



**SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT**

Item No.

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Meeting Date: AUGUST 4, 2011

Subject:

Amendment to Resolution No. 2011-0045 to Reflect that a Formal Amendment to the CALNET 2 Contract with AT&T Global Will Not Be Executed Because the CALNET 2 Contract Issued by the State of California Does Not Require a Written Amendment to Add Funds

Recommendation:

Adopt Resolution No. 2011-0088, amending Resolution No. 2011-0045, authorizing the Authority to execute a purchase order, pursuant to Authority Policy 5.01, to add funds through the end of the CALNET 2 Contract in 2014, increasing the amount payable by \$828,700 rather than by the Contract amendment process as previously authorized by the Board.

Background/Justification:

In 2007, SBC Global Services, Inc., dba AT&T Global Services on behalf of Pacific Bell Telephone Company, dba AT&T California ("AT&T California") entered into a contract (the "CALNET 2" Contract) with the State of California for integrated information network services for a term of five (5) years with two one-year options exercisable at the State's sole discretion. The CALNET 2 Contract permits local public entities to contract for services under the CALNET 2 Contract with the consent of the State. The CALNET 2 Contract was the result of a competitive process conducted by the State of California.

In 2008, under the Authority's Cooperative Purchasing Policy Section 5.04, Authority staff executed an "Authorization to Order Under State Contract" ("ATO"). The ATO is the contractual mechanism that must be used by local public entities wishing to obtain services under the terms and conditions of the CALNET 2 Contract. Authority staff executed the ATO with the State and AT&T California on July 14, 2008 for the purpose of obtaining services under the CALNET 2 Contract (Authority Contract No. AA-1059). Authority Contract No. AA-1059 incorporates by reference the terms and conditions of the CALNET 2 Contract resulting in a term of five (5) years with two one-year options to renew at the discretion of the State. Authority staff estimated the cost of services under Contract No. AA-1059 would not exceed \$377,000. The \$377,000 amount was an estimate for five years of service based upon the then usage rate of CALNET 2 services. Over the last several years, the Authority has shifted services acquired from two other contracts (long-distance and data communications service) onto the CALNET 2 Contract, at an estimated 8% to 10% cost savings to the Authority, thus increasing the rate of expenditure under the CALNET 2 Contract.

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An Authorization to Order Under State Contract was executed in December 2008, as a no cost amendment to the Contract, to acquire the newly added AT&T OPT-E-MAN Metropolitan Area Network (MAN) service, to enable cost-effective telecommunications between the main Authority campus, the Truxtun facility, and the Green Build project management facility. The Authorization to Order Under State Contract is a form created by the State and labeled "Amendment 1.1".

On April 7, 2011, the Board authorized a "Second Amendment" to the Contract to increase the compensation amount by \$828,700 through the end of the year 2014 (Resolution No. 2011-0045; Attachment A). Resolution No. 2011-0045 states that the Board "AUTHORIZES the President/CEO to *execute the Second Amendment*, increasing the compensation amount by \$828,700, for a not-to-exceed amount of \$1,205,700 . . ." (emphasis added) and further that "the President/CEO is hereby AUTHORIZED to *execute and deliver said Second Amendment* to AT&T California and the State" (emphasis added). (Resolution No. 2011-0045). The purpose of amending Resolution No. 2011-0045 is to reflect that a formal Second Amendment will not be executed because the proper mechanism to increase funds under the Contract is not a traditional amendment signed by all parties to the Contract but rather the execution of a Purchase Order issued by the Authority.

Fiscal Impact:

Sufficient funds are in the FY12 Information Technology budget to cover this expenditure. The requested revised contract amount funds will be requested in budgets thereafter for the contract costs in each fiscal year.

Environmental Review:

- A. CEQA: This Board action, as an administrative action, is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

Equal Opportunity Program:

The Authority's small business program promotes the utilization of small, local, disadvantaged and other business enterprises, on all contracts, to provide equal opportunity for qualified firms. By providing education programs, making resources available, and communicating through effective outreach, the Authority strives for diversity in all contracting opportunities.

The Authority has a Disadvantaged Business Enterprise ("DBE") Plan as required by the Department of Transportation, 49 CFR Part 26. The DBE Plan calls for the Authority to submit an annual overall goal for DBE participation on all federally funded projects.

This project does not utilize federal funds; therefore, it will not be applied toward the Authority's overall DBE goal.

Prepared by:

HOWARD KOURIK
DIRECTOR, INFORMATION TECHNOLOGY

ATTACHMENT A

RESOLUTION NO. 2011-0045

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY RATIFYING CONTRACT NO. AA-1059 AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO THE CONTRACT WITH AT&T CALIFORNIA (CALNET 2), INCREASING THE COMPENSATION AMOUNT BY \$828,700 FOR A NOT-TO-EXCEED AMOUNT OF \$1,205,700.

