

**ORANGE COUNTY
BOARD OF COMMISSIONERS**

ACTION AGENDA ITEM ABSTRACT

Meeting Date: June 2, 2009

Action Agenda

Item No. 4-CC

SUBJECT: RFP Award – Telephone System Replacement and Network Upgrade

DEPARTMENT: Purchasing
Information Systems

PUBLIC HEARING: (Y/N)

No

ATTACHMENT(S):

Reimbursement Resolution

INFORMATION CONTACT:

Pam Jones, 245-2652
Todd Jones, 245-2285
David Cannell, 245-2651
Donna Coffey, 245-2151
Gary Humphreys, 245-2453

PURPOSE: To consider awarding an RFP to Relational Technology Solutions (RTS), Chapel Hill to install an Avaya phone system to serve Hillsborough County offices; and authorize staff to purchase the necessary switching equipment from a North Carolina State contract vendor or GSA contractor.

BACKGROUND: Replacement of the County's telephone system serving departments located in Hillsborough has been planned for several years. The current system, a Northern Telecom SL1-NT purchased in 1992 has exceeded its anticipated 10 year life expectancy. Service and parts availability for the aging system have become more difficult over the past couple of years as well.

Technology has made significant progress in telephony over the past several years and Voice-Over-IP (VOIP) systems are consistently replacing the traditional switch systems such as the SL1-NT. In recognition of this changing environment, County Purchasing and Information Systems staff developed a Request for Proposal which would provide a system to address both current needs and future expansion for at least the next decade. The variety of variables which come into play when considering a VOIP phone system prompted the use of a Request for Proposal (RFP) rather than a bid process. This method of acquisition is authorized for local governments in NC GS 143-129.8 and provides the greatest flexibility to purchase a system that meets the County's operational requirements. This Statute authorizes the award to be made to the company presenting the "best overall" solution to the entity.

The RFP was advertised in both the local newspaper and the County's website. Twelve companies responded. A workgroup consisting of Information Systems and Purchasing Department staff conducted a thorough evaluation of the responses and are recommending the Avaya solution as proposed by Relational Technology Solutions, Chapel Hill.

Avaya currently has more than 20% of the VOIP Telephone System market share and has installation across the State, examples of which include:

- City of Charlotte
- City of Fayetteville
- Greenville Utilities
- Shaw University
- NC DMV

Although cost was a strong consideration, the recommendation for award is based on a variety of critical elements such as: the configuration of the system proposed, hardware proposed, similar experience, implementation approach, and the quality and completeness of actual response to the proposal.

Of the system's many features, two in particular are expected to provide enhanced operational efficiency:

- "Meet Me Conference Calling" allows up to fifty participants to join a conference call by dialing a single phone number. This will enable staff to more easily utilize teleconferencing, thereby cutting down on the need for travel to a central location.
- Contact Center will allow multiple call centers to be set up. This would allow users to "log into" a call group to assist in answering calls during times of heavy call volumes. This would be particularly helpful during times of emergency.

Implementation of the phone system will be done in phases to provide a smooth transition. Hillsborough Commons, the new Office Building and the new Library would be the first installations of the new system. Full implementation is anticipated by the end of the calendar year. The system will replace the approximately 650 phone sets in Hillsborough offices.

Implementation of this system will also require upgrading networking equipment in each of the buildings and providing new networking equipment for the Library, Hillsborough Commons and Office Building. This equipment will be purchased through either the State Contract of North Carolina or a GSA contract and will constitute about 30% of the estimated \$575,000 acquisition cost. Staff will meet with County departments and the proposed vendor to establish the final configuration and cost following Board approval of the acquisition.

As a side note, at their June 16 meeting, the Board will consider a contract to lease/purchase phone equipment from Cisco for the Chapel Hill/Carrboro City Schools (CHCCS). Both Orange County Schools and CHCCS currently utilize Cisco systems throughout their Districts. Cisco also responded to the County's RFP through their local providers with costs ranging from \$850,000 to \$1.1 million. Given the cost differential and the strength of the Avaya proposal submitted by RTS, staff feels the Avaya solution is the best overall response for the County.

FINANCIAL IMPACT: The County's 2009-10 Capital Investment Plan (CIP) allowed for debt financing of up to \$1 million in FY 2009-10 to replace the County's telephone system. The actual cost of the phone system replacement will not exceed \$575,000, \$425,000 less than the original estimate. In action to be discussed by the Board during a later agenda item, staff recommends the Board authorize a total of \$1 million debt financing in fall 2009 to cover costs of replacing the County telephone system (\$575,000) and complete Link Center renovations to the extent funding is available (\$425,000). Debt capacity calculations presented to the Board during 2009-19 CIP discussions have anticipated financing of \$1 million. Payment for the phone system will be required before the financing is secured. A Reimbursement Resolution is included to allow the necessary flexibility in the timing of the financing.

RECOMMENDATION(S): The Manager recommends the Board:

- Award an RFP for the complete replacement of the telephone system serving Hillsborough County offices to Relational Technology Solutions (RTS) of Chapel Hill, North Carolina at an estimated cost of \$400,000;
- Authorize staff to purchase the network upgrade equipment through North Carolina State Contract or GSA at an estimated cost of \$175,000;
- Authorize the Financial Services Director to solicit a Request for Proposal to finance the system, results to be presented for approval at a later date;
- Approve the Reimbursement Resolution; and
- Authorize the Chair to sign the needed documents following staff and Attorney review.

**REIMBURSEMENT RESOLUTION --
Telephone System Replacement**

WHEREAS, the Manager has described to the Board the desirability of adopting a resolution, as provided under federal tax law, to facilitate the County's using proceeds of tax-exempt financing to restore the County's funds when the County makes capital expenditures prior to closing on the financing.

BE IT RESOLVED by the Board of Commissioners of Orange County, North Carolina, as follows:

Section 1. The project is the acquisition of a Telephone System and renovations to the Link Center.

Section 2. The County intends to finance the project. The expected type of financing (which is subject to change) is installment financing pursuant to 160A-20 of the General Statutes. The expected maximum amount of bonds or other obligations to be issued or contracted for the project is \$1,000,000.

Section 3. The County intends that funds that have been advanced, or may be advanced, from the County's general fund for project costs will be reimbursed from the financing proceeds.

Section 4. The County intends that the adoption of this resolution will be a declaration of this County's official intent to reimburse project expenditures from financing proceeds.

* * * * *

I certify that the foregoing resolution was duly adopted at a meeting of the Board of Commissioners of Orange County, North Carolina, duly called and held on _____, 2009, and that a quorum was present and acting throughout such meeting. Such resolution remains in full effect as of today.

Dated this ____ day of _____, 2009.

[SEAL]

Donna Baker
Clerk, Board of Commissioners
Orange County, North Carolina