

City of Los Angeles

California



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March 19, 2012

REF: ASB-050-12

Honorable Jan Perry, Chair
Information Technology & General Services Committee
Room 420, City Hall
Los Angeles, CA 90012

Subject: **CITYWIDE CELL PHONE REVIEW PROJECT RESULTS**

Dear Councilmember Perry:

This is in response to Council motion (File No. 10-1754) for ITA and GSD to report on possible opportunities for achieving cost savings through renegotiating and/or review of existing cellular phone service contracts and available plans.

In April 2011, ITA issued a memo to all departments and elected officials discussing opportunities to optimize the monthly billings for cellular phone services. The four carriers of the City were listed with their lowest cost cellular plans and equipment costs. Examples were provided to illustrate how savings can be achieved utilizing a zero flat rate, low cost per minute cellular plan. ITA implemented this concept early on saving the department over 30% in its monthly expenditures since January, 2011.

At the direction of City Council, ITA and GSD formed the Cellular Device Project Team (CDPT) to reach out to departments and assist with the analysis of their departmental cellular plans. Three months of current summary phone bill information was requested to analyze cell usage. Many departments authorized ITA/GSD to access their billing data from the carrier's system to collect the information. This authorization process was laborious and time consuming as the carrier's process of granting access made it difficult due to information confidentiality.

A report summarizing the findings was provided to the departments showing the cost comparison of their current plan and the cost of the zero monthly flat rate plan. In general, departmental savings were achieved by changing from the flat rate plans to the zero monthly cost plan within their existing carrier. The greatest savings could be achieved by using the carrier with the lowest per minute charge, which may require switching carriers. However, for some departments the selection of cell carrier is based on reception or other services provided; therefore, the decision to change carriers as well as rate plans was left with the departments.



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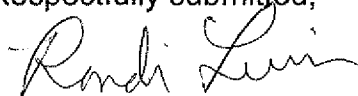
As departments started to adopt the zero monthly cost approach, GSD continued to negotiate more favorable terms with the carriers. Some of the key cost savings added to most of the zero monthly plans included free nationwide calling, free mobile to mobile calling and free nights and weekend calling.

A cell phone stipend policy was considered as a potential cost savings measure to eliminate the current practice of providing City-owned devices and services to authorized individuals. The intent of the stipends was to reimburse the employee for the portion of business use their personal cellular device was used, but not to pay the entire phone bill. This alternative was explored and it was determined that savings could not be achieved due to the low cost of cellular plans governmental agencies receive. In addition, having employees use their personal devices for business purposes raises privacy concerns should an employee's work-related phone records be requested through a Public Records Act request.

Three proprietary departments, Airports, Harbor and DWP were also contacted with an offer to assist with their optimization. Airports completed an RFP and contracted with a private optimization company, Iris, to review their bills and manage their cell plans. Harbor listened to the general recommendations of the CDPT, but ultimately also contracted with Iris, citing a better fit for their organization. The DWP did not respond to any offer by the CDPT.

In total, the CDPT in cooperation with the departments has helped reduce the City's ongoing monthly cellular expense by nearly \$34,000, based on self-reported compliance. This amount is anticipated to increase an additional \$4,600 in the near term as some of the remaining departments are converted to the zero monthly plan. The CDPT will continue to monitor the department's cellular plans on a periodic basis and provide recommendations as required.

Respectfully submitted,



Randi Levin
General Manager



Tony M. Royster
General Manager
Department of General Services

Honorable Jan Perry

March 19, 2012

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cc: Honorable Joe Buscaino, CD 15
Honorable Tony Cardenas, CD 6
Stephanie Magnien Rockwell, CD 9
Paloma Perez, CD 6
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Mandana Khatibshahidi, CLA
Gerry Miller, CLA
Deborah Ramos, GSD
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Table 1 - Departmental Savings

<u>Department</u>	<u>Monthly Savings</u>
Animal Services	\$686
Building and Safety	\$5,042
City Administrative Officer	\$500
City Attorney	\$4,000
City Clerk	\$54
City Employees Retirement	\$609
Controller	\$62
Cultural Affairs Dept (DCA)	\$113
Disability	\$26
El Pueblo	\$97
Emergency Management	\$630
Ethics Commission	\$36
Finance	\$500
Fire Department	\$3,011
Fire & Police Pension	\$114
General Services	\$9,900
Housing	\$3,977
Information Technology Agency	\$954
Library	\$229
Neighborhood Empowerment	\$87
PW: Board	\$110
PW: Street Services	\$1,000
Transportation	\$1,750
TOTAL	\$33,487

Table 2 - Anticipated Department Savings

Department	Monthly Savings	Date of Recommendation
Convention Center (LACC)	\$1,405	2/10/2012
Cultural Affairs Dept (DCA)	\$113	2/22/2012
PW: Bureau of Sanitation	\$2,400	2/7/2012
Recreation and Parks (RAP)	\$830	7/14/2011
TOTAL	\$4,635	