

Contact: Ron Tervelt
Foreperson
(925) 957-5638

Contra Costa County Grand Jury Report 1004

COUNTY CELL PHONES

Gain Without Pain

**TO: Contra Costa County Board of Supervisors
Contra Costa County Administrator**

SUMMARY

By simply reducing cell phone contracts from multiple providers to a single provider, Contra Costa County can save **25%** or more of its current cell phone costs with no reduction in service. Cell phone rates are based upon contracts established for all government entities. All three major cell phone companies offer similar rates based upon price per minute. Savings can be achieved through ongoing management of minutes purchased and minutes used. Cell phone providers stated that the larger the pool of minutes purchased from one provider, the greater the opportunity for cost savings and effective management. Utilization of multiple providers severely limits the opportunity to optimize cost. Service and support levels of the three major providers are similar and all meet the County's wireless communication needs.

BACKGROUND

The Grand Jury's investigation of the County's cellular communication system determined that:

- There are approximately 2,500 cellular communication devices.
- The annual cellular bill is \$900,000 to \$1 million.
- Sprint/Nextel, Verizon and ATT are the County's current service providers.
- A large number of users in some departments use the push to talk function.
- Cell to cell calls outside a single provider network increase billed minutes and cost. (Cell calls within a single provider network are free.)
- Multiple providers and invoices create unnecessary costs and administrative inefficiencies:
 - Invoices are reviewed and authorized by multiple departments.
 - Corresponding checks are manually generated and mailed resulting in increased processing costs.
 - The County is paying for cell phones that are unassigned or unused, with little or no inventory control.

METHODOLOGY

In November 2009, the Grand Jury began an inquiry into cell phone expenses to the County. The Grand Jury interviewed three major service providers to identify savings opportunities. The cost per minute from all three providers was similar. They also stated that ongoing and continuous analysis and management of cell minute usage is the key to overall cost savings. Based on information from the providers, and the City of San Jose, the Grand Jury determined that using a single provider reduced costs. (appendix)

The Grand Jury reviewed the County's cell phone usage data and cost information. Subsequently the Grand Jury interviewed several department heads and analyzed cell phone data to determine opportunities for cost reduction.

FINDINGS AND RECOMMENDATIONS:

1. Use of multiple providers results in higher costs and inhibits the ability to achieve and maintain optimal cost efficiency.

Recommendation: Within 90 days, the Board of Supervisors shall select one provider to reduce cost per minute for all users.

2. Individual departments manage and administer their own cell phone contracts, resulting in higher cost and inefficiency: i.e., tracking of minutes purchased vs. minutes used, equipment inventory control and simplified invoicing and payment.

Recommendation: The Board of Supervisors shall centralize contract management and administration immediately upon conversion to a single provider contract.

3. Multiple providers result in charges for cell to cell communication between provider networks.

Recommendation: One provider shall be utilized unless required services are not available.

4. Push to talk, an essential no cost communication tool which includes group calling, is only possible within a single provider network.

Recommendation: Push to talk feature should be included in any service contract.

Required Responses:

Findings and Recommendations:

Contra Costa County Board of Supervisors: 1 through 4

Appendix: *

Cell Phone Usage Comparison

	Contra Costa County	City of San Jose
Number of Phones	2,500	1,344
Monthly Minutes	820,554	302,269
Annual Minutes	9,846,648	3,627,228
Cost per Minute (Multiple Provider Average)	\$.10 (current)	\$.13 (prior to rate change)
Current Annual Cost	\$980,000	\$471,539
Cost per Minute Single Provider	\$.075 (projected)	\$.077 (actual)
Annual Cost	\$735,000 (projected)	\$279,296 (actual)
Annual Savings	\$245,000 (projected)	\$192,243 (actual)

* ALL FIGURES ARE APPROXIMATE