SUMMARY STATEMENT

ITEM NO. SUBJECT: Verizon Centrex Agreement

COMMITTEE: Operations and Maintenance Committee

COMMITTEE MEETING DATE: May 18, 2005

BOARD ACTION DATE: June 8, 2005

PROPOSAL: That the Board authorizes staff to negotiate a 12 month contract extension with Verizon for an amount not to exceed $600,000 for Centrex telephone services and features, voice mail services, ISDN service and products, frame relay and other data network services for Delaware River Port Authority-s use at all of its locations and at PATCO. This action extends an amendment to the original contract through August 31, 2006.

PURPOSE: To provide the Delaware River Port Authority with the necessary telecommunications and network services for its overall operations at all of its locations.

BACKGROUND: In January 1996 the Delaware River Port Authority entered into an agreement with Bell Atlantic Network Services, Inc. now Verizon Services Corporation to provide Centrex (managed phone system) services and features, voice mail services, and various data network services and products for DRPA-s use at all of its locations and at PATCO. In July 2004, the Board of Commissioners resolved to extend the Centrex Agreement for one year ending August 31, 2005. This action further extends the original contract for 12 more months through August 31, 2006.

The extension is necessary to complete the Wide Area Network/Local Area Network/Telephony Project (WAN/LAN Project) approved by the Board of Commissioners in November 2003 which, when completed, displaces the need for the services rendered under the Centrex Agreement. This project is a design and rebuild of the Authority-s networks and phone system in support of several other major projects. These other projects include: the Authority-wide Security Camera Project, PATCO-s Supervisory Control and Data Acquisition (SCADA)/Train Control (CTC) Project and the PATCO Automated Fare Collection Project. The WAN/LAN Project was planned to be completed before the expiration of the Centrex Agreement extension at
the end of August 2005.

Despite the best efforts by Verizon and staff, the WAN/LAN Project will not be completed by the expiration of the Centrex Agreement on August 31, 2005 making it necessary to extend the Centrex agreement another year. Two circumstances were not adequately considered in the development of the original project plan. First, detailed design and planning efforts take longer than estimated. The complexity and reach of the project requires approval from and coordination with many departments at the Authority. While departments have cooperated fully, the time required to get project tasks completed was underestimated. Secondly, fiber remediation work which was provided for in the contract as a contingency line item was more extensive than imagined. The fiber optic cabling along the PATCO right-of-way, for example, was in poor condition. Several weeks of discovery, discussion, and engineering were added to the schedule. The solution required weekend only work because of the PATCO train schedule which delayed the project several months.

The extension is budget neutral. There are no additional capital costs associated with the WAN/LAN project delay because the delay is due to scheduling issues rather than an increased work load. The operating costs of the new WAN/LAN Project fall within or are more than the $600,000 budget for the Centrex Agreement therefore adequate funding for Centrex Extension is in the 2005 Operating Budget.

Staff and Verizon are confident, given our experience, that the WAN/LAN project will be completed by the end of August 2006 and therefore recommends extending the current Centrex Agreement through August 31, 2006.

**SUMMARY:**

- **Amount:** $600,000 (not to exceed)
- **Source of Funds:** Revenue Fund
- **Capital Project #:** N/A
- **Operating Budget:** 2005
- **Master Plan Status:** N/A
- **Other Fund Sources:** N/A
- **Duration of Contract:** Until August 31, 2006
- **Other Parties Involved:** N/A
RESOLUTION

RESOLVED: That the Board authorizes staff to negotiate a 12 month contract extension with Verizon for Centrex services and features, voice mail services, ISDN service and products, frame relay and other data network services for Delaware River Port Authority's use at its various locations in an amount not to exceed $600,000; and be it further

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY:

| Amount:     | $600,000 |
| Source of Funds: | Revenue Fund |
| Capital Project #: | N/A |
| Operating Budget: | 2005 |
| Master Plan Status: | 1999 |
| Other Fund Sources: | N/A |
| Duration of Contract: | Until August 31, 2006 |
| Other Parties Involved: | N/A |