAN/ LAN/ Managed Security Services

Agenda of: July 25, 2018
Item No.: **2018-820**
Amount: \$60,000,000

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: July 11, 2018

RE: **Proposed Amendment No. 2**
Contract No. CS-1689
AT&T Telecommunication/ WAN/ LAN/ Managed Security Services
Vendor: AT&T

MOTION

Upon recommendation of Jeffrey E. Small, Chief Information Officer, The Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **authorizes the Chief Executive Officer (CEO) to enter into Amendment No. 2, Contract No. CS-1689, "AT&T Telecommunication/ WAN/ LAN/ Managed Security Services" with AT&T, at a cost not to exceed \$60,000,000 for a duration of five years;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

On March 22, 2017, The Great Lakes Water Authority Board of Directors approved a Memorandum of Understanding (MOU) related to Contract CS-1689 between Great Lakes Water Authority (GLWA), Detroit Water and Sewerage (DWSD) and AT&T to recast, extend and transfer all AT&T Telecommunications and Network services from DWSD to GLWA. The MOU was created as a result of discussions to address increased charges which, as of August 2016, led to a run rate from AT&T services of \$17.9M per year. This was an unsustainable amount and compared to an FY17 budget of \$6M. The MOU also confirmed the intent of GLWA and AT&T to negotiate a new contract amendment. This amendment formalizes the principles of the MOU, adds additional services and benefits for GLWA, and provides a mechanism for DWSD to migrate their services without penalty.

JUSTIFICATION

This amendment incorporates cost savings due to renegotiated pricing, optimization of services, and resolution of billing disputes. Additionally, it reduces the Minimum Annual Revenue Commitment (MARC) and offers increased flexibility to terminate services without penalties. Some key benefits are as follows:

- \$1.3M credit will receive three months after contract execution from AT&T to resolve billing disputes from FY16.
- Flexible Termination Language - While the contract is for a 60-month term to provide for maximum stability, GLWA may opt out of the majority of the services 12 months after installation (which has already occurred for most components)
- DWSD Migrated Services - In addition to the shortened requirement before termination, there is a schedule specifically to allow DWSD to migrate services at their five locations to the City of Detroit prior to December 2019 which was the original contract term.
- Optimization of Services - Eliminates inefficient or redundant services and adds value add offerings without additional cost
 - Unified Communications as a Service (UCaaS) - moves GLWA from an outdated on-premise Fujitsu phone system to a Voice over Internet Protocol (VoIP) cloud -based service that offers a variety of communication and collaboration tools and services to better support our business telecommunication needs.
 - Proof Point - email protection that reviews all incoming emails prior to reaching users' inboxes to prevent malware, phishing, and other cyber security threats
 - Enhanced Cyber Security (ECS) is an additional layer of malicious email filtering. ECS from AT&T is looking for Advanced Persistent Threats (APTs) from nation-state adversaries via classified threat information

BUDGET IMPACT

The proposed procurement is within the FY 2019 Operations & Maintenance budget and the related five-year financial plan for telecommunications services in the following cost center: Information Technology Infrastructure (GL String is 5910-883331.000-626700-WS7900).

Fiscal Year	Amount
FY 2019 Plan	\$12,000,000.00
FY 2020 Plan	12,000,000.00
FY 2021 Plan	12,000,000.00
FY 2022 Plan	12,000,000.00
FY 2023 Plan	12,000,000.00
Financial Plan Estimate	\$60,000,000.00
Maximum Contract	60,000,000.00
Estimating Variance	\$0.00

COMMITTEE REVIEW

This item is being presented directly to the full Board of Directors for consideration.

SHARED SERVICES IMPACT

The proposed procurement of this item is related to shared services element #ITS-009 - IT Infrastructure where the agreed upon Cost Methodology is that the cost assumptions are allocated to DWSD at 20% of the total amount for services.