



Office of the City Manager

CONSENT CALENDAR

April 23, 2019

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Savita Chaudhary, Director, Department of Information Technology

Subject: Purchase Orders for Crayon Inc.: Using Riverside County’s Joint Volume Licensing Program to Renew Microsoft’s Enterprise Agreement

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a three-year renewal of the City’s “Enterprise Agreement” (EA) for Microsoft licenses purchased through Crayon Inc., utilizing a cooperative purchasing agreement established by the County of Riverside’s joint volume licensing program for the period beginning May 1, 2019 through April 30, 2022 for an amount not-to-exceed (NTE) \$2,968,000.

FISCAL IMPACTS OF RECOMMENDATION

Funding for the three-year agreement is Fiscal Year (FY) 2019 is available in the Department of Information Technology’s Cost Allocation, General Fund, and Capital Improvement funds as outlined below. Funding in future years will be available in the Department of Information Technology’s FY 2020 and 2021 IT Cost Allocation budget, and is subject to Council approval of the proposed city-wide budget and Annual Appropriation Ordinances. The total cost of the three year agreement is \$2,968,000.

Summary: FY 2019-2021

\$864,000 Year 1: FY 2019

\$1,052,000 Year 2: FY 2020

\$1,052,000 Year 3: FY 2021

\$2,968,000 Total FY 2019-2021: Software Maintenance

Year 1: FY 2019

\$511,536 FY 2019: Software Maintenance
Budget Code: 680-35-362-376-0000-000-472-613130-
(IT Cost Allocation, Enterprise Applications, Software Maintenance)

\$307,464 FY 2019: Software Maintenance
Budget Code: 011-35-362-376-0000-000-412-613130-
(General Fund, Information Technology, Software Maintenance)

\$45,000 FY 2019: Software Maintenance
Budget Code: 501-35-362-376-0000-000-412-612990-
(Capital Improvement, Information Technology, Software Maintenance)

\$864,000 Total FY 2019 Software Maintenance

Year 2: FY 2020

FY 2020: Software Maintenance
 \$1,052,000 Budget Code: 680-35-362-376-0000-000-472-613130-
 (IT Cost Allocation, Enterprise Applications, Software Maintenance)

\$1,052,000 Total FY 2020 Software Maintenance

Year 3: FY 2021

FY 2021: Software Maintenance
 \$1,052,000 Budget Code: 680-35-362-376-0000-000-472-613130-
 (IT Cost Allocation, Enterprise Applications, Software Maintenance)

\$1,052,000 Total FY 2021 Software Maintenance

CURRENT SITUATION AND ITS EFFECTS

The City's core software infrastructure is based on Microsoft desktop, server, collaboration, and development products. The EA 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 and that technical support is available. This reduces the required level of staff to support the Microsoft platform, and also enables software upgrade decisions to be made based on technical considerations, deployment plans, and staffing availability, rather than primarily cost considerations. The City's current agreement term expires April 30, 2019. The term of this agreement is three years, and the price of these licenses remains constant throughout the term of the agreement which assists in financial planning of future years. The maximum term available for the EA 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 our MS Office suite of products, Office 365, Skype for Business, Exchange Server, SharePoint Server, Windows Servers, and SQL Servers. The agreement also offers training vouchers and an e-learning self-service platform for the end users to learn the Office products.

Indicative costs for the renewal of the Microsoft EA and Software Assurance include 10% contingency. Each year Department of Information Technology undertake a 'true up' (increase) or 'true down' (decrease) exercise with the reseller to ensure that the City's licensing reflects actual need and takes account of any changes that have occurred in that year. This will continue to be the case for the life of the new three years contract.

Also, more products and services become automatically available within the EA. Examples of such software products are SharePoint Portal Services (SPS), a

collaboration-based web portal product, and System Center, a product which automates deployments, and allows for remote desktop support.

As part of its technology procurement practices, the City typically upgrades and deploys core City software in a timeframe that keeps the versions at, or near, current commercial release versions. Participating in an EA is necessary to ensure critical systems are kept current with security-related and product feature improvements.

