
**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: PAT CHAMBERLIN, FINANCE DIRECTOR
SUBJECT: DISCUSSION: VILLAGE WIDE TELECOMMUNICATION SYSTEM
UPGRADE
AGENDA: NOVEMBER 1, 2016 BOARD AGENDA
DATE: OCTOBER 24, 2016

ISSUE

Should the Board consider the possibility of upgrading the telecommunications and the phone system.

DISCUSSION

CallOne contacted the Village earlier this year regarding the extension of the telephone line service agreement. CallOne has been the Village's line provider for over 5 years. The rates have been and continue to be more affordable than AT&T and the service has proved to be reliable. Staff is not recommending a change in the line service provider.

However, in discussions with CallOne, we were informed that line charges for POTS (plain old telephone service) and Centrex Lines would be increasing due to changes instituted by AT&T. *The Centrex system is used to transfer calls to and from Village Hall to Public Works. Currently the system cannot transfer voice mails nor allow calls to be transferred to the Police Department.*

It became apparent during our discussion of the telecommunications budget that switching to ISDN – PR technology for telecommunications would need to be completed in the near future in order to stay current with technology and hopefully benefit by further pricing drops by communication providers.

The purchase of a phone system is not budgeted in FYE 17. The Village's current phone system is an Avaya partner mail system which was purchased in 2001. The system works, however, it is no longer supported, needs repair often, parts are hard to come by and when they are they are generally used.

Staff sought the expertise of CallOne and Enteralogix to help review systems. The criteria used was a system that would allow for the following: call transfer to all departments, easy setup of users, transfer of voice mails, download of voice mails, distinctive ring tones, ability to record calls, Caller ID logging, and extended busy/out of office features. None of these features are currently available within our system. In addition to those "must haves", the newer systems also have the ability to allow all staff members to have direct numbers (DID) and a feature referred to as twinning that allows calls to ring at a desk or cell or both.

Staff came to the conclusion, after reviewing various phone systems, that Avaya delivers the most usable options, is user friendly, and has a good warranty and pricing. In comparing potential vendors, BlueWire Communications was the most affordable.

The main numbers of 630-466-4507 (VH), 7508 (PW), 8954 (CD), and 4526 (PD) would remain the Village's primary published numbers. All Centrex lines would be eliminated and most of the POTS lines, with the exception of the EMA numbers.

CallOne's price for ISDN-PR technology is \$711.00 per month (\$8,532.00 per year). This pricing only applies if a new phone system were to be purchased. Should the current phone system remain in place, the CallOne costs will be an additional \$344 per month (\$4,128.00 per year) or a total of \$12,660 per year. However, there are additional tariff costs proposed in the near future that will more than likely offset the increased yearly cost of the new phone system.

We received two quotes for new phones, CallOne and BlueWire. As noted on the attached document, the top portion is the BlueWire pricing and the bottom portion is the CallOne pricing. A three and five year total cost is shown for comparison purposes. Lease terms of 3 and 5 years at both fair market value (FMV) and \$1.00 (B) buyout are presented (for BlueWire). It should be noted that staff does not recommend utilizing a Fair Market Value buy out based on discussions with vendors.

Staff recommends the purchase of the new phone system from BlueWire since there is a cost savings of \$5,130 at the 36 month lease and a \$5,615 cost savings at the 60 month lease (compared to CallOne pricing). If we go with BlueWire, there will be a yearly increase of approximately \$3,800 for the new phones. Even though there will be an increase in cost, CallOne has indicated that there will be additional costs to their service in the future because of tariff rate increases. BlueWire (Avaya) is a well-recognized name and is highly considered to be manufactured to last for many years

CallOne Fixed Charge (Yrly)	BLUEWIRE COMMUNICATIONS							
	Lease Options (Yrly)	Lease Terms	Year 1	Year 2	Year 3	Year 4	Year 5	5 year Cost
8,532.00	9,756.72	36 Mo. FM	18,288.72	18,288.72	18,288.72	8,532.00	8,532.00	71,930.16
8,532.00	12,446.16	36 Mo. B	20,978.16	20,978.16	20,978.16	8,532.00	8,532.00	79,998.48
8,532.00	6,622.32	60 Mo. FM	15,154.32	15,154.32	15,154.32	15,154.32	15,154.32	75,771.60
8,532.00	7,957.08	60 Mo. B	16,489.08	16,489.08	16,489.08	16,489.08	16,489.08	82,445.40
Purchase	33,105.00		41,637.00	8,532.00	8,532.00	8,532.00	8,532.00	75,765.00
Current Est. Budget			15,192.00	15,192.00	15,192.00	15,192.00	15,192.00	75,960.00

FM = Fair Market Value

CallOne Fixed Charge (Yrly)	CALLONE							
	Lease Options (Yrly)	Lease Terms	Year 1	Year 2	Year 3	Year 4	Year 5	5 year Cost
8,532.00	14,156.16	36 Mo.	22,688.16	22,688.16	22,688.16	8,532.00	8,532.00	85,128.48
8,532.00	9,080.16	60 Mo.	17,612.16	17,612.16	17,612.16	17,612.16	17,612.16	88,060.80
	33,105.00							

COST

There is no cost for discussion.

RECOMMENDATION

That the Board discuss upgrading the Village's Telecommunication Service and Phone System and directs staff accordingly whether to proceed with the lease/purchase or to delay.