



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 26, 2018**

FROM: INNOVATION AND TECHNOLOGY DEPARTMENT WARDS: ALL

SUBJECT: PCMG, INC. PURCHASE ORDER NO. 143459 FOR FIVE-YEAR MICROSOFT ENTERPRISE AGREEMENT – ADDITIONAL \$50,000 OR 1.76% CHANGE ORDER AUTHORITY TO COVER PURCHASE OF MICROSOFT SOFTWARE LICENSES FOR POLICE DEPARTMENT RECORDS MANAGEMENT SYSTEM REPLACEMENT

ISSUE:

Approve an additional \$50,000 or 1.76% in change order authority with PCMG, Inc. for Purchase Order No. 143459, for the existing five-year Microsoft Enterprise Agreement for the period of February 1, 2014 through January 31, 2019, to cover the purchase of Microsoft software licenses for the Police Department Records Management System replacement.

RECOMMENDATIONS:

That the City Council:

1. Approve an additional \$50,000 or 1.76% in change order authority with PCMG, Inc. for Purchase Order No. 143459, for the existing five-year Microsoft Enterprise Agreement for the period of February 1, 2014 through January 31, 2019, revising the total contract amount from \$3,207,712 to \$3,257,712.
2. Authorize the City Manager, or his designee, to approve change orders to PCMG, Inc. Purchase Order No. 143459 and to execute amendments to the Microsoft Enterprise Agreement, if needed, including making minor and non-substantive changes.

BACKGROUND:

For the past twelve years, the Innovation and Technology (IT) Department has utilized a Microsoft Enterprise Agreement (EA) for Microsoft software products. This agreement simplifies mandatory licensing by only requiring a single transaction to acquire licenses across the City for City-owned personal computers and allows for volume pricing. The agreement also includes updates so that the City has access to the current version of Microsoft products.

On January 28, 2014, the City Council approved the award of Bid No. 7222 to PCMG, Inc. for a five-year renewal (February 1, 2014 through January 31, 2019) of the Microsoft Enterprise Agreement, in the amount of \$569,000 per year, for a total of \$2,845,000. Additionally, the City

Council authorized staff to issue change orders in an amount not-to-exceed 10% of the annual amount of the PCMG, Inc. Purchase Order. This allowed for an additional \$284,500 over the five-year term, for a total of authority of \$3,129,500. On March 6, 2018, the City Council approved an increase in change order authority of \$78,212 to cover shortage of funds for final annual payment and true-up, revising the total contract authority to \$3,207,712.

The Microsoft EA allows the City to add new software using a true-up process. Common changes for licenses include new devices (e.g. tablets, cell phones, computers), hardware (e.g. servers), and changes in the number of employees. Based on the Microsoft EA, the City is billed and pays for true-ups via Change Orders to the PCMG PO. No Amendment to the Microsoft EA is required. As of June 26, 2018, the City has paid five annual payments of \$569,000 and true-up costs totaling \$330,729, for a grand total of \$3,175,729. Therefore, the remaining authority for this agreement is \$31,983.

On October 25, 2016, City Council approved the award of the new Police Department Records Management System (RMS) for \$1,304,070.

On March 14, 2017, City Council approved a financing agreement with Banc of America Public Capital Corp to pay for a new Police Department Records Management system in addition to some other items.

The Police Department identified additional Microsoft database and operating systems licenses required for the new RMS that Motorola, the RMS vendor had not earlier identified. In order to remain compliant with the City's Enterprise License Agreement with Microsoft, the Police Department must purchase the additional licenses. The Police Department will use remaining funding from the Banc of America Public Capital Corp to cover the cost of the additional licenses.

DISCUSSION:

On May 15, 2018, the City was presented with a true-up cost of \$47,051.24 for the purchase of additional Microsoft database and operating systems licenses for the Police RMS replacement (Attachment 3). Payment of the Police RMS replacement true-up quote will exceed the total spending authority granted for this agreement by \$15,068.24. The department plans to purchase the Police RMS Microsoft licenses in Fiscal Year 2017-2018 and the final Microsoft EA true-up will come due on January 31, 2019. Based on license requests for the past year, we estimate the final payment will be approximately \$34,931.

The IT Department is requesting that City Council approve \$50,000 in additional spending authority for this agreement, for a total contract authority of \$3,257,712. These additional funds, combined with the remaining \$31,983 left in the agreement, will be sufficient to cover the two true-up payments through January 31, 2019.

FISCAL IMPACT:

The total fiscal impact of this action is \$50,000. Only \$47,051.24 of this amount will be encumbered during Fiscal Year 2017-2018. Those funds are available in account 9890700203-46230000 (Police-Administrative Services – PD – Lease – PSEC/RMS). The remaining additional authority of \$2,948.76 was included in the IT Department Budget submission for Fiscal Year 2018-2019.

Prepared by: Chris Tilden, Interim Chief Innovation Officer
Certified as to
availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer
Approved by: Lea Deesing, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Purchase Order
2. Agreement
3. True-up Quote