

**Staff Report**

**TO:** Board of Commissioners  
**FROM:** Administrator/Controller's Office  
**DATE:** November 8, 2018  
**RE:** Abilita Telecom Consulting Recommendations

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**BACKGROUND**

In response to paying consistently high costs for telecommunication services, the County Administrator/Controller's Office engaged the services of an independent consultant, Abilita Telecom Consulting, to audit current services. Representatives from Abilita met with County Administration and Information Systems to document the current telecommunication services utilized by the County and associated costs. Ultimately, upon analysis of those services, Abilita presented its recommendations for a more cost-effective telecommunications solution for the County.

Abilita offers a unique fee structure for its services rendered. Compensation to Abilita comes from a percentage of the County's realized savings resulting from the implementation of their recommendations. Abilita will be compensated 50% of actual documented savings for a period of three years for any of its recommendations that the County implements.

Abilita began its analysis with a thorough review of the ongoing telecommunication related invoices paid by the County. Abilita reviewed each of these billings to determine if the County is being charged the correct rate for each service and whether the County is being charged for services it is not utilizing. Additionally, Abilita researches several options available to the County to determine whether more cost-effective services are available. Through this analysis, Abilita identified some areas of potential savings in local calling services which are estimated to total \$1,875.60 annually. To accomplish these savings, Abilita is recommending the County remove wire care service for the two phone lines receiving this charge (\$210.72), reduce the number of phone book listings from 36 to 8 (\$1,572.48), and eliminate the sales tax being charged (\$92.40). These recommendations are described in further detail on the attached Isabella County – Summary of Abilita Telecom Consulting Recommendations.

One major area of telecommunication expense, and consequently potential savings, is in the rate for outbound long distance services. Currently, Winn Telecom provides long distance within its voice and data services to Isabella County. In its analysis of several long distance rates available to the County, Abilita found that the current rates provided by Winn Telecom are the best available. This is in large part due to the diligence of the County Information Systems Director, Michelle Doherty, and her successful negotiation of lower rates. Prior to any engagement with Abilita, Ms. Doherty was able to negotiate the long distance rate from \$0.05 per minute down to \$0.035 per minute. Based on past utilization, this equates to an estimated savings of \$1,755.03 per year.

The County will not be compensating Abilita for any of the savings previously identified by Ms. Doherty, as the benchmark for long distance savings was set at \$0.035 per minute. However, Abilita was able to negotiate a further reduced rate of \$0.03 per minute, and could receive 50% of the realized savings from the \$0.005 per minute reduction if this recommendation is implemented.

Abilita also provided analysis of the County's cellular and wireless services currently maintained through Verizon. Through a comparison of current cell phone utilization and analysis of the associated cell phone pricing plan, Abilita is recommending that the County migrate its cell phones and other devices to more applicable pricing plans with Verizon. As detailed in the attached, Abilita is recommending specific pricing plan migrations to arrive at an estimated annual savings of \$11,193.24. A new cellular carrier was not vetted, as cellular coverage was considered paramount to price.

In total, Abilita identified a billing error that will present a one-time savings of \$208.56 and recommended several cost-effective solutions amounting to an estimated annual savings of \$13,653.85. It is the recommendation of the Administrator/Controller to approve and implement the recommendations from Abilita Telecom Consulting for telecommunication services. The Deputy Administrator/Controller and Information Systems Director concur with this recommendation.

## **ALTERNATIVES**

The Board of Commissioners could choose not to approve the recommendations and the County would realize no telecommunication service savings.

## **FINANCIAL IMPACT**

Approval and implementation of the attached recommendations from Abilita Telecom Consulting would present the County with a one-time savings of \$208.56 and an estimated and ongoing savings of \$13,653.85 per year on its telecommunications services. The County would have to share in any realized savings resulting from implementation of these recommendations at a rate of 50% with Abilita for a period of three years. After the three year period, the County would realize the full savings of any previously implemented recommendation.

## **OTHER CONSIDERATIONS**

The Michigan Association of Counties (MAC) has endorsed Abilita to assist counties in reducing telecommunication service expenditures.

## **RECOMMENDATIONS**

Consider approving the attached Isabella County – Summary of Abilita Telecom Consulting Recommendations, to implement cost-effective telecommunications solutions resulting in a one-time savings of \$208.56 and an estimated annual savings of \$13,653.85, with 50% of the actual realized savings to be paid to Abilita.

## **ATTACHMENTS**

- Isabella County – Summary of Abilita Telecom Consulting Recommendations

## ***Isabella County – Summary of Abilita Telecom Consulting Recommendations***

### **EXECUTIVE SUMMARY**

The solutions recommended within this report are unique to your business and reflect a more cost-effective configuration based on the information provided to us. Due consideration has been made for future requirements as identified in our discussions.

