



CITY COUNCIL COMMUNICATION

June 28, 2016

SUBJECT: Telephone System Upgrade

SUBMITTED BY: Scott Joyce, Information Services Administrator

REFERENCE NO: Texas DIR: Texas Cisco DIR TSO 2542

ACTION REQUESTED:

Consider authorizing the purchase of a Cisco VoIP telephone and voicemail system through CDW-G, an authorized Texas DIR vendor and authorizing the City Manager to enter into a capital lease agreement with Cisco Capital for the related financing.

ALTERNATIVES:

- Table the request
- Deny the request

SUMMARY OF SUBJECT:

The current telephone service used by the City of Euless (Plexar) has reached end of life. Additionally, the contract with our current telecommunications provider for this particular service is approaching expiration. Due to both of these factors, staff has researched and concluded that a migration to a Cisco voice over IP (VoIP) solution would be appropriate to replace the current system.

Converting from a Plexar-type service to a SIP-type telephone connection from AT&T will result in an annual savings of approximately \$100,000. This savings will be used to purchase the Cisco VoIP telephone system, totaling \$275,000, financed at 0% interest, over three years. At the end of the three-year term, the City will own the equipment outright and realize the annual savings.

The Cisco VoIP system and all installation services are included on the Texas DIR purchasing contract through CDW-G.

FINANCIAL CONSIDERATIONS:

Revenue Sources:	Annual Budget
Expenditure Accounts:	Various
Budgeted Fiscal Year(s):	FY2016
Budgeted Expenditure:	\$144,000
Estimated Expenditure:	\$ 35,000 – Annual Operating Costs <u>\$ 91,667</u> – Capital Lease Costs (3 years) \$126,667
Over/ <u>Under</u> Projection By:	\$ 17,333

Other Comments:

SUPPORTING DOCUMENTS:

- CDW-G Proposal
- Cisco Capital – Financing Proposal

APPROVED BY:

_____ **LG** _____ City Manager's Office

_____ **KS** _____ City Secretary's Office