

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2003-28

Procurement for Agency Data Network Replacement Project

| Meeting: | Date: | Type of Action: | Staff Contact: | Phone: |
|-------------------|--------------|----------------------------|---|----------------------------------|
| Finance Committee | 3/6/03 | Discussion/Possible Action | Hugh Simpson, CFO John Paulson, IS Operations Manager | (206) 398-5440 (206) 689-3368 |

| Contract/Agreement Type: | | Requested Action: | |
|---------------------------------|---|-----------------------------------|---|
| Competitive Procurement | 3 | Execute New Contract/Agreement | 3 |
| Sole Source | 3 | Amend Existing Contract/Agreement | 3 |
| Memorandum of Agreement | | Contingency Funds Required | |
| Purchase/Sale Agreement | | Budget Amendment Required | |

4 Applicable to proposed transaction.

OBJECTIVE OF ACTION

To complete procurement of data network equipment for Agency Data Network Replacement project.

ACTION

Authorizes the Executive Director to execute a contract with NEC Business Network Solutions, Inc. to provide data network equipment in the amount of \$432,783, with a contingency of \$15,000, for a total authorized amount not to exceed \$447,783.

KEY FEATURES

- Replaces aging equipment which is reaching the end of its useful life.
- Replaces Nortel network equipment as Nortel is unable to offer assurances of support/replacement in a timely manner in the event of an equipment failure.
- This contract is being procured through a piggy-back agreement on a State of Washington Department of Information Services Master Contract for Cisco Intranet Hardware. Using this Master Contract allows Sound Transit to take advantage of the 32% discount, including one year of maintenance, and free shipping, without having to engage in a lengthy RFP process.

BUDGET IMPACT SUMMARY

Project Description: Data Network Replacement

Current Status: New Project

Projected Completion Date: May 2003

| Action Outside of Adopted Budget: | Y/N | Y | Requires Comment |
|--|------------|----------|-------------------------|
| This Line of Business | N | | |
| This Project | N | | |
| This Phase | N | | |
| This Task | N | | |
| Budget amendment required | N | | |
| Key Financial Indicators: | Y/N | Y | Requires Comment |
| Contingency funds required | N | | |
| Subarea impacts | N | | |
| Funding required from other parties other than what is already assumed in financial plan | N | | |

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

BUDGET DISCUSSION

Funding for this scope of work is included in the FY2003 Budget.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

Passage of this motion will cause no adverse impacts to the agency's financial plan.

M/W/DBE – Small Business Participation

- The pricing is available only through the state master contract, on which Sound Transit will piggy-back. While the state master contract does not have an M/W/DBE component, NEC Business Network Solutions, Inc., the sole vendor of this contract, has a national workforce profile of 20% female and 25% minority, the local office has a workforce profile of 39% female and 15% minority. The vendor will not be using subconsultants on this hardware procurement contract.

SUMMARY FOR BOARD ACTION

Summary for Board Action (Year of Expenditure \$000)

Action Item: Contract for Network Equipment with NEC Business Network Solutions, Inc.

| | (A) Current Approved Contract Value | (B) Spent to Date | (C) Proposed Action | (D) Proposed Total Contract Value |
|------------------------|--|----------------------|------------------------|---|
| Contract Budget | | | | |
| Network Equipment | 0 | - | 432,783 | 432,783 |
| Contingency | 0 | - | 15,000 | 15,000 |
| Total | 0 | - | 447,783 | 447,783 |
| Percent Contingency | 0% | - | 3.47% | 3.47% |

Contract to be Charged to:

| | 2003 Staff Budget | Future Staff Budgets | Direct Charges to Projects | Total |
|-------------------|----------------------|-------------------------|-------------------------------|---------|
| Network Equipment | 447,783 | | - | 447,783 |

| Finance Department, Account Budget | 2003 Board Adopted Staff Budget | Spent to Date in 2003 | This Action for 2003 | 2003 Surplus (Shortfall) |
|------------------------------------|---------------------------------------|--------------------------|-------------------------|-----------------------------|
| Network Equipment | 480,000 | | 447,783 | 32,217 |
| | | | | - |
| Total Account | 480,000 | - | 447,783 | 32,217 |

Budget Shortfall

| Level | \$ | Revenues | Funding Source |
|-------|----|----------|----------------|
| NA | - | - | NA |

HISTORY OF PROJECT

This procurement would replace aging equipment which is reaching the end of its useful life—some of the core components have already been discontinued—with newer, more efficient and supportable models. This reduces the chances of major component failure which could result in loss of the availability of part or all of the agency data network, including the agency web site, external e-mail, project controls, finance, and /or CAD applications, for an extended period of time. Any network-based storage and/or applications could be negatively impacted resulting in lost productivity and negative financial impact to the agency.