	<b><u>ONE-TIME SAVINGS</u></b>	<b><u>INITIAL APPROVAL</u></b>
BILLING ERROR	\$ 208.56	_____
	<b><u>ANNUAL SAVINGS</u></b>	
LOCAL SERVICES AND EQUIPMENT		
1. Remove "Wire care service"	\$ 210.72	_____
2. Reduce Additional Listings	\$1,572.48	_____
3. Remove sales tax	\$ 92.40	_____
LONG DISTANCE OUTBOUND		
4. Reduce rate per minute	\$ 585.01	_____
CELLULAR/WIRELESS		
5. Switch to an alternative plan	\$11,193.24	_____
	_____	
<b>TOTAL</b>	<b>\$13,653.85</b>	
<b>DATE SIGNED</b>	_____	

## **EXECUTIVE SUMMARY OF RECOMMENDATIONS (continued)**

### **LOCAL SERVICES**

#### **1. Remove "Wire care service"**

"Wire care Service" (from Winn) is a monthly fee to repair inside wiring issues per line (Prosecuting Attorney lines). Our experience is this has never been a cost-effective service and we recommend removing this for the two lines this fee is charged. This will **save the County \$17.56 per month**.

#### **2. Reduce Additional Listings**

Most Counties, within the past 4-5 years, have significantly reduced Additional Listings in the local phone book as most callers use the Internet rather than paper phonebooks to find the department's phone number. By doing the same (reducing listings from 36 to 8 primary department listings), the County will **save \$131.04 per month**.

#### **3. Remove sales tax**

The Parks and Rec line at Herrick Rec Area (989-386-2010) is being charged sales taxes with AT&T. Also, Winn had state sales tax on long distance. These can be eliminated and we will work to have them credited. This will **save \$8.69 per month and recover an estimated \$208.56 in credits. (from both AT&T and Winn)**

### **LONG DISTANCE OUTBOUND**

#### **4. Reduce rate per minute**

Winn proposed a rate of \$0.035 per minute to Isabella County. Abilita was able to negotiate this down to \$0.03 per minute. Based on past usage, we calculated the **estimated savings to the County of \$585.01 per year (savings will be based on actual usage)**.

### **CELLULAR/WIRELESS**

#### **5. Switch to an alternative plan**

Isabella County is a member of MiDEAL, a State of Michigan contract, for other services. This allows the County to buy off State of Michigan contracts and lock in pricing that is lower than what is available to any other organization of your size. We have evaluated other Verizon Wireless contract vehicles that are available to Isabella County, such as NASPO ValuePoint (formerly known as WSCA, this is a national purchasing program available to local government using a "lead-state model").

The following is a summary of the State of Michigan Plan changes we are recommending.

Current Plan	Number of Phones / Devices	Plan Fees	New Plan	Number of Phones / Devices	Plan Fees
4G Mobile Broadband Unlimited	35	\$37.99	Flat Rate Mobile Broadband	35	\$35.99
Nationwide Business Basic SharePlan -100	6	\$23.06	Nationwide 0 Share	6	\$15.99
Nationwide Business Talk - 200	4	\$26.24	Nationwide 0 Share	4	\$15.99
NATIONWIDE EMAIL & DATA 400	1	\$56.25	Nationwide 500 Share Email & Data	1	\$45.99
Smartphone Nationwide Email & Text Messaging for Business SharePlan	48	\$56.25	Nationwide 0 Share Email & Data	22	\$35.99
			Nationwide 500 Share Email & Data	26	\$45.99
Smartphone Nationwide Email for Business Plus Text - 400	3	\$54.36	Nationwide 0 Share Email & Data	3	\$35.99
State of Michigan Flat Rate	6	\$8.99	State of Michigan Flat Rate	6	\$4.99
State of Michigan Flat Rate - 0	43	\$0.00	State of Michigan Flat Rate - 0	43	\$0.00
	<b>146</b>			<b>146</b>	

We recommend migrating the remaining phones/devices to the Nationwide Share plans available on the current State of Michigan Verizon agreement, as well as the others detailed on the previous page. Once approved, Abilita will work with Verizon Wireless to implement these changes and monitor this recommendation monthly (if we have access to the monthly bill, either being provided on-line access or emailed the PDF every month). In addition, we can assist with management of employee cell devices and ongoing plan changes.

By acting on our recommendation, the County can **save approximately \$932.77 / month.** (Again, actual savings will be based on actual usage)