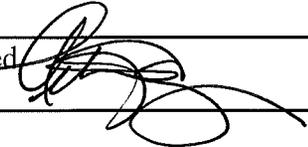


JUL 10 2009

by City Manager's Office

**Memorandum****TO:** HONORABLE MAYOR
AND CITY COUNCIL**FROM:** Stephen R. Ferguson
Chief Information Officer**SUBJECT:** UNUSED PHONE LINES**DATE:** July 10, 2009Approved Date *7/10/09***INFORMATION**

An article appearing in the Los Angeles Times earlier this month cited the possibility of a potential \$1.5 million annual savings for Los Angeles County by canceling unused Centrex phone lines. Mayor Reed has asked that we look into the possibility of similar savings for San José. Although the City may realize some savings by auditing unused phone lines, the cost issues experienced by Los Angeles are not a factor in San José's Voice Over Internet Protocol (VoIP) telephone system.

Prior to the move into City Hall in 2005, the City's phone service was supported by Centrex, a leased phone line system owned and operated by the telephone company (AT&T). With the move to City Hall in 2005, the City took advantage of a far less-costly VoIP technology which brought ownership and management of a digital phone system in-house with an "over the internet" converged voice and data network. Currently, approximately 65% of City sites utilize VoIP. In the VoIP system, we do not have costly unutilized phone *lines*, just unutilized phone *numbers* that are reserved for an insignificant cost when compared to the entire phone service (currently less than \$200 per month). When the conversion to VoIP took place, abandoned phone lines were addressed.

Centrex is still used by only about 35% of the City's fixed locations, including remote locations such as fire stations, community centers, the 911 Communications Center, and libraries. While it is likely that the City does pay for unused Centrex lines, the potential for savings based upon the number of unused Centrex lines still being billed is considerably less than that noted for Los Angeles County (8,000). With the completion of the current Police VoIP project in June 2009, approximately 68% or 4,089 lines will have been converted to VoIP, with the total number of phone lines within the organization being 5989. This will leave approximately 1,900 phone lines, the majority still in use, on Centrex.

During the FY 2002-2003 budget process, the decision was made to distribute all Centrex-related costs and the responsibility for cost monitoring from ITD to the user departments. From that

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point forward, individual departments were responsible for the managing their own telephone costs. During this transition year, ITD provided training to departmental users on how to read their telephone bills, and ITD continues to serve as the City's primary point of contact on the use of on-line billing records.

As a next step, Fiscal Officers, particularly those in departments with primary locations outside of City Hall, will be reminded via a memo to regularly review on-line cost information available from AT&T, and to identify and cancel unused lines. The City should continue to identify sources of ongoing funding to continue the expansion of VoIP to remote locations as we continue toward our goal of a single communications platform. VoIP has proven to be a less costly and more easily supported telephone system for the City.

Should you have questions, please contact Vijay Sammeta, Deputy Director of Infrastructure, at 535-3566.



STEPHEN R. FERGUSON
Chief Information Officer