



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: SEPTEMBER 5, 2018

DEPARTMENT: FINANCE
DIRECTOR: VENETIA APPELBYARD

Consent Discussion

SUBJECT:
RESOLUTIONS:

R-49-2018 - Public hearing and discussion for possible action regarding a Resolution authorizing a lease-purchase agreement with Key Government Finance, Inc., and the execution and delivery of documents relating thereto, in an amount not to exceed \$3,000,000 to finance the cost to replace the current telephone network system used by the City (Computer Services Internal Service Fund) - All Wards

Fiscal Impact

- No Impact Augmentation Required
 Budget Funds Available

Amount: \$3,000,000

Funding Source: Computer Services Internal Service Fund

Dept./Division: Finance

PURPOSE/BACKGROUND:

The City, in accordance with NRS 350.087 to 350.095 and 350.800, plans to enter into a medium-term obligation in the form of a lease-purchase agreement to replace the current telephone network system. This new system will provide the City with the necessary communication system to assist with the ability to continue to provide for the safety, health and welfare of the City and its residents. The City's current telephone network system is no longer serviceable, creating a present need to purchase a new telephone network system. The lease-purchase agreement provides the City an economically effective and efficient method to fund the purchase of the telephone network system for the duration of the agreement.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Resolution No. R-49-2018 and Notice of Public Hearing

Motion made by BOB COFFIN to Approve

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

CEDRIC CREAR, MICHELE FIORE, BOB COFFIN, CAROLYN G. GOODMAN, LOIS TARKANIAN, STAVROS S. ANTHONY, STEVEN G. SEROKA; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

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Minutes:

MAYOR GOODMAN declared the Public Hearing open.

VENETTA APPELYARD, Finance Director, stated this item is a public hearing regarding a lease-purchase agreement with Key Government Finance, Inc. for an amount not-to-exceed \$3 million. The monies will be used to finance a new telephone network system for the City of Las Vegas and are to be repaid over a five-year period at an annual amount of \$565,000.

MICHAEL SHERWOOD, Director of Information Technologies, stated the current system is made by Avaya Corporation which filed for bankruptcy in January 2017. Regardless, the current system is end-of-life and is no longer being produced. As such, spare parts and maintenance are provided by third party or after-market providers.

When considering the options that are available, staff looked at leveraging the City's current technology Sysco Systems which is used to interconnect all computers. It also makes a telephone system that uses voice over. This allows the telephone to use the same connection as the computer, saving time and money with regard to installing and moving phones throughout the City.

MR. SHERWOOD reiterated the phone system costs approximately \$3 million with a repayment of \$565,000 annually. The ongoing costs of the current system are about \$500,000; a \$65,000 per year difference. After year five, the City will see an annual savings of approximately \$300,000. While there is a small cost to maintain the new system, it will not be at the same rate as the current system.

He noted the key features of the new system include enhanced 9-1-1 calls which identifies the floor and office location while the current system identifies simply 495 South Main Street, simplified management of the new system, savings on local and long distance calling and decreased redundancy, meaning if there is a phone system problem at City Hall, the other buildings in the organization would not be affected.

MAYOR GOODMAN asked if equipment is replaced and updated as it becomes available under this contract. MR. SHERWOOD responded all new equipment will be placed at every desk, and anything that breaks over the next five years will be replaced at no cost. All software updates are provided as part of the maintenance agreement within the five-year agreement. After five years, there will be an annual maintenance cost of approximately \$150,000 that will include all software updates and equipment.

COUNCILMAN COFFIN commented the Council learned in briefings the pitfalls of staying with the current provider and a change was forced upon them due to the company's bankruptcy and inability to service the current system.

In response to MAYOR GOODMAN'S question regarding the timeline, MR. SHERWOOD stated implementation would take place in the next six to nine months.

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There being no one present from the public to speak, MAYOR GOODMAN declared the Public Hearing closed.