According to industry information, the current data network vendor (Nortel) is in an unstable financial situation. As a result, the vendor's ability to support and replace the agency's network equipment in a timely manner in the event of an equipment failure is uncertain. Upgrading the network at this time is prudent, replacing aging equipment with newer, more efficient, and completely supportable models.

The Data Network Replacement Project is estimated to take 2-3 months upon receipt of the equipment, making May the preferred timeframe for implementation. Approximately two months of testing on the new data network equipment will be required prior to implementation. This means that equipment would need to arrive in March in time for a May implementation. Due to the complexity of the process, implementation is best scheduled to occur over a three-day holiday weekend. Currently the Memorial Day weekend of May 23-26 is planned. If delays occur, the implementation will be delayed until at least the July 4 holiday weekend, placing agency data network resources at greater risk.

**Prior Board or Committee Actions
and Relevant Board Policies**

| Motion or Resolution Number | Summary of Action | Date of Action |
|-----------------------------|-------------------|----------------|
| N/A | | |

CONSEQUENCES OF DELAY

- The current Nortel support maintenance contract ends at the end of April 2003. A delay in procurement will require issuing a new contract with Nortel for a month-by-month maintenance agreement that will cost approximately \$2,500 per month.
- The Data Network Replacement project is estimated to take 2 to 3 months upon receipt of equipment, and implementation is best done over a 3-day holiday weekend. The current schedule targets the Memorial Day weekend in May for switchover from the current Nortel network backbone to the Cisco network backbone. Any delay would push implementation back to at least July.

REGIONAL PARTNERSHIP AND COOPERATION

N/A

PUBLIC INVOLVEMENT

N/A

LEGAL REVIEW

2/26/03

SOUND TRANSIT

MOTION NO. M2003-28

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a contract with NEC Business Network Solutions, Inc. to provide data network equipment in the amount of \$432,783, with a contingency of \$15,000, for a total authorized amount not to exceed \$447,783.

Background:

This procurement would replace aging equipment which is reaching the end of its useful life—some of the core components have already been discontinued—with newer, more efficient and supportable models. This reduces the chances of major component failure which could result in loss of the availability of part or all of the agency data network, including the agency web site, external e-mail, project controls, finance, and /or CAD applications, for an extended period of time. Any network-based storage and/or applications could be negatively impacted resulting in lost productivity and negative financial impact to the agency.

According to industry information, the current data network vendor (Nortel) is in an unstable financial situation. As a result, the vendor's ability to support and replace the agency's network equipment in a timely manner in the event of an equipment failure is uncertain. Upgrading the network at this time is prudent, replacing aging equipment with newer, more efficient, and completely supportable models.

The Data Network Replacement Project is estimated to take 2-3 months upon receipt of the equipment, making May the preferred timeframe for implementation. Approximately two months of testing on the new data network equipment will be required prior to implementation. This means that equipment would need to arrive in March in time for a May implementation. Due to the complexity of the process, implementation is best scheduled to occur over a three-day holiday weekend. Currently the Memorial Day weekend of May 23-26 is planned. If delays occur, the implementation will be delayed until at least the July 4 holiday weekend, placing agency data network resources at greater risk.

The current Nortel support contract ends at the end of April, 2003. A delay in procurement will result in additional monthly cost of approximately \$2,500 in order to continue current equipment support.

Motion:

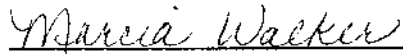
It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute a contract with NEC Business Network Solutions, Inc. to provide data network equipment in the amount of \$432,783, with a contingency of \$15,000, for a total authorized amount not to exceed \$447,783.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on March 6, 2003.

ATTEST:



Kevin Phelps
Finance Committee Chair



Marcia Walker
Board Administrator