

## **STAFF REPORT**

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**DATE:** December 13, 2021

**TO:** Sacramento Regional Transit Board of Directors

**FROM:** Shelly Valenton, VP, Integrated Services and Strategic Initiatives/Chief of Staff

**SUBJ:** APPROVING A SOLE SOURCE PROCUREMENT, RATIFYING THE GENERAL MANAGER/CEO'S 2015 EXECUTION OF TWO AUTHORIZATION TO ORDER CONTRACTS UNDER STATE OF CALIFORNIA CALNET 3 MASTER AGREEMENTS C3-A-12-10-TS-01 AND C3-B-12-10-TS-01, AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO BIND SACRT TO CONTRACTS FOR LEGACY TELECOMMUNICATIONS VOICE AND DATA NETWORKS AND COMMUNICATIONS SERVICES WITH AT&T UNDER STATE OF CALIFORNIA NEXTGEN MASTER AGREEMENT

### RECOMMENDATION

Adopt the Attached Resolution.

### RESULT OF RECOMMENDED ACTION

Approving the recommended action will allow SacRT to acquire AT&T products and services under competitive state pricing until December 31, 2023.

### FISCAL IMPACT

AT&T services will be purchased for a period extending until December 31, 2023, which is a term of 24 months, under the AT&T NextGen contract.

The cost for Fiscal Year 2022 (12/31/2021 – 6/30/2022) is \$457,529.80 and is included in the currently-approved Operating budget; The cost for Fiscal Year 2023 is \$1,006,565.56, which includes 10% capacity for new products or services; and the cost for the first six months of Fiscal Year 2024 is \$503,282.78. Costs for Fiscal Years 2023 and 2024 will be included in future Operating Budgets.

## DISCUSSION

Since 1996 (Resolution No. 96-06-2640), SacRT has taken advantage of State of California contracts to obtain discounted pricing on legacy “landline” telephone service. At that time, Pacific Bell was the monopoly provider of phone services. Use of a State of California contract (then with Pacific Bell, MCI Telecommunications Corporation) was authorized again in 2004 (Resolution 04-05-0104) for a 10-year period as a cost-effective means of obtaining telephone and data services.

In 2013, shortly before expiration of the 2004 authorization, the Board of Directors adopted a new Procurement Ordinance (13-11-01) specifying that “public utility charges based on an adopted rate and service structure” did not require either a solicitation or a contract (Section 1.02).

Historically, the telephone services were managed by SacRT Facilities Department. While the involved Staff are no longer with SacRT, it appears that a determination was made, outside of consultation with the Procurement or Legal Departments, that the AT&T services could be treated as a “utility” under the 2013 Procurement Ordinance revisions and, therefore, no longer required any Board approval to obtain the benefit of the favorable AT&T rates under the CALNET 3 Contracts.

By 2014, Pacific Bell had merged and become part of AT&T, which had two new competitively-solicited contracts in place (“CALNET 3”) with the State of California for a term extending until 2018, with two State options to extend to June 30, 2020. While some of the “legacy telecommunications” services under CALNET3 were only available from AT&T, other aspects of the covered services (network and data services, cell phones, etc.) were available from a variety of providers.

In 2015, the then-General Manager/CEO executed two “Authorization to Order” agreements between SacRT, AT&T, and the California Department of Technology to allow SacRT to obtain goods and services under the CALNET 3 agreements. The State has continued to extend the CALNET 3 contract beyond the option years, with the current expiration date set as December 31, 2021. AT&T has continued to provide services to SacRT on the assumption that the Authorization to Order documents were coterminous with the State CALNET 3 Contracts.

The SacRT Information Technology Department inherited management of these services several years ago and was not aware of the background regarding how the services were obtained until contacted by AT&T regarding transition of the services to the new competitively-solicited State contracts (“NextGen”).

In discussions with the Legal and Procurement Departments, staff determined that, because AT&T was not providing the services as a regulated “public utility,” it was inappropriate for the Facilities Department to rely on Section 1.02 of the Procurement

Ordinance to obtain the services without Board approval of a procurement contract. Consequently, the Board is now being asked to take three (3) actions:

(1) Retroactively ratify the General Manager/CEO's execution of the Authorization to Order documents, which constitute a "Contract" for purposes of the Procurement Ordinance but were not properly executed because they were more than the General Manager/CEO's procurement authority (then \$100,000). Because they were competitively-solicited, the State contracts were appropriate for SacRT to use for these services until June 30, 2020.

(2) Retroactively approve a sole source procurement of these services for the period of July 1, 2020 to December 31, 2021 as being in the "best interest" of SacRT under Section 1.405.B.2 of the Procurement Ordinance. Because the term of the CALNET 3 Contracts has been extended beyond the originally-specified term (including all exercised options), the extension of the services for this period requires a sole source justification. Because SacRT obtained these services at highly-competitive rates through the State CALNET 3 Contract, SacRT Staff believes a best interest finding is justified.

(3) Delegate authority to the General Manager/CEO to prospectively enter into Contracts with AT&T to continue to obtain services under the new NextGen Contracts, specifically NextGen Legacy Telecommunications Voice under Categories 15-18 and Data Networks and Communications Services under Categories 20-30 from the date of signing through December 31, 2023.

RESOLUTION NO. 21-12-0141

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 13, 2021

**APPROVING A SOLE SOURCE PROCUREMENT, RATIFYING THE GENERAL MANAGER/CEO'S 2015 EXECUTION OF TWO AUTHORIZATION TO ORDER CONTRACTS UNDER STATE OF CALIFORNIA CALNET 3 MASTER AGREEMENTS C3-A-12-10-TS-01 AND C3-B-12-10-TS-01, AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO BIND SACRT TO CONTRACTS FOR LEGACY TELECOMMUNICATIONS VOICE AND DATA NETWORKS AND COMMUNICATIONS SERVICES WITH AT&T UNDER STATE OF CALIFORNIA NEXTGEN MASTER AGREEMENT**

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, pursuant to Section 1.105 of the Procurement Ordinance (Ordinance 21-10-01), the Board of Directors hereby ratifies the execution by the General Manager/CEO of the July 7, 2015 Authorization to Order under State of California CalNET 3 Master Agreement C3-A-12-10-TS-01 by and between the Sacramento Regional Transit District (therein "Non-State Entity") and AT&T (therein "AT&T") to provide telecommunications voice services.

THAT, pursuant to Section 1.105 of the Procurement Ordinance, the Board of Directors hereby ratifies the execution by the General Manager/CEO of the July 7, 2015 Authorization to Order under State of California CalNET 3 Master Agreement C3-B-12-10-TS-01 by and between the Sacramento Regional Transit District (therein "Non-State Entity") and AT&T (therein "AT&T") to provide network and internet services.

THAT, pursuant to Section 1.405.B.2 of the Procurement Ordinance, the Board hereby finds that it was in the best interest of SacRT to continue the above contracts with AT&T on a sole source basis for the period of July 1, 2020 to December 31, 2021 (beyond the competitively-solicited term of the original State Master Agreements).

THAT, contingent upon satisfaction of the condition set forth below, the General Manager/CEO is hereby authorized to bind Sacramento Regional Transit District to a contract or contracts with AT&T in accordance with the terms and conditions, and for the prices, set forth in a master contract with the State of California

THAT, prior to entering into any contract with AT&T, the General Manager/CEO must determine that the master contract with the State of California through which the

products and services will be purchased was awarded through competitive bidding and that all applicable federal and state requirements are met.

THAT, this delegation of authority will expire December 31, 2023.

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STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary