



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 25-528

Meeting Date: 10/21/2025

TITLE:

PROFESSIONAL SERVICES AGREEMENT FOR UPGRADING THE CITY'S PHONE SYSTEM

DEPARTMENT: INFORMATION TECHNOLOGY

PRESENTED BY: STEVE ELY, DIRECTOR

CONTACT INFORMATION: STEVE ELY, DIRECTOR (714) 754-4891

RECOMMENDATION:

Staff recommends the City Council:

1. Authorize the use of OMNIA Partners, Public Sector National Cooperative Agreement No. 01-125 with Merrill & Associates for the City's analog phone system upgrade.
2. Approve and authorize the Statement of Work (Attachment 1) to Merrill & Associates, an Avaya value-added reseller (VAR) (Attachment 4), for the upgrade of the City's analog phone system from v6.0.1 to v10.2 for an amount not to exceed (NTE) \$275,754.
3. Approve and authorize a ten percent (10%) contingency in the amount of \$27,575 for unforeseen costs related to the project.
4. Approve and authorize an annual subscription and support services in an amount of \$70,069 for a term of one year (Attachment 2). Subscription services will begin after the completion of installation and will be subject to price increase based on an increase in the Consumer Price Index (CPI) for all Urban Consumers for the Los Angeles-Long Beach-Anaheim area, which would be determined using the November index for the current year and the November index for the preceding year.
5. Authorize the Interim City Manager, or designee, and the City Clerk to execute the Professional Services Agreement (Attachment 3) for a total amount of \$373,398 for implementation and one-year subscription, maintenance, and support.

BACKGROUND:

A core objective of the City Council's Strategic Plan is to achieve long-term fiscal sustainability while preserving and improving the condition of City-owned facilities, equipment, and technology systems. To meet this goal, the City adopted an Information Technology Strategic Plan (ITSP) in 2020 to modernize operations and improve service delivery. The ITSP includes initiatives that address immediate business needs and the replacement of aging software and infrastructure. Modernizing the City's existing phone infrastructure is essential to maintain operations and is a key step to ensure

responsive and reliable public service.

The City's current Avaya phone system was last updated in August 2012. During Fiscal Year 2022-23, Merrill & Associates informed the IT Department that v6.0.1 of the Avaya telephone system was at the end of its life and marked by Avaya for retirement from support on December 31, 2024. IT managed to secure a one-year extension, ending on December 31, 2025.

Since 2012, the Police Department had budgeted for annual subscriptions and hardware support for the phone system. In Fiscal Year 2023-24, responsibility for these costs was transferred to the IT Department.

Through the 2020 ITSP, \$450,000 was allocated to upgrade the City's analog phone system to a modern Voice over Internet Protocol (VoIP) solution. To align with the current fiscal year's budget, the scope of the project has been adjusted. While the equipment portion has been deferred to a future phase, the existing infrastructure is sufficient to support the planned upgrade of the phone system software from version 6.0.1 to version 10.2, which enables VoIP functionality. The full VoIP system implementation will proceed once the CAT6 cabling infrastructure is completed.

ANALYSIS:

Procurement Approach

In June 2025, Avaya's VAR, Merrill & Associates, informed the IT Department that extended support for the current phone system would expire on December 31, 2025. IT requested a quote from Merrill & Associates for the phone system upgrade, and an initial Statement of Work was received on August 10, 2025. The City will procure the services for the upgrade of the City's analog phone system to a VoIP solution through the OMNIA Partners Cooperative Agreement #01-125, which expires on July 31, 2026. This agreement confirms Merrill Avaya's status as a qualified vendor offering competitive market pricing and supports their continued engagement. The use of OMNIA Partners Public Sector contracting meets all requirements set forth in the City of Costa Mesa's Purchasing Policy and all requirements set forth by the State of California in regard to regional cooperative purchasing agreements. OMNIA Partners established an approved vendor list following a nationwide competitive bid process. This assures that the City receives the lowest available pricing and meets the competitive bid process requirements. The City has utilized cooperative purchasing agreements successfully for several purchases.

