



To: Tim Sexton
Director of Finance

From: Larry McGhinnis
I.T. Manager

Date: June 8, 2010

Subject: Phone Service Contract with Cimco

The three-year contract for phone services with Cimco has expired. In March I started investigating and negotiating for a new phone service contract. I obtained proposals from Call One and Cimco. I also looked into including AT&T, however approximately 60% of the Village's phone numbers would need to be changed if we went to AT&T. And since Call One is a direct reseller of AT&T, this would also be redundant. Both proposals from Cimco and Call One covered costs for 3 PRI lines, DID numbers, POTS lines, usage charges, caller ID costs, Fire circuits, DuComm circuits and traffic signal circuits. Initially Call One was less expensive than Cimco by about \$500.00 a month, due to the fact that they do not charge state and local tax on their bills. A switch to Call One would require new PRI lines, new POTS lines and possibly a change in some of the Fire and DuComm circuits. I estimated this cost to be approximately \$1500-2000. There would also be some down time in making the switch from one carrier to the next.

In addition, there are service issues related to switching to Call One or AT&T. Currently, Cimco monitors our PRI lines, and they know if there is a problem before we do and they proceed with switching us over to another line to avoid phone interruptions. AT&T does not monitor the lines; therefore we have to wait until we have a problem, and then call AT&T to request that they work on fixing this problem. This process may take some time, and since the phones are extremely important to keep operational, IT felt that this would be an issue.

Since the tax concern was the issue holding up a decision, Cimco has lowered their pricing below Call One, including the taxes. Cimco is looking into whether they can discontinue paying the state and local taxes like Call One. If this should happen our costs will be reduced by \$200 to \$300. Overall, our costs would decrease from our previous contract by about 10-15%, depending on usage.

Therefore, IT requests that the Village Board waive bids and award a three-year contract to CIMCO Communications, Inc.