

COUNCIL COMMUNICATION

From: The City Manager

Subject: Paetec Agreements

Manager's Recommendation:

I recommend approval of the Service Agreement ("Agreement"), Service Agreement Addendum and Acceptable Use Policy Agreement. Paetec will provide telephone service to the City of Saginaw ("City") over a three year period. I further recommend that the City Manager or his designee be authorized to execute all documents on behalf of the City. The Agreements are approved by me as to substance and the City Attorney as to form.

This vendor meets all requirements of the Contract Compliance Provisions, Title 1, Chapter 14, §14.35-14.44, of the Saginaw Code of Ordinances.

Justification:

The Centrix Service agreement between the City and AT&T expired in November 2008. Proposals were solicited from communication providers and the City received proposals from AT&T and Paetec to provide voice and data communications. After a careful evaluation of the proposals, it was determined that the proposal from Paetec offered the best services and cost to the City. The AT&T proposal set a rate for each line, had a limited coverage area and also charged 18 cents per local call. The Paetec per line rate is \$20.84, which is slightly higher than AT&T, but local calls are included in that cost and the local coverage area is larger than the one provided by AT&T. Paetec's proposal also increased the discount rate for our current PRI services, lowering the cost for the City's PRI circuits. The AT&T proposal also requested that the City maintain 60 station lines. However, Paetec does not require the City to maintain a minimum number of station lines. The Information Services Department will continue to audit telephone services and terminate all underutilized phone lines, which will reduce costs to the City.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.