



**CITY COUNCIL AGENDA REPORT**  
**MEETING DATE:** 12/6/2022  
**DEPARTMENT:** Information Technology

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**SUBJECT:**

AGREEMENTS WITH VONAGE BUSINESS, INC. FOR TELEPHONE EQUIPMENT AND SERVICES

**RECOMMENDED ACTION(S):**

1. Approve the Second Amendment to the 2019 Agreement with Vonage Business, Inc. for additional Telephone Equipment and Services at the Lake Forest Civic Center
  2. Approve the Agreement with Vonage Business, Inc. for Telephone Equipment and Services at the Lake Forest Civic Center, Sports Park, and the Etnies Skate Park of Lake Forest
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**EXECUTIVE SUMMARY:**

The Civic Center's telephone system was procured in 2019 from Vonage Business, Inc. when City operations were relocated from the former City Hall building. The system includes telephone rentals, conference calls, video calls, mobile software, desktop software, hunt groups, voice mailboxes, a dedicated voice internet service, and related equipment and services. The Vonage system has functioned in a satisfactory manner in all respects, call and video quality is excellent, and availability is highly reliable with no recorded downtime during business hours. The term of the three-year Agreement with Vonage ("Vonage 2019 Agreement") is set to expire on December 18, 2022, and will revert to a month-to-month basis if not renewed or replaced.

Staff now seeks to accomplish two goals. First, staff recommends approval of the Second Amendment to the Vonage 2019 Agreement, adding \$24,710 in compensation for a new total compensation amount of \$242,881. This action will reconcile the Vonage 2019 Agreement amount to actual expenses resulting from service requests and feature enhancements requested by the City during the contract term.

Second, staff recommends the approval of a new three-year agreement with Vonage Business for telephone equipment and services at the Civic Center, Sports Park, and the Etnies Skate Park of Lake Forest ("Skate Park"), in the

amount of \$244,413, representing a 6.1% cost reduction (“Vonage 2022 Agreement”). Staff believes this action is consistent with the sole-source provision of the City’s Purchasing and Contracting Guidelines (“Purchasing Guidelines”). Significant time in both implementation and citywide staff training has been invested in deploying the Vonage system. The 2021-2023 Operating Budget includes sufficient funding to cover the costs of the recommended action.

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## **BACKGROUND:**

On January 3, 2019, the City issued a Request for Proposals for network and telephone equipment and services for the Lake Forest Civic Center, which was then under construction. The project was awarded to TechStrata LLC., who partnered with Vonage Business to provide the telephone services portion of the project. On May 21, 2019, the City Council awarded an agreement to TechStrata LLC in the amount of \$249,611 to equip and install the network infrastructure, and awarded an Agreement to Vonage Business, Inc. (“Vonage”), in the amount of \$215,631 for telephone equipment and services (Attachment 1).

The term of the Vonage 2019 Agreement was 36 months from the “start of service.” Telephone service for the Civic Center was enabled on December 19, 2019, which established the contract termination date of December 18, 2022. The term will convert to a month-to-month basis if not renewed or replaced with a new agreement. The system includes 179 desktop telephones, mobileconnect software licenses, auto-attendant, unified voice mailboxes, hunt groups, paging, network router, a dedicated voice internet service, and associated equipment and services to ensure high quality of voice & video traffic. The dedicated voice internet service was included in Techstrata’s scope of work, but that service was billed by Vonage in the amount of \$18,210 over the term of the Vonage 2019 Agreement.

On July 19, 2021, the City Council approved two new contracts with Vonage Business for telephone equipment and services; one contract for the Lake Forest Sports Park in the amount of \$21,526, and one contract for the Lake Forest Skate Park in the amount of \$2,302. Both contracts were co-termed on December 19, 2022, to align with the term of the Vonage 2019 Agreement for Civic Center service (Attachment 2).

On January 20, 2022, the City Manager approved the First Amendment to the Vonage 2019 Agreement for additional equipment and services at the Civic Center, adding eight phones and licenses in the amount of \$2,540 over the remaining term (Attachment 3). This resulted in a revised compensation amount of \$218,171. Aside from the First Amendment, staff submitted multiple service requests which were not formally incorporated into an amendment. These

changes total approximately \$6,500 over the term of the Vonage 2019 Agreement.

