



## CITY COUNCIL STAFF REPORT

**MEETING DATE:** November 13, 2023

**ITEM TITLE:** Adopt a Resolution Authorizing the City Manager to Execute a Five-Year Contract, with the Option to Renew Subscription Services Annually, with RingCentral for a Cloud Hosted Phone System in the Amount of \$152,631.57; Authorizing the City Manager to Execute Amendments to Add, Change, or Remove Licenses as Needed; and Authorizing a Contingency Budget Not to Exceed \$5,000 for Installation of the New System.

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**RECOMMENDATION:**

Staff recommends that the City Council adopt a Resolution authorizing the City Manager to execute a five-year contract, with the option to renew subscription services annually, with RingCentral for a cloud hosted phone system in the amount of \$152,631.57; authorize the City Manager to execute amendments to add, change, or remove licenses as needed; and authorize a contingency budget not to exceed \$5,000 for installation of the new system.

**FISCAL IMPLICATIONS:**

There is no fiscal impact and no additional appropriation is needed.

The City Council approved the Phone System Replacement Project #C2315 in the amount of \$90,000 in the Fiscal Year 2023-24 Adopted Budget. The Project #C2315 funding includes implementation, first-year subscription services, and contingency costs. A breakdown of the costs is noted below.

|                          | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    |
|--------------------------|-----------|-----------|-----------|-----------|-----------|
| Implementation           | \$ 17,140 |           |           |           |           |
| Contingency Costs        | \$ 5,000  |           |           |           |           |
| Discount                 | (13,780)  |           |           |           |           |
| Subscription Services    | 29,854    | 29,854    | 29,854    | 29,854    | 29,854    |
| Total costs before taxes | \$ 38,214 | \$ 29,854 | \$ 29,854 | \$ 29,854 | \$ 29,854 |

Following installation of the new system, future year subscription costs will be covered by the Information Technology (IT) Division Operating Budget. Applicable taxes have not been included in this chart as they are subject to change. In addition, the annual costs can increase slightly when additional hardware, licenses and/or phone lines are added to support operational needs. As a comparison, the annual operating costs for the existing phone system are \$26,566.

**BACKGROUND:**

Earlier last year, the IT Division performed a preliminary assessment of the City's aging telephone

infrastructure. The Division discovered that the current Mitel phone system provided by Packet Fusion, Inc. will reach end of technical support and overall end of life on June 30, 2026. The current support agreement with Packet Fusion is set to expire on March 26, 2024. The assessment necessitated a request for proposals (RFP) to secure proposals to replace the existing telephone system.

The discovery process included surveys, site visits, a comprehensive inventory and evaluation of existing equipment functionality, and an on-site review of required applications. From the discovery process, a model design specification was created and included in the development of the RFP. The RFP was released on September 1, 2023. The City received initial responses from 14 vendors, representing several manufacturers.

#### ANALYSIS:

All proposals were reviewed and analyzed for feature compliance, capacity to deliver, reliability, vendor responsiveness, purchase price, and total cost of ownership. As a result of the initial panel review and evaluation, the top three vendors (Communication Square, GoTo Communications and RingCentral) were invited back for a demonstration and presentation on their proposed solutions.

All vendors proposed a “unified communications as a service” (“UCaaS”) system which consolidates chat, video, and audio conferencing services into one cloud-based platform.

Communications Square presented a Microsoft Teams solution that would require additional Microsoft Licenses. Both GoTo and RingCentral, presented a Teams solution that leverages their platforms. After the demonstrations, the panel selected RingCentral to replace the City’s existing phone system. Ease of use, Teams integration, and the ability to re-use our existing Mitel/ShoreTel phones were the deciding factors. After IT asked RingCentral for their best and final price for their solution, they returned with a quote that included several free months of service and 50 free desk phones.

Approval of this recommendation will allow staff to work with RingCentral to finalize a five-year agreement in accordance with the City’s terms and conditions. The proposed installation is scheduled for January and February 2024.

#### ALTERNATIVES:

The alternatives available to the City Council include:

1. Adopt a Resolution Authorizing the City Manager to Execute a Five-Year Contract, with the Option to Renew Subscription Services Annually, with RingCentral for a Cloud Hosted Phone System in the Amount of \$152,631.57; Authorize the City Manager to Execute Amendments to Add, Change, or Remove Licenses as Needed; and Authorize a Contingency Budget Not to Exceed \$5,000 for Installation of the New System; or
2. Do not adopt the proposed Resolution; or
3. Provide staff with alternative direction.

Respectfully submitted by:

Rebecca Mendenhall, Administrative Services Director

Approved for submission by:

A handwritten signature in black ink, appearing to read 'J. Maltbie', is positioned above a horizontal line.

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Jeff Maltbie, City Manager

ATTACHMENT(S):

1. Resolution
2. Ring Central Order Form
3. Ring Central Statement of Work