



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
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THE DIRECTOR

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MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Franklin D. Raines

SUBJECT: Local Telecommunications Services Policy

This memorandum adopts a consensus policy governing the acquisition of telecommunications services by Federal agencies to serve their locations throughout the nation. This policy was developed by an interagency group of telecommunications managers (the General Services Administration-sponsored Interagency Management Council) and approved by the Chief Information Officers Council on February 19, 1997. OMB is adopting this policy pursuant to the Information Technology Management Reform Act, P.L. 104-106. The policy is effective immediately and will be reviewed in two years.

The goal of this local telecommunications services policy is to provide agencies the flexibility and responsibility to acquire, operate, manage, and maintain telecommunications resources while taking advantage of the economies of scale and management efficiencies that aggregation of service and acquisitions can produce. Careful analysis and coordination prior to individual agency action can ensure that Federal organizations meet their telecommunications services needs in the most cost-effective manner possible. The policy relies upon existing internal agency decision processes, but recognizes that the special characteristics of "Shared Resource Communities" -- locations where two or more agencies' telecommunications needs are served by a lead agency provider -- require a collective management approach.

The Interagency Management Council has agreed to establish and support a Local Telecommunications Advisory Council (LTAC) to provide leadership in implementing this policy. The LTAC will facilitate agency aggregation of requirements, allow sharing of telecommunications expertise, improve knowledge of service pricing and competition in different geographic areas, and otherwise assist Federal organizations in making better decisions on using their individual and collective telecommunications resources.

For further information regarding this guidance, please contact the Office of Information and Regulatory Affairs at (202) 395-3785. If you need information regarding the LTAC or other local telecommunications service issues, please contact Margaret Binns of the General Services Administration's Federal Telecommunications Service at (202) 606-9000.

Attachment

-LOCAL TELECOMMUNICATIONS SERVICES POLICY-

1. BACKGROUND

Public Law 104-106, the Information Technology Management Reform Act (ITMRA) effective February 10, 1996, repeals the 1965 Brooks Act. Consequently, regulatory control of telecommunications and the General Services Administration's (GSA's) mandatory oversight role ends August 8, 1996.

2. PURPOSE

Experience has proven that aggregation of service and acquisitions can produce economies of scale and management efficiencies. Therefore, the local telecommunications services policy goal is to foster an environment that gives agencies the latitude, flexibility, and responsibility to acquire, operate, manage, and maintain telecommunications resources through collaborative efforts within and among those agencies.

3. POLICY

Consistent with the Information Technology Management Reform Act of 1996, Executive Order 13011, "Federal Information Technology," requires Federal agencies to evaluate how they perform their functions before investing in information technology. Agencies should make decisions regarding employment of information resources, including providing telecommunications services to their locations throughout the nation, following an integrated planning, budgeting, and evaluation process. In keeping with this requirement, and in support of a unified Federal Telecommunications Program, Federal organizations should acquire telecommunications services in a manner that is most cost effective for the government. There is a rebuttable presumption that shared telecommunications are more efficient to the government as a whole than services acquired by individual agencies for their own use. Each organization's decision process should be documented in accordance with internal agency procedures. This policy applies to locations where existing telecommunications services are changing or new telecommunications services are required.

3.1. SCOPE

Local Telecommunications includes any access services which provide, for a recurring fee, electronic connectivity to the public switched network and those support services which provide for the acquisition, operation, and management of attached systems. Access

services include local voice and data communications, videoconferencing, cellular and paging services, and those services necessary for efficient operation and management of a telecommunications system. Agency private networks which use or aggregate local access to the public switched network are likewise included.

3.2. EFFECTIVE DATE

This policy will be effective on the date of issuance. At a minimum, it will be reviewed every 2 years.

4. IMPLEMENTATION

The Interagency Management Council (IMC) shall charter and establish the Local Telecommunications Advisory Council (LTAC) to provide leadership of the local telecommunications services policy implementation as promulgated by the Office of Management and Budget (OMB). The LTAC will provide communications channels for agencies to discuss the aggregation of requirements, foster the sharing of telecommunications expertise, realize economies of scale through competition in the local area, and make better decisions on using their individual and collective telecommunications resources.