Staff now seeks to accomplish two goals: (1) “true-up” the Vonage 2019 Agreement compensation amount with approval of the proposed Second Amendment, and (2) execute new three-year contracts with Vonage Business for telephone equipment and services at the Civic Center, Sports Park, and Skate Park with reduced unit pricing.

**DISCUSSION:**

**SECOND AMENDMENT TO VONAGE 2019 AGREEMENT**

As described above, service changes that have been requested during the course of the Vonage 2019 Agreement, such as Lifesize integration, additional conference phones, and additional message “mailboxes,” resulted in an increase in costs above the approved compensation amount. By the end of the term, staff anticipates this increase will equal nearly \$6,500. The dedicated voice internet service was in Techstrata’s Scope of Work but billed by Vonage. This alone accounts for \$18,210 of the Second Amendment’s added compensation amount. In total, \$24,710 is needed to fully align the Vonage 2019 Agreement compensation amount to the anticipated expenses. Therefore, staff requests City Council approval of the Second Amendment to the Vonage 2019 Agreement, establishing a new total amount of \$242,881 (Attachment 4). The Second Amendment has been approved by the City Attorney as to form.

**NEW VONAGE CONTRACT**

The proposed new contract for the Civic Center, Sports Park, and Skate Park will continue the provision of the high-quality services and telephone features. For this new agreement (“Vonage 2022 Agreement”), Vonage provided the City price reductions on several line-items, resulting in monthly cost reductions of \$375.25 per month at the Civic Center, \$33.00 at the Sports Park, and \$33.60 at the Skate Park for a total reduction of 6.1%, amounting to \$15,907 over the the term of the Agreement (Table 1).

*Table 1: Proposed Vonage Contracts*

<b>Site</b>	<b>Proposed Monthly</b>	<b>Annualized</b>	<b>36-Month</b>
Civic Center	\$6,322.25	\$75,867	\$227,601
Sports Park	\$365.00	\$4,380	\$13,140
Skate Park	\$102.00	\$1,224	\$3,672
<b>Total New Contract</b>	<b>\$6,822.25</b>	<b>\$81,471</b>	<b>\$244,413</b>

Site	Proposed Monthly	Annualized	36-Month
Savings	-\$441.85	-\$5,302	-\$15,907

Vonage has been highly responsive to City requests and the audio and video quality of service has been excellent. Staff have extensive training and practice in how to use the Vonage voice over internet protocol (“VOIP”) features, and the Vonage deployment represents a notable investment in time and customization over the past three years. Expanding the Civic Center system to the Sports Park and Skate Park was completed barely one year ago. Changing phone systems at this time would present an unnecessary disruption in existing services and require retraining of staff. According to the City’s IT Provider, a different system is unlikely to provide notable improvements in service or functionality. Due to this existing investment, staff believes remaining with Vonage as our telephone system provider is consistent with the sole-source provision of the Purchasing Guidelines and is in the best interests of the City. Therefore, staff recommends approval of the attached Vonage 2022 Agreement with total compensation amount of \$244,413 and a three-year term (Attachment 5).

**FISCAL IMPACT:**

The anticipated expenses of these contracts include both direct service costs as well as taxes and regulatory fees which are established at the local, state, and federal level. Vonage billing includes these nondiscretionary taxes and fees collected on behalf of the regulatory or governing agencies. Based on historical payments, staff anticipates taxes and fees will be approximately \$30,000 per year. In summary, the costs for Vonage services will be \$244,413 plus taxes and regulatory fees of approximately \$90,000 for the 3-year term of the agreement. The 2022-23 Operating Budget includes sufficient funds for this purpose.

**ATTACHMENTS:**

1. Vonage 2019 Agreement
2. Vonage Agreement for Sports Park & Skate Park Telephone Services (2021)
3. First Amendment to the Vonage 2019 Agreement
4. Second Amendment to the Vonage 2019 Agreement
5. Vonage 2022 Agreement

Initiated By: Douglas McBratney, Information Technology Manager  
Submitted By: Keith D. Neves, Assistant City Manager  
Approved By: Debra Rose, City Manager