



Legislation Details (With Text)

**File #:** 19-034      **Version:** 1      **Name:**

**Type:** Consent Item      **Status:** Passed

**File created:** 3/21/2019      **In control:** City Council/Public Finance and Economic Development Authority/Parking Authority

**On agenda:** 4/15/2019      **Final action:** 4/15/2019

**Title:** SUBJECT: Approval of a Three-Year Agreement with CDW Government, LLC, for a Microsoft Enterprise Agreement Which Includes the Purchase of Software Licenses, Upgrades and Technical Support Beginning April 29, 2019, for an Annual Cost of \$162,054.90; Authorization to Waive the Competitive Bidding Requirement Based on a Cooperative Purchase Through the County of Riverside

REPORT IN BRIEF

Considers the approval of a three-year agreement with CDW Government, LLC, for the purchase of Microsoft Software licenses and upgrades, as well as technical support for an annual cost of \$162,054.90. Also considers waiving the competitive bidding requirement set forth in Merced Municipal Code section 3.04.210 based on a cooperative purchasing agreement through the County of Riverside.

RECOMMENDATION

City Council - Adopt a motion:

- A. Waiving the City’s competitive bid requirements as stated in Section 3.04.210 of the Merced Municipal Code; and,
- B. Approving a three-year agreement with CDW- Government LLC, for Microsoft Enterprise Agreement “EA” software licensing, upgrades, and technical support for the City’s personal computers and servers; and,
- C. Authorizing the City Manager or the Assistant City Manager to execute all necessary documents.

Sponsors:

Indexes:

Code sections:

**Attachments:** 1. EA Amendment (D-7.5%).pdf, 2. Master EA Agreement.pdf, 3. Signature Form.pdf, 4. RFQ Notice of Intent to Award, 5. City of Merced EA Renewal Enrollment Form.pdf, 6. City of Merced EA Renewal Signature Form.pdf, 7. City of Merced renewal DTF.pdf, 8. City of Merced renewal PSF\_FINAL.pdf, 9. City of Merced EA Renewal Quote\_3.15.19.pdf

Date	Ver.	Action By	Action	Result
4/15/2019	1	City Council/Public Finance and Economic Development Authority/Parking Authority	approved	Pass

*Report Prepared by: Jamie Wright, IT Manager, Information Technology Department*

**SUBJECT:** Approval of a Three-Year Agreement with CDW Government, LLC, for a Microsoft Enterprise Agreement Which Includes the Purchase of Software Licenses, Upgrades and Technical Support Beginning April 29, 2019, for an Annual Cost of \$162,054.90; Authorization to Waive the Competitive Bidding Requirement Based on a Cooperative Purchase Through the

County of Riverside

**REPORT IN BRIEF**

Considers the approval of a three-year agreement with CDW Government, LLC, for the purchase of Microsoft Software licenses and upgrades, as well as technical support for an annual cost of \$162,054.90. Also considers waiving the competitive bidding requirement set forth in Merced Municipal Code section 3.04.210 based on a cooperative purchasing agreement through the County of Riverside.

**RECOMMENDATION**

**City Council** - Adopt a motion:

- A. Waiving the City's competitive bid requirements as stated in Section 3.04.210 of the Merced Municipal Code; and,
- B. Approving a three-year agreement with CDW- Government LLC, for Microsoft Enterprise Agreement "EA" software licensing, upgrades, and technical support for the City's personal computers and servers; and,
- C. Authorizing the City Manager or the Assistant City Manager to execute all necessary documents.

**ALTERNATIVES**

- 1. Adopt the motion as recommended; or,
- 2. Decline to award contract; or,
- 3. Refer to staff with direction.

**AUTHORITY**

Bidding for items over \$31,000.00 may be waived with the approval of the City Council under Merced Municipal Code Article III of Title 3, Chapter 3.04, Section 3.04.210. Waivers may be authorized for, but are not limited to, cooperative purchasing in conjunction with other governmental entities, professional services, annual service or supply agreements, or purchases necessary for standardization on particular types or equipment.

**CITY COUNCIL PRIORITIES**

As provided for in the 2018-19 Adopted Budget.

