



City of Arts & Innovation

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 14, 2021

FROM: INNOVATION AND TECHNOLOGY DEPARTMENT WARDS: ALL

SUBJECT: MEASURE Z – PURCHASE OF MICROSOFT SOFTWARE LICENSES, PRODUCTS, AND SERVICES THROUGH DELL MARKETING, L.P., FOR A THREE-YEAR TERM FOR A TOTAL EXPENDITURE OF \$2,706,747.72

ISSUE:

Approve the purchase of Microsoft software licenses, products, and services through Dell Marketing, L.P., for a three-year term for a total expenditure of \$2,706,747.72.

RECOMMENDATIONS:

That the City Council:

1. Approve the purchase of Microsoft software licenses, products, and services through Dell Marketing L.P., for a three-year term for a total expenditure of \$2,706,747.72 under the County of Riverside's Master Microsoft Enterprise Agreement No. 8084445;
2. Authorize staff to issue change orders in an amount not to exceed 15% of the total contract amount to Dell Marketing, L.P. under the County of Riverside's Master Microsoft Enterprise Agreement No. 8084445; and
3. Authorize the City Manager, or designee, to execute all documents necessary to make the purchase and to make minor non-substantive changes.

BOARD RECOMMENDATION:

This report was published on December 2, 2021, for the December 14, 2021, City Council meeting. On December 13, 2021, the Board of Public Utilities considered the approval of a three-year agreement with Dell Marketing L.P., including a 15% change order authority, for an annual expenditure of \$49,374 for a total expenditure of \$148,122 for Microsoft software licenses, products, and services.

The current Microsoft Enterprise Agreement expires January 31, 2022. The required Microsoft documents need to be fully executed and the funds need to be encumbered by January 14, 2022, to ensure the new Microsoft Enterprise Agreement goes into effect February 1, 2022. Therefore, if the Board of Public Utilities approves the expenditure, staff requests that the City Council

approve this item at the December 14, 2021, City Council meeting.

BACKGROUND:

For the past fifteen years, the City of Riverside has utilized a Microsoft Enterprise Agreement (EA) for Microsoft software products. An EA allows for volume pricing and simplifies mandatory licensing by only requiring a single transaction to acquire licenses across the City for City-owned computers.

The agreement also allows for software updates so that the City has access to the most current updated version of Microsoft products, such as Microsoft Teams, Office365, SharePoint Online and OneDrive for business. Under a Microsoft EA, the Innovation and Technology (IT) Department has been able to upgrade covered PC's and other hardware to the most current Windows, Office365, and server software versions. In addition, this agreement process has simplified the City's budget process by providing predictable software costs for the term of the agreement.

On February 5, 2019, City Council approved a three-year Microsoft EA with PCM-G, utilizing the County of Riverside's Request for Quote No. PUARC-1518, for Microsoft software products. This EA expires January 31, 2022.

DISCUSSION:

On August 26, 2019, the County of Riverside issued Request for Quote #RIVCO-2020-RFQ-0000048 to seek authorized Licensed Solutions Partners (LSPs) to provide both existing and new products available under the County of Riverside's Master Microsoft EA No. 8084445, Select Plus Agreement No. 7756479 through Dell Marketing, L.P.; and allow new enrollments to take place based on combined volume for those government agencies. The RFQ was viewed by 47 companies and the County received bids from ten LSP's with ten responsive bids.

The quotes were based on a percentage mark-up or markdown from the Government Level pricing established by Microsoft and provided to LSP's. The quotes range from -.56% markdown to a 3.50% mark-up. Dell Marketing L.P. is one of the approved resellers under the Riverside County's Master Agreement Number PSA-0001524 and Amendment No. 1, whose quote included the lowest approved pricing of the -.56% markdown. This EA provides the City of Riverside cost effectiveness through volume pricing, ease of license management, and access to the most current software versions.

Purchasing Resolution No. 23256, Section 602 (e) provides that competitive procurement shall not be required "when Cooperative Purchasing is available and undertaken or when goods can be obtained through Federal, State and/or other public entity pricing contracts or price agreements."

The Purchasing Manager concurs that the recommendation is in compliance with Purchasing Resolution 23256.

STRATEGIC PLAN ALIGNMENT:

- 1. Community Trust** –The software collection provided by this agreement is responsible for

processing the majority of City in-person and online computer transactions. The software is used directly by most City staff and this software enables nearly all services the City provides. Furthermore, this agreement provides the City's email system and employee work file storage. These functions include advanced electronic discovery tools to allow the City to search and locate responsive records, making them available to all and promoting transparency and accountability between the City and the public resulting in greater public good by building public trust.

2. **Equity** – Most of the City's online websites and web applications are utilizing software from this agreement. Those services are accessible to all community members and benefits the City's diverse populations by providing public access to all. In addition, the Microsoft software platforms allow the City to create standard business processes which are consistent and repeatable, via transactional applications. These standard applications and processes provide equity to all customers served.
3. **Fiscal Responsibility** – Utilizing the County of Riverside's Request for Quote ensures the City is receiving the most competitive rates available.
4. **Innovation** – The City's Microsoft Enterprise Agreement gives the City access rights to continuous software updates including the most recent upgrade to Microsoft 365 (M365) which includes services like Exchange Online and Microsoft Teams.
5. **Sustainability & Resiliency** – The Microsoft Enterprise Agreement allows for a true-up process where the City can adjust licenses as needed throughout each year of the agreement. It also provides the City with the necessary licenses, products, and services to ensure business continuity during an emergency.

FISCAL IMPACT:

The total fiscal impact of this purchase is \$902,249.24 annually, with a total expenditure of \$2,706,747.72 over the three-year term of the agreement. Sufficient funding for FY 2021/22 is budgeted and available in the following accounts:

Account	Amount
General Fund, Account No. 2410000-424310	\$701,245
Measure Z, Account No. 8003301-462310	\$133,534.24
Electric Fund, Account No. 6003000-424400	\$36,543
Water Fund, Account No. 6213000-424400	\$12,831
Airport Fund, Account No. 2245000-425700	\$546
Refuse Fund, Account No. 4130000-425806	\$4,836
Sewer Fund, Account No. 4125000-425806	\$9,126
Central Stores Fund, Account No. 2315200-424400	\$624
Central Garage Fund, Account No. 2215100-425700	\$2,964
Total	\$902,249.24

Additional funds for subsequent years will be identified and budgeted for during development of future Fiscal Year budget preparations.

The Microsoft EA allows the City to add new software using a true-up process. Common changes

for licenses include new users (e.g., tablets, cell phones, computer licenses), hardware (e.g., servers), and changes in user accounts. Based on the Microsoft EA, the City is billed and pays for true ups via change orders once a year for the term of the agreement. The change order authority allows the City to support future technology initiatives.

Prepared by: George Khalil, Chief Innovation Officer
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Kris Martinez, Interim Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Master Microsoft Enterprise Agreement No. 8084445
2. Dell Quotation