BACKGROUND

The City of Berkeley uses Microsoft products as its standardized computer software at the server and workstation level. The City purchases Microsoft software licenses through a joint, volume licensing program known as the County of Riverside's Microsoft Enterprise Agreement ('Riverside EA'). Typically Microsoft offers government EA customers' volume discounts in four tiers A-D. Tier D is reserved for very large enterprises which have over 150,000 workstations. Under the Riverside EA Agreement we will receive pricing that is 7.5% lower than Tier "D" pricing which represents a significant savings from what a City of our size would normally be charged, during this agreement period.

The Riverside EA is a cooperative purchasing program which was renegotiated in 2016 through a Request for Qualifications (RFQ) No. PUARC-1518, by the County of Riverside, and continues to be the primary procurement vehicle for Microsoft licenses for many government agencies throughout California. Riverside County's RFQ also awarded Participating Agreements to seven additional Licensing Solutions Providers (LSPs) which are available for use by government agencies within the State of California.

ENVIRONMENTAL SUSTAINABILITY

Upgrades to server software licensing allow for the consolidation of servers and increased storage capacity to storage area networks (SANs) and cloud storage with products such as Microsoft's cloud storage product OneDrive. This move increases the City's goal of reducing energy consumption City buildings and maintaining an environmentally sound information technology infrastructure.

RATIONALE FOR RECOMMENDATION

Using cooperative purchasing agreements significantly improves the quality of purchasing executed by the City, and participation in such agreements allows the City to gain greater efficiencies and economies of scale. Microsoft will as of 11/1/2019 at the start of the new Riverside and State of California contract's Microsoft will be removing the Level D -7.5% and every customer will be purchasing at straight Level D. Microsoft will no longer be offering the 7.5% discount, this is due to other states legal action of not being offered the same discount as states like California. By entering into an EA with Microsoft at this time protects the City from price increases that Microsoft will put into place during the term of the three-year agreement.

ALTERNATIVE ACTIONS CONSIDERED

Microsoft does not license its software directly, but instead requires licensing of its products through a reseller. Staff considered issuing a specific bid for the renewal of the City's Microsoft EA, but at this time, doing so would not yield better pricing than that which is currently established through the Riverside EA.

CONTACT PERSON

Savita Chaudhary, Director, Information Technology, 510-981-6525

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

PURCHASE ORDERS FOR CRAYON, INC.: USING THE RIVERSIDE COUNTY'S JOINT VOLUME LICENSING PROGRAM TO RENEW MICROSOFT'S ENTERPRISE AGREEMENT

WHEREAS, the City of Berkeley's core software infrastructure is based on Microsoft desktop, server, and development products, and Microsoft does not license its software directly, but instead requires licensing of its products through a reseller; and

WHEREAS, by utilizing cooperative purchasing agreements such as the Riverside Enterprise Agreement, 'the Riverside EA', the City of Berkeley is able to take advantage of pre-negotiated prices, economies of scale, and increased efficiencies; and

WHEREAS, known as the 'Riverside EA', the cooperative purchasing program was re-negotiated in 2016 through a Request for Qualifications (RFQ) No. PUARC-1518, by the County of Riverside, and continues to be the primary procurement vehicle for Microsoft licenses for many government agencies throughout California; and

WHEREAS, cooperative purchasing agreements significantly improve the quality of purchasing executed by the City, and participation in such agreements allows the City to gain greater efficiencies and economies of scale, and entering into an EA with Microsoft protects the City from price increases that Microsoft will put into place during the term of the three-year agreement; and

WHEREAS, funding for Fiscal Year (FY) 2019 is available in the Department of Information Technology's Cost Allocation, General Fund, and Capital Improvement Funds, and spending in future years will be available in the Department of Information Technology's FY 2020 and 2021 IT Cost Allocation budget as itemized below, and is subject to Council approval of the proposed city-wide budget and Annual Appropriation Ordinances.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to issue purchase orders with Crayon Inc. for the renewal of the City's Microsoft Enterprise Agreement licenses, utilizing a cooperative purchasing agreement established by the County of Riverside's joint volume licensing program, for the period beginning May 1, 2019 through April 30, 2022 for an amount not-to-exceed (NTE) \$2,968,000.