4.1 LOCAL TELECOMMUNICATIONS ADVISORY COUNCIL (LTAC)

The LTAC will provide guidance and support, and facilitate the implementation of the local telecommunications services policy. In this role, the LTAC may establish local area working groups or subcommittees. Also, the LTAC can be a centralized repository for shared access to telecommunications resources (e.g., on-line directory of telecommunications systems profiles, a Federal governmentwide equipment/services contracts database, sample contracts and Memoranda of Agreement (MOAs)). The LTAC shall consist of not less than five members, including GSA, who serve at the discretion of the IMC. The IMC will arrange funding for any additional staff or contractor support.

4.2 SHARED LOCAL TELECOMMUNICATIONS SERVICES

Federal agencies receiving local telecommunications services from another Federal agency, e.g., a GSA consolidated switch, have a common responsibility to that community of agencies in exchange for those services. Such a community shall be considered a telecommunications "Shared Resource Community."

The agency primarily responsible for provisioning telecommunications service(s) to members of this community shall be the "Lead Agency." Lead agencies must acknowledge their responsibility(s) to provide services until an alternative arrangement has been coordinated with the community and the LTAC. Different agencies may take the lead in providing different services. MOAs will identify responsibilities and cost-recovery mechanisms. GSA nor the LTAC can mandate an agencies initial or continued participation in a shared resource community.

4.3 TERMINATION OF SERVICES

If an agency, either the Lead Agency or a user agency, must or chooses to relinquish its role or if sufficient agencies depart the shared resource community, a written "Notice of Intent to Terminate Services" must be provided to the Shared Resource Community and to the LTAC (180 calendar days for the Lead Agency; 90 calendar days for other agencies, or as soon as notified of special circumstances such as a forced move.) before the projected termination date. Departure from the shared resource community requires resolution of financial and operational impacts with the remaining agencies. All efforts shall be made to settle disputes at the local level before bringing them to the LTAC. Agencies can appeal LTAC decisions to the full IMC. Any issues that cannot be resolved can be raised to the CIO Council by agency heads, before presentation to OMB.

4.4 AGENCY RESPONSIBILITIES

Agencies are responsible for taking all actions necessary to implement this policy. This includes identification of appropriate levels of agency contacts; participation in working groups, subcommittees, or users' groups established by the LTAC; and cooperation and support of the LTAC as requested.

4.5 REPORTING

The LTAC will brief the IMC on the status of issues at least quarterly. Issues that cannot be resolved by the LTAC may be elevated to the IMC.

4.6 IMPLEMENTATION STRATEGY AND CRITERIA

The implementation strategy and criteria section serves as a guide for the execution of the Local Telecommunications Service Policy. Inter-agency sharing/partnering is the baseline objective of the Policy and this section. Specifically, this section details items to consider when planning local telecommunications service acquisitions, activities that should be performed in support of the acquisition, and a sample process.

4.6.1 STRATEGY

The implementation strategy is based on the formation of the shared resource community(ies) among Federal Agencies, the analysis of service alternatives, and the creation of a cost recovery/responsibility/planning document(s).

The formation of the shared resource community (gathering together the agencies involved) can be accomplished by the agency interested in making a telecommunications service change. Or, if solicited, the GSA regional infrastructure could function as a facilitator for inter-agency collaboration (forming the shared resource community) for acquiring local telecommunications services.

Once the shared resource community is established, the criteria in section 4.6.2 is to be supported. Also, a uniform cost analysis methodology (template/modeling tool) is to be applied, to enhance the decision making process for acquiring local telecommunications services. The methodology should address the entire telecommunication system's lifecycle cost *e.g.* planning, acquisition, management (operation & maintenance), and disposal. Life cycle cost saving thresholds and cost differential (change vs. status quo) thresholds should be a part of the cost analysis. An analysis methodology tool can be obtained from the LTAC.

The telecommunications service cost recovery approach should be documented within a Memorandum of Agreement (MOA), and executed among the members of the shared resource community. Once established, the MOA should be reviewed/renewed (at an agency option) on a fiscal year basis. The MOA should detail site specific parameters, *e.g.* major milestone dates, unique technical requirements, demarcation definition, termination procedures, and resource sharing. In addition, the MOA should establish performance measures for the shared resource community. The performance measures can assess the efficiency/effectiveness of utilizing shared resources, record lessons learned as the shared resource community performs day-to-day functions, and identify areas where emerging technologies can be applied to the community. Sample MOAs are available from the LTAC.

Planning documentation should reflect the overall approach and the principles guiding the decision making process. At a minimum, documentation should consider the items listed in the attached check list.

