



# City Council Memorandum

City of Arts & Innovation

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**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: FEBRUARY 5, 2019**

**FROM: INNOVATION AND TECHNOLOGY DEPARTMENT    WARDS: ALL**

**SUBJECT: MEASURE Z – MICROSOFT ENTERPRISE AGREEMENT WITH PCM-G, INC.  
FOR MICROSOFT SOFTWARE PRODUCTS FOR A THREE-YEAR TERM NOT  
TO EXCEED \$2,614,896.36**

**ISSUE:**

Approve an agreement with PCM-G, Inc., of El Segundo, California, under the County of Riverside’s Master Microsoft EA No. 01E73970 for Microsoft software products in an amount of \$871,632.12 per year and a maximum cumulative amount of \$2,614,896.36 for a three-year term in response to the County of Riverside’s Request for Quote #PUARC-1518 for the volume procurement of Microsoft products pursuant to Purchasing Resolution 23256 Section 602(e).

**RECOMMENDATIONS:**

That the City Council:

1. Approve the Microsoft Enterprise Agreement with PCM-G, Inc., of El Segundo, California, in response to Request for Quote No. PUARC-1518 for Microsoft software products with a three-year term in an amount not to exceed \$2,614,896.36;
2. Authorize staff to issue change orders in an amount not to exceed 15% of the amount of the Microsoft Enterprise Agreement of \$2,614,896.36; and
3. Authorize the City Manager, or designee, to execute all documents pursuant to the Microsoft Enterprise Agreement, and to make minor non-substantive changes.

**BOARD RECOMMENDATIONS:**

This report is published on January 24, 2019, for the February 5, 2019, City Council meeting.

On January 28, 2019, the Board of Public Utilities will hear this item for consideration to recommend that City Council:

1. Approve the Microsoft Enterprise Agreement with PCM-G, Inc., of El Segundo, California, in response to Request for Quote No. PUARC-1518 for Microsoft software products with a three-year term in an amount not to exceed \$2,614,896.36;

2. Authorize staff to issue change orders in an amount not to exceed 15% of the amount of the Microsoft Enterprise Agreement; and
3. Authorize the City Manager, or his designee, to execute all documents pursuant to the Microsoft Enterprise Agreement, and to make minor non-substantive changes.

If the Board of Public Utilities approves to forward this item to City Council, staff requests that the City Council approve this item at the February 5, 2019, City Council meeting.

## **BACKGROUND:**

For the past twelve 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 includes updates so that the city has access to the current, most updated version of Microsoft products such as the Microsoft Windows, Office Suite, and Microsoft Outlook. Under a Microsoft EA, the Innovation and Technology (IT) Department has been able to upgrade covered PCs and other hardware to the most current Windows, Office, and server software versions. In addition, this agreement process has simplified IT's budget process by providing predictable software costs for the term of the agreement. The current EA expiration date is January 31, 2019. Microsoft approved a two-week contract extension.

## **DISCUSSION:**

On September 12, 2016, the County of Riverside issued Request for Quote # PUARC-1518 to seek pricing from authorized Licensed Solutions Partners (LSPs) within the state of California to provide both existing and new products available under the County of Riverside's Master Microsoft EA No. 01E73970; plus, allow new enrollments to take place based on combined volume for those government agencies.

This Master Microsoft EA is available for use by all government entities within the State of California until December 31, 2019, provides for three-year terms and is offered through seven approved LSPs (resellers) that were determined as the most responsive, responsible bidders. The bid responses were based on a percentage mark-up or mark-down from the Government level pricing established by Microsoft and provided to all LSPs. This EA provides an additional 7.5% discount below government pricing through the term of this agreement. The bid ranges were from 0.35% markdown to a 2% mark-up. The City's current Microsoft reseller, PCM-G, Inc., is an approved reseller under Riverside County's EA No. 01E73970 whose quote included the lowest approved pricing of a 0.35% 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. It allows the City to take advantage of the latest technological improvements, like Microsoft 365 (M365), that will benefit employee productivity and supports the City's technological improvement initiatives. Transitioning to M365 online licensing supports the following Riverside 2.1 technological strategic goals to: *Modernize Citywide Information Systems and Infrastructure to Improve Efficiency and Security, Create a Citywide Comprehensive Continuity of Operations Plan (COOP), Provide Excellent Customer Service to Internal City Technology Users and Improve Cybersecurity Defenses to Protect Citywide Infrastructure.*

M365 will be implemented in phases with Phase 1 being Exchange Online. Exchange Online will allow users to access their email accounts from any device with an internet connection. Email data will be stored in the Cloud allowing for a longer email retention schedule and frees up much needed space on the City’s servers. This online subscription will provide the City access to modern security features. Subsequent phases will allow staff to utilize collaboration features such as SharePoint Online, OneDrive, and OfficeWebApps.

The City’s Purchasing Resolution No. 23256 Section 602(e) provides that competitive procurement shall not be required when cooperative purchasing is available and undertaken. Cooperative Purchasing means a purchasing method whereby the procurement requirements of two or more governmental entities are combined in order to obtain the benefit of volume procurement or reduction in administrative expenses.

The Purchasing Manager concurs that the recommendation is in compliance with the Purchasing Resolution 23256 Section 602(e).

**FISCAL IMPACT:**

The fiscal impact of this Microsoft EA is \$871,632.12 per year and a maximum cumulative amount of \$2,614,896.36. Sufficient funding is available in the following accounts:

**Fiscal Year 2018/19**

<b>Account</b>	<b>Amount</b>
Fund 101 Account No. 2410000-424310	\$591,584
Fund 101 Account No. 5205000-425800	\$13,667
Fund 110 Account No. 2400009-462310	\$174,283
Fund 510 Account No. 6105000-425700	\$50,523
Fund 520 Account No. 6210000-425700	\$16,971
Fund 530 Account No. 2245000-425700	\$749
Fund 540 Account No. 4130000-425806	\$6,312
Fund 550 Account No. 4125000-425806	\$12,516
Fund 640 Account No. 6400000-425700	\$856
Fund 650 Account No. 2215100-425700	\$4,172
<b>TOTAL</b>	<b>\$871,633</b>

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.

Sufficient funds have been allocated for the annual Microsoft EA and estimated true-up costs for FY 2019-20 though the biennial budget process. Additional funds for subsequent years will be identified and allocated during development of the FY 2020-22 Biennial Budget.

Prepared by: George Khalil, Chief Innovation Officer  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
Approved by: Lea Deesing, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. PCM-G Quote
2. Microsoft Enterprise Enrolment
3. Program Signature Form
4. County of Riverside Master Microsoft Enterprise Agreement #01E73970
5. Presentation