



## ATTACHMENT 1

This extension of the existing HATS contract is needed to continue telephone service for State departments and agencies, the Legislature, the Office of Hawaiian Affairs, and elements of the University of Hawaii until a new contract can be awarded and implemented.

The new Request For Proposals No. RFP-06-007-SW allows bidders to propose any type or combination of telephone service, which differs from the previous Invitation for Bids No. IFB-04-020-SW. The expected time to complete the process of finalizing and issuing the Request For Proposals (RFP), evaluating offers, awarding the contract, and implementing the contract is approximately two years.

Hawaiian Telcom (HT) has offered a one-year extension with no change in monthly service rates, installations, repairs, telephone instruments, and terms and conditions. Also, HT proposes to add selected Cat 5E and Cat 6 cabling and components to the price list. The prices being offered are generally lower; however, the most frequently used item (dual run, 4 pair Cat 5E CMP horizontal cable) is slightly higher due to copper and labor costs. At the same time, manufacture discontinued CAT 5 items will be removed from the price list.

We recommend accepting the one-year extension and proposed cabling and component price list changes. This will allow the State to continue to benefit from discounted Centrex (single line & multi-line) monthly telephone service rates. If the State had to pay current listed monthly Centrex rates, it would cost at least \$8 million more per year. Our estimated timeline will require another one-year extension beyond this extension to complete the implementation of the new contract.