4.6.2 CRITERIA

Federal agencies should apply shared/collaborative (internally and with other federal agencies) solutions for local telecommunications service acquisitions and management to reduce the duplication of acquisition efforts. The solutions should aggregate the service

requirements of as many federal agencies as possible (where appropriate), taking advantage of economies of scale. Any solution should comply with intra- and inter-agency physical access, software and network security requirements, that maintain system integrity. As in the case of all IT investments, telecommunications investments should be in compliance with the ITMRA, Executive Order number 13011, and associated implementing policies.

When telecommunications service for multiple agencies is involved, networks and/or common equipment should be configured for multi-federal agency access to eliminate the excessive cost of separate service deliveries. The configurations can be established in a 'landlord' providing service to 'tenant(s)' type environment.

The multi-federal agency approach supports sharing experienced telecommunications management and operations resources, to augment existing staff, to reduce cost and to minimize training impact. The lead agency, contractors, and tenant agencies are all potential sources for experienced telecommunications resources.

The agency primarily responsible for provisioning telecommunications service(s) to members of the shared resource community shall be the "Lead Agency". Also, the lead agency serves as the primary liaison for the shared resource community.

4.6.3 PROCESS (Sample)

An overall sample process is illustrated in the following flow chart and described below as:

EXAMPLE:

A federal agency that we shall call "an Agency" requires a change to its telecommunications service at a location. This could be as a result of a modification or complete change to their existing system, or they may just be looking for a better cost alternative to their existing service.

First, an Agency gives consideration to their own location's specific requirements for telecommunications services, within their own organization. Next, to determine how to provision the services they need to meet those requirements, they should investigate the possibility of aggregation of services with other co-located agencies. Then, an Agency should determine if there is a shared resource community for telecommunications at their location, from information provided by the LTAC/GSA. If such a community is in existence, an Agency should request membership with that community and task their representative to propose, inform, and exchange information on new and existing techniques that are being applied in that location and, as necessary, to provide their own alternative proposal(s) and/or to request telecommunications assistance and support from the community.

Should an Agency learn that there is no such community available to them, they have the option of proceeding on their own, or they may investigate the possibility of setting up a community themselves, with possible assistance from GSA. Such a community would then provide an Agency with a common ground upon which to entertain new ideas about the provisioning of telecommunications services in their area, and provide a venue for learning how other agencies are meeting their own telecommunications requirements.

4.7 REFERENCE MATERIAL/INFORMATION

The following listing is some of the reference materials that will be available from the LTAC. In addition, your local GSA Regional contact is a source to access these types of reference materials:

- * CIO Council documentation (available on the Internet at www.cio.fed.gov)
- * OMB policy documentation on IT investments.
- * Existing federal governmentwide or local equipment/services contracts.
- * Directory of telecommunications system profiles.
- * Automated cost analysis tool(s).
- * Directory of existing shared resource communities.
- * Documented lessons learned from the shared resource community or equipment/services.
- * Sample MOAs.
- * Sample Request for Proposals (RFP).
- * Sample contracts.
- * Sample performance measures.

The LTAC is available as a source for telecommunications information sharing and can be called upon for advice/counsel. In this role, the LTAC can identify alternatives that the shared resource community (SRC) may consider.

The GSA FTS Office of Regional Service will serve as the initial point of contact, until the LTAC is established and staffed.

5.0 JUDICIAL REVIEW

This memorandum is intended only to improve the internal management of the Federal government and does not create any right or benefit, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

-CHECK LIST-

- * Intra- and inter-federal agency installation locations.
 - Aggregation of local and long distance services.
 - Shared line/trunking configurations.
 - Shared technical (personnel) resources.
 - Number portability.

- * Acquisition cost.
 - Solicitation preparation (RFP).
 - Technical evaluation.
 - Contract administration.

- * Equipment costs.
 - Common.
 - Station sets.
 - Cable and wire.
 - Technology enhancements.
 - Depreciation.

- * Site preparation cost.
 - Telecommunications room.
 - Wire closets.
 - Support conduit.
 - Building infrastructure.

- * Technology advancement cost.
 - System upgrades.
 - Technology upgrades.

- * Maintenance cost.
 - Moves/Adds/Changes.
 - On site.
 - On call.
 - Preventative.

- * System Management cost.
 - System administration.
 - Billing arrangements.
 - Infrastructure management.
 - Technical support.

- * End of system lifecycle cost.
 - System disposal.