**DISCUSSION**

Background

In 2009 and again in 2014 the City entered into five year Enterprise Agreement (EA) contracts with Microsoft. These agreements allowed the City to become compliant with Microsoft software licensing terms, receive the newest versions of the software the City is licensed to operate, utilize software that only EA contract holders have access to, and license software at the lowest possible rate. The City "piggy backed" off the County of Riverside's competitively bid agreement. The County of Riverside competitively bid their software licensing program based on 120,000 licenses state wide which may be used by any City wishing to procure an Enterprise Agreement with Microsoft. Riverside resulted in receiving an additional 7.5% discount off of individually purchased software. The City would not be

able to negotiate any better terms with Microsoft than what is already included in the County of Riverside contract. The Riverside contract also eliminates the need to pay a state fee similar to the CMAS contract. The cost of the Microsoft agreement in 2009 was \$116,690 per year and in 2014 contract was \$117,645.30 per year.

The City's technology needs are continually evolving. Staff are increasingly needing to be more mobile, flexible, and nimble when using technology in the office and out in the field. City staff want seamless, collaborative software in order to be more efficient when working on projects and sharing ideas with one another and outside collaborators. The City will continue to utilize the Microsoft EA agreement to license the latest, most advanced Microsoft operating systems like Windows Server 2016 and Windows 10, and software suites like Microsoft 365, to facilitate the move towards new, modern technology. With the power of Microsoft 365, a complete, intelligent solution that empowers everyone to be creative and securely work together, combined with the innovative and intuitive user experience of Windows 10, the City will be able to meet the emerging City needs.

The City would like to again "piggy back" off the City of Riverside's contract. Under this agreement, the City commits to the now maximum allotted three-year term to continue to purchase licenses and the rights to any upgrades during that period. As part of the Enterprise Agreement "EA", the City will be entitled to fully featured subscriptions of Microsoft 365, Microsoft Advanced Threat Protection, Advanced E-Discovery, Azure Active Directory, and Microsoft Exchange Online, as well as continued software and operating system upgrades, patches, revisions, technical support and technical training for I.T. staff. Enrolling in an Enterprise Agreement for the entire organization is a cost effective means for managing software as a resource and insuring the City of Merced is in compliance with current and future Microsoft software use agreements.

#### Benefits of Enterprise Agreement

- License compliance is easier to manage via the EA; the City will pay annual Microsoft 365 subscription cost for staff members while paying a lower fixed cost for all server and desktop licenses.
- Software costs are fixed for the enrollment period (with the exception of "true-ups") allowing the agency to anticipate a fixed budget figure for year in advance. We will adjust our cost annually based on our inventory and user count. Our cost can rise or lower depending on the number of units in use.
- The agency is not subject to price increases over the enrollment period.
- The City of Merced will be able to leverage Microsoft Azure GCC cloud for easier document retention compliance and e-discovery.
- The City will be able to eliminate systems that will now be included under the new Microsoft 365 subscriptions, potentially saving the City \$25,000 annually.
- We are entitled to software upgrades, revisions, patches, maintenance, and technical support. This is important as it provides an additional resource for resolving support issues for highly complex software and when a new software version becomes available, there are not any additional fees for their use.
- Staff has access to the online Microsoft E-Learning program.
- Microsoft Training Vouchers for IT staff valued at approximately \$10,000 to be utilized during the three-year term.
- Microsoft Planning Vouchers for professional services specific to planning, implementation, and support of Microsoft products valued at approximately \$20,000 to be utilized during the three-year term.

- Extended hot-fix support for Windows clients and servers after the product is at the end of its life cycle.
- The Microsoft Enterprise Agreement has an option called the Home Use Program which provides a 30% discount to agency employees for Microsoft Office 365 Home or Personal annual subscriptions.

## **IMPACT ON CITY RESOURCES**

Funding for Microsoft licenses is available in the City's Technology Replacement fund. Future year payments will also be budgeted and made from the Technology Replacement fund annually. Through the City's annual budgeting process, the Technology Replacement fund will be reimbursed from the various departments based on number of licensing used for each department.

Cost per year for the three-year Enterprise Agreement is \$162,054.90. This cost will increase only with the addition of new staff members. If additional staff are added to City services, the Microsoft licensing will be accounted for in the Technology Replacement fund.

## **ATTACHMENTS**

1. EA Amendment (D-7.5%)
2. Master EA Agreement
3. Signature Form
4. RFQ Notice of Intent to Award
5. City of Merced EA Renewal Enrollment Form
6. City of Merced EA Renewal Signature Form
7. City of Merced renewal DTF
8. City of Merced renewal PSF
9. City of Merced EA Renewal Quote