

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ARI PIOTRKOWSKI, DEPUTY DIRECTOR INFORMATION
TECHNOLOGY
SUBJECT: AWARD F003120 PROFESSIONAL SERVICE AGREEMENT FOR
VOIP PHONE SYSTEM IMPLEMENTATION AND SERVICES TO
CERIUM NETWORKS, INC.

AGENDA ACTION: MOTION

RECOMMENDATION

The Information Technology and Finance Departments recommend that the Council, by motion, approve a five-year Professional Services Agreement, with five one-year extension options, to provide Voice over Internet Protocol (VoIP) Phone System implementation and services, to replace the current system which reaches end-of-support in December 2025, with Cerium Networks, Inc., Spokane, Washington, in an amount of \$635,445.09, plus a \$125,000 contingency, and authorize the Chief Information Officer to make non-substantive changes to the Agreement, subject to approval by the City Attorney, and execute the Agreement. This item has no impact on current fiscal year budget.

EXECUTIVE SUMMARY

The City of Santa Rosa's current Mitel Phone system reaches end of support life in December 2025. The City needs to migrate to a new Voice over Internet Protocol (VoIP) solution that is fully hosted in the Cloud or hybrid on-premises/hosted and include full integration capabilities with Microsoft Teams.

GOAL

This item relates to Council Goal #2 – Invest in the Development and Maintenance of the City's Infrastructure. Replacing the City's outdated and soon-to-be unsupported phone system with a modern solution will improve efficiency, scalability, and resilience, ensuring that the system relied upon for telephone communications remains robust, secure, and capable of supporting the needs of our staff and the community.

BACKGROUND/PRIOR COUNCIL REVIEW

The City's current Mitel Connect (formerly known as ShoreTel) phone system was implemented in 2010 and provides telephone service for over 1,300 staff telephone extensions, 1,000 voicemail boxes, 200 auto attendant menus, and nearly 100 call center agents. This system handles between 800,000 to 1,000,000 phone calls every year, the majority of which are calls to/from city residents or the public-at-large. These calls can range from residents calling in to pay their water bill or start new water service, checking on the status of a building permit or recreation program, calling with questions regarding housing assistance, dialing the SRPD for information about a police report, or simply calling a City employee directly. This system has served our City well over the past 15 years, but in 2024, Mitel informed its customers that the Mitel Connect platform would reach end-of-support-life by December 2025. After this point, no further system updates or security patches will be released. The telephone system is a major component of our City's technology infrastructure, and its upkeep, maintenance, security, and supportability align with each of the IT Department's strategic plan goal areas, which include digital services, security, hybrid services, support and maintenance, governance and accountability.

ANALYSIS

On January 29, 2025, the Purchasing Division of Finance issued RFP 25-08 for a new VoIP Phone System Solution. On March 12, 2025, the RFP closed and the City received 20 proposals from the following vendors in response to the subject RFP.

AMS.NET, LLC.	Livermore, CA
Cerium Networks, Inc.	Spokane, WA
Comcast Business	Rohnert Park, CA
Communications Technologies, Inc	Chesterfield, MO
ConvergeOne	Ontario, CA
EFC Technology Group	Flower Mound, TX
ICS, Intelesys Inc.	Ontario, CA
IoT Hybrid Solutions LLC	San Jose, CA
Maverick Networks, Inc.	Folsom, CA
Mid Atlantic Business Management Solution 1	Morrisville, NC
Mid Atlantic Business Management Inc Solution 2	Morrisville, NC
Packet Fusion	Pleasanton CA
Sharp Electronics	Pleasanton, CA
Smile Business Products Inc	Sacramento, CA
SoftMSP	Lake Forest, CA
Syndeo	Northridge, CA
T-Mobile	Modesto, CA
Total Communication Solutions (TCS)	Manasquan, NJ
Ubeo Midco, LLC	Santa Rosa, CA

Vertical Communications	Santa Clara, CA
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The proposal evaluation process, led by the City's Purchasing Agent, involved a panel of three City staff members from the Information Technology Department serving as subject matter experts. The evaluation panel conducted a thorough and structured review and evaluation, which included developing the RFP requirements, scoring written proposals, assessing vendor presentations and demonstrations, and performing reference checks.

