



Waukesha Water Utility

SERVING WAUKESHA SINCE 1886

115 DELAFIELD STREET
WAUKESHA, WI 53188-3615

Telephone: (262) 521-5272 • Fax: (262) 521-5265 • E-mail: contactus@waukesha-water.com

MEMORANDUM

DATE: October 13, 2021

TO: Water Utility Commission

FROM: Dan Duchniak, General Manager

RE: Phone System Upgrade

At a Commission meeting early this spring, Commissioner Couri mentioned that his company saved a large amount of money by replacing their phone system.

The Utility's current VoIP (Voice Over Internet Protocol) phone system was installed by TDS in 2014. Though this phone system has served us well, its useful life has just about reached its seven-year limit, so we proceeded to evaluate replacement costs now, rather than wait until it fails.

Because of the difference in monthly cost and initial capital outlay we performed a present value analysis for a 3-year period (the initial term of the hosted system) and a 6-year term (the expected life of the phone system).

Below is the cost analysis:

	Initial Cost	Monthly Cost	Term (Months)	3-years (Original Term)		6-years (Assumes Auto-Renew)	
				Cash Flow	Present Value	Cash Flow	Present Value
TDS - Current cost		\$ 1,158.00	36	\$ 41,688.00	\$ 41,373.55	\$ 83,376.00	\$ 82,106.82
TDS - Proposed BYOB	\$ 0.28	\$ 854.76	36	\$ 30,771.71	\$ 30,539.60	\$ 61,543.14	\$ 60,606.31
Nextiva	\$ 4,584.45	\$ 622.96	36	\$ 27,011.01	\$ 26,841.85	\$ 49,437.57	\$ 48,754.80
Savings between Nextiva and TDS Proposed				\$ 3,760.70	\$ 3,697.76	\$ 12,105.57	\$ 11,851.52
Savings between Current TDS Cost and Nextiva Proposed				\$ 14,676.99	\$ 14,531.70	\$ 33,938.43	\$ 33,352.02

Per this estimate, the Utility would save \$14,532 the first 3-year term of the agreement, and \$33,352 over the six - year expected life of the phone system. Both TDS and Nextiva offer equivalent features and promises of superior support.

Recommended Motion: Move to approve the agreement with Nextiva for a managed IP phone system with an initial cost of \$4,584.45 and a monthly cost of \$622.96, for a 36-month term with an option to renew after the initial term.