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To: Hamburg Township Board  
From: Tony Randazzo  
Re: Phone System Upgrade

We have been utilizing our current VOIP phone system since 2010, with some phones even a few years older than that. The two phone servers were refreshed in 2018 but are now reaching the end of their useful life. The phone system interconnects Township Hall, the Police and Fire Department, the Senior Center and also the Wastewater Treatment Plant. It has served us well over the years with low maintenance costs, but it would be wise to replace now before problems arise due to its age.

With the recent completion of our fiber internet connection, it's an opportune time to upgrade our phone system as the fiber has given us a more consistent and reliable internet connection. Modern telephony has moved away from having management hardware onsite and has moved to a UCaaS (Unified Communication as a Service) system which is essentially a cloud-based system. This type of system offers low upfront costs and decreased hardware maintenance as there are no phone servers onsite. The only physical presence is the phones themselves, which are not a requirement either. A user can choose between using a mobile app on their cell phone, a desktop app on their office computer, or using a traditional phone which would reside on their desk. They can even use any combination of the three. All of the traditional phones utilize VOIP, which we already have the network infrastructure in place to utilize. This means that the new phones will essentially be plug and play once preconfigured. Management is all done from a web page by the IT department.

I have obtained three quotes for the phone system upgrade and they are summarized below: Each vendor provides unlimited support and training.

| Vendor                    | Nextiva | VOIP Networks | Cytracom |
|---------------------------|---------|---------------|----------|
| Upfront charge for phones | \$0     | \$10,010      | \$0      |
| One Time Setup Charges    | \$1,380 | \$3,850       | \$490    |
| Monthly Recurring Cost    | \$1,046 | \$1,371       | \$1,515  |

Taxes are substantial with UCaaS systems but I did not include them in the table because Nextiva was the only one who gave me a definitive breakdown. Nextiva's quote included \$528.03 per month for tax. We will be able to subtract \$42.96 for the state use tax as we're exempt from it which brings the monthly tax to \$485.07. Taxes should be the same for each vendor. Term is 60 months for Nextiva and VOIP. Cytracom is month to month but they gave us a no price increase guarantee.

I recommend that the Board approve the contract proposal from Nextiva as it offers the lowest monthly recurring fee as well as giving us the phones for free upfront. Our monthly cost will be \$1,531.57 for five years. Currently, we pay \$880.00 per month on average. However, our existing phone system had an upfront fee of \$35,000 back in 2010. Our upfront cost now is less than \$1,500 which makes the monthly cost more palatable. It's also important to note that roughly one third of the monthly cost is tax. This may go down some over time.