The top four vendors, including Cerium Networks, Inc., were invited to participate in presentations and demonstrations. Following these evaluations, reference checks were completed, and vendors were asked to submit Best and Final Offers. Based on this comprehensive assessment, Cerium Networks, Inc. emerged as the top choice due to several key factors:

- **Simplicity** – Cerium's proposed solution uses Microsoft Teams natively, which City staff already use extensively for collaboration needs daily, which will simplify and streamline staff communication by consolidating telephony into a platform already in use.
- **Administration** – Cerium's approach is a hybrid on-premises/Cloud hosted solution that allows IT to continue to leverage specific on-premises technologies, which provides additional flexibility and control, as well as leverages existing technology infrastructure and investment without locking us to any specific network carrier. The hosted components enable the City to take advantage of Microsoft's Cloud infrastructure and disaster recovery environment. Additionally, City IT staff are already skilled in the administration of Microsoft Teams.
- **Cost** – Cerium's proposed solution provides a spectrum of options that can be employed to best fit the use-case for a particular phone extension, whether it be within Microsoft Teams, or for simpler use cases such as common area phones which can be hosted on-premises and helps IT to have greater overall control over up front and ongoing costs.
- **Advanced Features** – Cerium's proposed customer engagement solution allows us to not only provide parity with our existing system, but also the ability to grow into advanced technical capabilities that will lead to better efficiencies for staff and a more modern experience for our residents such as text messaging, chat, and artificial intelligence.
- **Extensibility** – A solution built natively around Microsoft Teams provides a very high degree of extensibility to perform integration with custom and third-party applications.
- **Vendor Reference/Reputation** – Cerium Networks was thoroughly vetted by the RFP evaluation team, including interviews with references.

Staff notes that the Agreement includes additional and contradictory terms and conditions which are unfavorable to the City including, but not limited to, limitations of liability, limitations of recovery amounts, late payment fees, unfavorable warranties, and discrepancies between contract Exhibits or Attachments and the Agreement terms and conditions.

FISCAL IMPACT

The Information Technology department currently budgets \$75,000 per year to maintain the existing Mitel Connect system as part of the IT cost allocation plan. Cerium Networks is proposing a 5-year contract which consists of a one-time cost of \$162,318.69 for equipment, licenses, and implementation services, plus an annual recurring subscription, support, and maintenance cost of \$94,625.28, representing an increase of \$19,625.28 per year from the current system. In addition, a contingency amount not to exceed \$25,000 per year has been added to the contract to cover usage-based fees, disaster recovery/continuity of operations, or additional licenses. This item has no impact on the FY2025-2026 budget, current budgets within the Information Technology Department Fund 001730 meet the requirement for appropriations as previously approved by Council. Upcoming budget adoptions in the years FY2026-2027 through FY2029-2030 will include the annual subscription and maintenance expenses going forward.

ENVIRONMENTAL IMPACT

Pursuant to CEQA Guidelines Section 15378(b)(2), which states that “continuing administrative or maintenance activities, such as purchases for supplies, personnel-related actions, general policy and procedure making” do not constitute a project.

Additionally, even if the action were considered a project, it would be categorically exempt under CEQA Guidelines Section 15301 (Existing Facilities), which exempts operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, or mechanical equipment, involving negligible or no expansion of existing or former use. The project consists of migrating from the City’s existing Mitel phone system, which reaches end-of-life in December 2025, to a modern VoIP phone system, either fully cloud-based or hybrid hosted. This migration will not result in physical environmental impacts as it is limited to technological upgrades within existing facilities.

Therefore, the proposed action is exempt from CEQA under Sections 15378(b)(2) and 15301.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - Agreement

PRESENTER(S)

Ari Piotrkowski, Deputy Director
Jennifer Myles, Purchasing Agent