



Agenda Report

21-414

Agenda Date: 4/6/2021

REPORT TO COUNCIL

SUBJECT

Action on Microsoft Enterprise Agreement and Enrollment with Dell Marketing, LP, for Microsoft Office 365 Software and Enterprise Licenses

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The County of Riverside ("Riverside") administers a cooperative Microsoft Enterprise License Agreement on behalf of State and Local public agencies throughout California. Pursuant to City of Santa Clara City Code Section 2.105.290(b)(3), the City leverages Riverside's Request for Quotes process and the resulting cooperative agreement to take advantage of volume discounts for which the City would not otherwise qualify. The City utilizes Microsoft software for productivity, collaboration, cyber security, and mission critical applications. The City's current enrollment expires on April 30, 2021.

The Enterprise Agreement allows for a simplified, annual true-up process to account for increases in user count at pre-negotiated discount prices. In addition to helping to minimize software costs, the Enterprise Agreement also simplifies the City's license tracking and compliance management as well as helps to ensure the City adheres to Microsoft's extensive "proof of license" requirements.

To prepare for our Enterprise Agreement renewal, staff has performed an extensive audit of our systems and collaborated with each department to determine the licensing needs of our systems and users. We also worked closely with Microsoft to understand the current licensing requirements which have and continue to evolve on an ongoing basis.

Riverside conducted a new Request for Quotes in 2019 and awarded Participating Agreements to a new pool of eight Microsoft Licensing Solution Providers pursuant to the terms and conditions of the Enterprise Agreement.

DISCUSSION

In February 2021, a competitive Request for Bids (RFB) was published on the City's bid notification system for Microsoft Office 365 and Enterprise Licenses to the new pool of awarded Licensing Solution Providers from Riverside's Request for Quotes competitive process conducted in 2019. Three qualified bids were received as follows:

Vendor Name	Annual Cost	Cost for 3-Year Initial Term*
Dell Marketing	\$438,520	\$1,315,559
Crayon Software	\$444,257	\$1,332,772
Zones	\$455,483	\$1,366,449

*Final contract costs reflect estimated final subscription quantities extended at the bid per unit prices.

Staff recommends award to Dell Marketing, LP, as the lowest responsive and responsible bidder. The annual per unit software costs are fixed for the initial three-year term providing for more accurate budgeting of software costs. Approximately 80% of the annual costs are for user licenses for staff to access the Microsoft collaboration and productivity suite (Outlook, Word, Excel, PowerPoint, Teams, SharePoint, OneDrive) and providing security features to keep our users and data safe. The remaining 20% cost is primarily for Microsoft Server Licensing for City systems including mission critical applications such as the 911 CAD system, Utility Billing, PeopleSoft Financials and HR.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of a California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

Funding for the current year is budgeted in Information Technology operating funds. Funding for future fiscal years is subject to the annual appropriation of funds.

COORDINATION

This report has been coordinated with the Finance Department and the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Authorize the continued participation in the Microsoft Enterprise License Agreement for State and Local Governments ("Enterprise Agreement"), a cooperative agreement administered by the County of Riverside, California on behalf of State and Local public agencies and enrolment with Dell Marketing, LP, pursuant to the terms and conditions of the Enterprise Agreement;
2. Authorize the City Manager to execute purchase orders and other required enrollment documentation to purchase Microsoft Office 365 and related enterprise licenses for an initial three-year term beginning on May 1, 2021 and ending on April 30, 2024 in an amount not to exceed \$1,382,424, which includes a 5% annual contingency for increase in license counts, subject to the appropriation of funds;
3. Authorize the City Manager to execute up to one additional three-year option to extend the term after the initial term through April 30, 2027, subject to the appropriation of funds; and

4. Authorize the City Manager to issue amendments, change orders, and enrollment documents as required to cover any unanticipated changes, including subscriptions at the Enterprise Agreement discounted rates as may be required, subject to the appropriation of funds.

Reviewed by: Gaurav Garg, Director/CIO, Information Technology Department

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Microsoft EA RFB 20-21-53 Bid Packet