Scope of Work: Upgrade current Avaya version 6 (Analog/Digital) to Avaya version 10 (VoIP) software

- Create back-ups of data and configurations
- Plan project management activities and change management coordination
- Deploy nine (9) Avaya servers on VMWare environment at the City of Costa Mesa
- Deploy and configure VoIP capable phone switches at all sites
- Register and configure all servers, switches, and telephones for use on the new system
- Provide on-site team for after-hours cutover to new system
- Provide end-user documents (quick reference guides on voicemail)
- Provide first day support (Technician on-site and remote Engineering)
- Provide, after go live, project management, coordination, and installation support
- Decommission and recycle all obsolete Avaya servers, cabinets, and switches

- Provide staff training for use of the new software

Cost Overview

The cost of the proposal was created using the OMNIA Partners Cooperative Agreement, which includes the material list, project implementation services, annual subscription, support, and maintenance. The implementation cost is \$103,635 and is performed by an Avaya authorized and certified reseller and installer. The total hardware and software cost for Year 1 is \$159,740.

The recurring annual subscription, maintenance, and support, which includes periodic software patches and upgrades, is \$70,069 for the first twelve (12) months after the upgrade. The subscription term is January 1, 2026 to December 31, 2026. The first year of the annual subscription will be covered by funds available in the Information Technology Replacement Fund (Fund 603). Funding for recurring subscription costs in the subsequent years will be requested during the annual budget development process.

Implementation Approach

The phone system upgrade project is scheduled to commence promptly following approval by the City Council. To mitigate risks, the project must be completed no later than December 31, 2025.

Merrill & Associates plans on implementing the upgrade solution in four (4) weeks. They plan to muster personnel and other resources as soon as authorization is granted. Merrill & Associates is prepared for the urgency of this upgrade and have internal resources necessary to execute. They plan on having two (2) technicians on premise to install equipment. In addition, there will be one (1) engineer and one (1) project manager who will develop a project plan with Telecommunications Bureau and IT Department teams.

ALTERNATIVES:

The City Council retains the discretion to decline approval of the proposed scope of work. However, such a decision may result in the City lacking a supported phone system as of January 1, 2026. Alternatively, Council may direct the IT Department to initiate a Request for Proposal (RFP) process; however, this approach will not allow sufficient time to complete the necessary upgrades prior to December 31, 2025.

FISCAL REVIEW:

Funding for this agreement, inclusive of the contingency, in an amount of \$373,398 is available in the Information Technology Replacement Fund (Fund 603). The funding for this project will be redirected from the \$450,000 for the VoIP project, as outlined in the 2020 ITSP. The scope of work for these upgraded services encompasses hardware, software, installation, software maintenance, and software licensing. The allocated funding is sufficient to cover the full costs associated with this Avaya upgrade project.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report and Statement of Work for Merrill & Associates and approves them as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the City Council's Goals:

- Maintain and Enhance the City's Facilities, Equipment, and Technology.
- Achieve Long-term Fiscal Sustainability

CONCLUSION:

Staff recommends the City Council:

1. Authorize the use of OMNIA Partners, Public Sector National Cooperative Agreement No. #01-125 with Merrill & Associates for the City's analog phone system upgrade.
2. Approve and authorize the Statement of Work (Attachment 1) to Merrill & Associates, and Avaya value-added reseller (VAR) (Attachment 4), for the upgrade of the City's analog phone system from v6.0.1 to v10.2 for an amount not to exceed (NTE) \$275,754.
3. Approve and authorize a ten percent (10%) contingency in the amount of \$27,575 for unforeseen costs related to the project.
4. Approve and authorize an annual subscription and support services in an amount of \$70,069 for a term of one year (Attachment 2). Subscription services will begin after the completion of installation and will be subject to price increase based on an increase in the Consumer Price Index (CPI) for all Urban Consumers for the Los Angeles-Long Beach-Anaheim area, which would be determined using the November index for the current year and the November index for the preceding year.
5. Authorize the Interim City Manager, or designee, and the City Clerk to execute the Professional Services Agreement (Attachment 3) for a total amount of \$373,398 for implementation and one-year subscription, maintenance, and support.