WHEREAS, SBC Global Services, Inc., dba AT&T Global Services on behalf of Pacific Bell Telephone Company, dba AT&T California ("AT&T California") entered into a contract (the "CALNET 2 Contract") with the State of California ("State") in 2007 for integrated information network services; and

WHEREAS, the State's CALNET 2 Contract permits local public entities to contract for services under the CALNET 2 Contract with the consent of the State; and

WHEREAS, in 2008, under the Authority's Cooperative Purchasing Policy Section 5.04, Authority staff executed an "Authorization to Order Under State Contract" ("ATO"). The ATO is the contractual mechanism that must be used by local public entities wishing to obtain services under the terms and conditions of the CALNET 2 Contract. Authority staff executed the ATO with the State and AT&T California on July 14, 2008 for the purpose of obtaining services under the CALNET 2 Contract (Authority Contract No. AA-1059); and

WHEREAS, Authority Contract No. AA-1059 incorporates by reference the terms and conditions of the CALNET 2 Contract resulting in a term of five (5) years with two one-year options to renew at the discretion of the State; and

WHEREAS, Authority staff estimated the cost of services under Contract No. AA-1059 would not exceed \$377,000; and

WHEREAS, the \$377,000 not to exceed contract amount was an estimate for five (5) years of services based upon the then contract usage rates of the CALNET 2 Contract; and

WHEREAS, over the last several years, the Authority has shifted services acquired from two other contracts (long-distance and data communications service) onto the CALNET 2 Contract, at an estimated 8% to 10% cost savings to the Authority, thus increasing the rate of expenditure under the CALNET 2 Contract; and

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WHEREAS, a First Amendment to Agreement AA-1059 was executed by staff in December of 2008, as a no cost amendment, to acquire the newly added AT&T OPT-E-MAN service, to enable cost-effective telecommunications between the main Authority campus, the Truxtun facility, and the Green Build project management facility; and

WHEREAS, the current CALNET 2 Contract between the State and AT&T California extends through 2014; and

WHEREAS, the proposed Second Amendment is to add funds through the end of the CALNET2 Contract in 2014, increasing the maximum amount payable by \$828,700; and

WHEREAS, Authority staff recommends the Board approve a proposed Second Amendment to Authority Agreement AA-1059 to increase the compensation amount by \$828,700 through the end of 2014, the expiration date of the State of California's CALNET 2 Contract with AT&T California; and

WHEREAS, based on staff's representations, the Board finds that it is in the best interest of the Authority to ratify Contract No. AA-1059 and amend Authority Agreement AA-1059 with AT&T California to increase the compensation amount, using the terms, conditions and rate structure set forth in the existing CALNET 2 Contract between the State of California and AT&T California.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby RATIFIES Contract No. AA-1059, APPROVES the Second Amendment to Contract No. AA-1059 with AT&T California and AUTHORIZES the President/CEO to execute the Second Amendment, increasing the compensation amount by \$828,700, for a not-to-exceed amount of \$1,205,700 upon the terms, conditions and rate structure set forth in the CALNET 2 Contract and Contract No. AA-1059; and

BE IT FURTHER RESOLVED that the President/CEO is hereby AUTHORIZED to execute and deliver said Second Amendment to AT&T California and the State; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents hereby are AUTHORIZED to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing; and

BE IT FURTHER RESOLVED that the Board FINDS that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA), Cal. Pub. Res. Code § 21065; and this action is not a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code § 30106.

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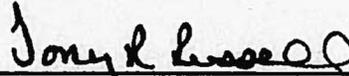
PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 7th day of April, 2011, by the following vote:

AYES: Board Members: Boland, Cox, Desmond, Hubbs, Panknin, Robinson, Smisek

NOES: Board Members: None

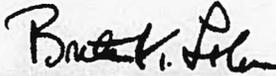
ABSENT: Board Members: Gleason, Young

ATTEST:



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL

RESOLUTION NO. 2011-0088

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AMENDING RESOLUTION NO. 2011-0045, AUTHORIZING THE AUTHORITY TO EXECUTE A PURCHASE ORDER, PURSUANT TO AUTHORITY POLICY 5.01, TO ADD FUNDS THROUGH THE END OF THE CALNET 2 CONTRACT IN 2014, INCREASING THE AMOUNT PAYABLE BY \$828,700 RATHER THAN BY THE CONTRACT AMENDMENT PROCESS AS PREVIOUSLY AUTHORIZED BY THE BOARD

WHEREAS, on April 7, 2011, the Board passed, adopted and approved Resolution No. 2011-0045, which, among other things, ratified Contract No. AA-1059 with AT&T California and authorized the President/CEO to execute a second amendment to add funds through the end of the CALNET 2 Contract in 2014, increasing the maximum amount payable by \$828,700; and

WHEREAS, the proper mechanism to increase funds under the CALNET 2 Contract is not a second amendment signed by all the parties to the Contract but rather the execution of a purchase order issued by the Authority; and

WHEREAS, Authority staff is seeking an amendment to Resolution No. 2011-0045 to authorize the Authority to execute a purchase order to add funds through the end of the CALNET 2 Contract in 2014, increasing the amount payable by \$828,700 rather than by the Contract amendment process as previously authorized by the Board.

NOW, THEREFORE BE IT RESOLVED that the Board hereby amends Resolution No. 2011-0045, authorizing the Authority to execute a purchase order, pursuant to Authority Policy 5.01, to add funds through the end of the CALNET 2 Contract in 2014, increasing the amount payable by \$828,700 rather than by the Contract amendment process as previously authorized by the Board; and

BE IT FURTHER RESOLVED that other than authorizing the execution of a purchase order rather than a formal contract amendment, Resolution No. 2011-0045 shall remain in full force and effect; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents hereby are AUTHORIZED to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing; and

BE IT FURTHER RESOLVED that the Board FINDS that this Board action is not a "project" as defined by the California Environmental Quality Act (CEQA), Cal. Pub. Res. Code § 21065; and this action is not a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code § 30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of August, 2011, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

**TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK**

APPROVED AS TO FORM:

**BRETON K. LOBNER
GENERAL COUNSEL**

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