



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 14, 2025

FROM: INNOVATION & TECHNOLOGY DEPARTMENT WARDS: ALL

SUBJECT: APPROVE THE PURCHASE OF MICROSOFT SOFTWARE LICENSES, PRODUCTS AND SERVICES THROUGH DELL MARKETING, L.P., FOR A THREE-YEAR TERM IN THE AMOUNT OF \$3,834,925.35 PLUS A 15% CHANGE ORDER AUTHORITY FOR A TOTAL AMOUNT OF \$4,410,165

ISSUE:

Approve the purchase of Microsoft software licenses, products and services through Dell Marketing, L.P., for a three-year term in the amount of \$3,834,925.35 plus a 15% change order authority for a total amount of \$4,410,165.

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 in the amount of \$3,834,925.35;
2. Authorize staff to issue change orders in an amount not to exceed 15% of the total contract amount, allowing for additional purchases not exceeding \$575,239 for a total contract amount of \$4,410,165; and
3. Authorize the City Manager, or designee, to execute all documents necessary to effectuate this Addendum, optional extensions, and amendments to add-on additional licenses, as well as making minor and non-substantive changes.

BACKGROUND:

For 18 years, the City of Riverside has utilized a Microsoft Enterprise Licensing Agreement (ELA) for Microsoft software products. An ELA 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 ELA also allows for software updates so the City has access to the most current and up-to-date version of Microsoft products, such as Microsoft Teams, Office365, SharePoint Online and OneDrive for business. Under the ELA, the Innovation and Technology (IT) Department is able to

upgrade covered equipment to the most current Windows, Office365, and server software versions. In addition, ELA 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 ELA with PCM-G utilizing the County of Riverside's Request for Quote No. PUARC-1518 for Microsoft software products.

On December 14, 2021, City Council approved a 3-year agreement for Microsoft licensing under the County of Riverside's Master Microsoft ELA No. 8084445. This is currently set to expire on January 31, 2025.

DISCUSSION:

The contract costs are determined by the number of employees, volunteers or interns requiring user IDs per fund or department. The total amount projected is based on the current number of licenses held by staff and is subject to change based on departmental needs, but the requested change order authority will provide for any additional purchases required.

Purchasing Resolution No. 24101, Article Six: Acquisition of Goods, Section 602 Exceptions states, "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: ...(f) 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."

Purchasing Resolution No. 24101, Article Six: Acquisition of Goods, Section 602 Exceptions states, "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: ...(r) When the Procurement is for the renewal of maintenance, license(s), support, or a similar need for existing technology systems, including hardware, and the items are procured from a vendor/reseller that was originally selected based on the City's procurement standards, provided that 1) the contractor has been used continuously since such selection and 2) if there are not any non-substantive changes to the Procurement and 3) when it is determined by the Manager to be in the best interests of the City to do so."

The Purchasing Manager concurs that the recommendation is in compliance with Purchasing Resolution 24101, Section 602.

STRATEGIC PLAN ALIGNMENT:

This item contributes to the following strategic priorities and goals from the Envision Riverside 2025 Strategic Plan:

Strategic Priority 5, High Performing Government

- Goal 5.2. Utilize technology, data, and process improvement strategies to increase efficiencies, guide decision making, and ensure services are accessible and distributed equitably throughout all geographic areas of the City.

The item aligns with each of the five cross-cutting threads as follows:

1. **Community Trust** –The software is used directly by most City staff and 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 standardized 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 Quotes ensures the City is receiving the most competitive rates available.
4. **Innovation** – The City's Microsoft ELA gives the City access rights to continuous software updates including the most recent upgrade to Microsoft 365 which includes services like Exchange Online and Microsoft Teams.
5. **Sustainability & Resiliency** – The Microsoft ELA 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 action is \$4,410,164.15 which includes a 15% change order authority in the amount of \$575,238.80. Sufficient funds for the current Fiscal Year are available in the General Fund, IT-Operations Software Maintenance/Support account 2410000-424310. Additional funds for subsequent years have been included in the FY 2025/26 budget.

	Year 1 November 1, 2024 – October 31, 2025	Optional Year 2 November 1, 2025 – October 31, 2026	Optional Year 3 November 1, 2026 – October 31, 2027
Annual Cost	\$1,278,308.45	\$1,278,308.45	\$1,278,308.45
15% Change Order	\$191,746.26	\$191,746.27	\$191,746.27
Total	\$1,470,054.71	\$1,470,054.72	\$1,470,054.72

Prepared by: Jessica Gordon, Administrative Services Manager
 Certified as to
 Availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
 Approved by: Kris Martinez, Assistant City Manager
 Approved as to form: Jack Liu, Interim City Attorney

- Attachments:
1. Agreement No. 8084445
 2. Quote
 3. Presentation