



**DATE:** January 18, 2022

**TO:** Mayor and City Council

**FROM:** CIO/Director of Information Technology

**SUBJECT:** Adopt a Resolution Authorizing the City Manager to Negotiate and Execute a Cooperative Procurement Contract with Dell Technologies for Microsoft Software, Subscriptions, and Services for a Three-Year Contract in an Amount Not-to-Exceed \$328,114.40 Annually, for a Total Contract Amount of \$984,343.21

## **RECOMMENDATION**

That Council adopts the attached resolution (Attachment II) authorizing the City Manager to negotiate and execute a three-year cooperative procurement contract between the City and Dell Technologies for the acquisition of Microsoft Software, Subscriptions, and Services for an amount not-to-exceed \$984,343.21, which a 10% contingency of \$89,485.75, for a term of three years, effective February 28, 2022 through February 28, 2025 under the terms of the contract.

## **SUMMARY**

The City's current Microsoft Enterprise License Agreement (ELA) for Microsoft Enterprise Software Licenses will expire February 28, 2022. This agreement includes licensing for Windows 10, Office 365, servers, other Microsoft applications, and professional services that are critical to the daily operations of the City. Staff is in negotiations to continue these services and is requesting authorization to fund the contract at the conclusion of negotiations.

The City's core software infrastructure is based on Microsoft desktop, server, collaboration, and development products. The execution of this contract will ensure continuity of current services provided by Microsoft, primarily the annual licenses necessary for Office 365 that provides the city-wide email services, SharePoint, a cloud infrastructure that helps the City share and organize content and applications, and critical applications, such as Teams, Word, Excel and PowerPoint.

## **BACKGROUND**

The City's core software infrastructure is based on Microsoft desktop, server, collaboration, and development products. The execution of this contract will ensure continuity of current

services provided by Microsoft, primarily the annual licenses necessary for Office 365 that provides the city-wide email services, SQL servers, SharePoint, a cloud infrastructure that helps the City share and organize content and applications, and critical applications, such as Teams, Word, Excel and PowerPoint.

The City issued RFP 2210-111821 on November 19, 2021 and invited vendors to procure Microsoft software, subscriptions and services to ensure that the City is receiving the best pricing available. At the conclusion of the competitive bid process and at the conclusion of analysis, the Riverside Enterprise Agreement (EA) was found to be the best fit for the City. Dell Technologies has extended the pricing model and terms of the Riverside EA in response to the RFP 2210-111821. As a result, staff is requesting authorization to negotiate and execute a new agreement with Dell Technologies under the pricing and terms of the Riverside EA. The Riverside EA is a cooperative purchasing program that was renegotiated in 2016 for three years.

Typically, Microsoft offers government ELA customers's volume discounts in four tiers A-D. Tier D is reserved for very large enterprises which have over 150,000 workstations. We will be receiving Tier D pricing which represents a significant savings from what a City of our size would normally be charged, during this agreement period.

## **DISCUSSION**

The City's core software infrastructure is based on Microsoft desktop, server, collaboration, and development products. The ELA positions the City to benefit from the next generation of Microsoft platform products seamlessly through ownership of Software Assurance. Specifically, this agreement ensures that the City has access to the latest version of software for government and the technical support that is available. The current agreement term expires February 28, 2022. The term of this agreement is three years and the price of these licenses remain constant throughout the term of the agreement which assists in financial planning of future years. The maximum term available for the ELA is three years.

These agreements have saved the City money through volume purchasing and greatly simplified licensing by requiring a single transaction to acquire licenses for the City. This agreement includes software assurance which will provide the City with the legal right to continue to receive the current version of Microsoft products used by the City, including the MS Office suite of products, annual licenses necessary for Office 365 that provides the city-wide email services, SharePoint, a cloud infrastructure that helps the City share and organize content and applications, and critical applications, such as Teams, Word, Excel and PowerPoint.

As part of its technology procurement practices, the City typically upgrades and deploys core City software in a timeframe that keeps the version at, or near, current government release versions.

## **ECONOMIC IMPACT**

There is no economic impact resulting from this action.

## **FISCAL IMPACT**

Staff used a competitive procurement process by posting RFP 2210-111821. After analyzing and comparing bids received, including various licensing scenarios, staff recommends the City to negotiate a contract with Dell Technologies under the Riverside EA.

The three-year contract is not-to-exceed \$984,343.21 (\$894,857.46 plus a 10% contingency of \$89,485.75). This is a 12% increase from the contract signed in 2019, but includes additional software requested by staff from a survey conducted in September 2021 and the library requirements for public computers.

To account for these licensing terms, staff requests Council authorize the City Manager to negotiate and execute a contract not-to-exceed \$984,343.21, which requires an additional \$29,829 appropriation annually from the General Fund to fund the additional cost of the three-year contract; a total of \$89,487 over the life of the contract. Staff had originally budgeted based on a prior contract amount and is requesting additional appropriation to match the pricing for the new agreement. This appropriation will be included in the proposed operating budgets for the appropriate future fiscal years.

## **STRATEGIC ROADMAP**

This agenda item is a routine operational item and does not relate to any of the six priorities outlined in the Council's Strategic Roadmap.

## **SUSTAINABILITY FEATURES**

Upgrades to server software licensing allow for consolidation of servers and increased storage capacity to storage area networks and cloud storage with products such as Microsoft's cloud storage products OneDrive and SharePoint. These moves increase the City's goal of reducing energy consumption within City buildings and maintaining an environmentally sound information technology infrastructure.

## **PUBLIC CONTACT**

Not applicable.

## **NEXT STEPS**

Following approval, staff will execute an agreement with Dell Technologies, to procure and provide the Microsoft licensing recommended for the City.

*Prepared by:* Sandi Wong, IT Solutions Analyst II/ Project Manager  
Nathaniel Roush, Information Systems Manager

*Recommended by:* Adam Kostrzak, CIO / IT Director

*Approved by:*

A handwritten signature in black ink, appearing to read 'K. McAdoo', written in a cursive style.

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Kelly McAdoo, City Manager