Agenda Item No: 1.k

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: May 19, 2026

Submitted by: Daniel Chang

From: Administrative Services

Subject:

APPROVAL OF FIVE-YEAR RENEWAL AGREEMENT OF CITYWIDE UNIFIED COMMUNICATIONS (TELEPHONE SYSTEM) AS A SERVICE (UCaaS) SOLUTION FROM RINGCENTRAL

Financial Impact:

Expense: $ 42,396.00 Total Annual Amount
$ 4,239.60 Annual Contingency Amount

Budget: $ 95,000.00 Software and Subscriptions (101-20600-6600)

Summary:

On May 4, 2021, City Council approved the purchase and implementation of RingCentral as the City's cloud based Unified Communications as a Service solution, after the City's on-premises phone system became inoperable due to a power outage. The City of Placentia operates in a 24/7/365 environment within its Public Safety divisions and telephone communications are a vital component. The City relies on RingCentral as its unified communications platform, providing VOIP services for all City departments.

A contingency budget equal to ten percent (10%) of the annual contract amount is recommended annually to cover any additional licenses or equipment needed for the Public Safety Building. Funding for both the agreement and the contingency is available within the City's software and subscriptions operating budget.

RingCentral's discounted, aggressive pricing reflects both the steep market competition in the cloud communications industry and their interest in retaining current customers. The City will receive the most substantial financial benefit under a five-year term, resulting in substantial annual discounts compared to current rates and supports continuity of business operations.

Recommended Action:

It is recommended that the City Council:

1. Approve a five-year renewal agreement with RingCentral for continued Voice over Internet Protocol (VOIP) services at an annual cost of $42,396.00 for the duration of the contract term; and
2. Approve an annual contingency budget equal to ten percent, ($4,239.60), of the annual

contract amount to accommodate required license and hardware purchases for the expansion of the Public Safety Building; and

3. Authorize the City Administrator and/or her designee to execute all necessary documents to implement the agreement, in a form approved by the City Attorney.

Strategic Plan Statement:
Annual cost savings from the five-year agreement support the City's Strategic Goal No. 1: Fiscal Sustainability to Ensure long-term financial health by responsibly managing resources, investing wisely, and maintaining a balanced budget that supports high-quality services for the community.

Discussion:
IT Staff reviewed renewal options for the City's VOIP services and determined that a five-year renewal agreement with RingCentral provides the most cost effective and operationally stable solution. The updated proposal reflects updates in the usage of licenses and needed growth for the expansion into the Public Safety Building. Given the complexity of transitioning to a new communications platform, renewing with RingCentral ensures service continuity while achieving significant annual savings and predictable costs aligned with the City's fiscal priorities.

Financial Summary:
Current Utilization and Costs

- 160 Standard RingEx Full Licenses
- 138 Local Number Licenses
- 67 Limited Extension Licenses

Current Monthly Cost (pretax): $6,874.35
Current Annual Cost (pretax): $82,492.20
Taxes/fees average approximately $1,007.30 per month

Proposed Costs through Renewal

- 160 Standard RingEx Full Licenses
- 70 Local Number Licenses
- 60 Limited Extension Licenses

Current Monthly Cost (pretax): $3,533.00
Current Annual Cost (pretax): $42,396.00

By locking in this five-year term, savings for the City in Year 1 include:

- Annual Savings: $40,096.20
- 4 Months of Complimentary Renewal Signup Service: $14,132.00
- Total Combined Value: $54,228.20

Attachments
CITY OF PLACENTIA PRICING SHEET.xlsx - Budgetary Quote.pdf