



CITY COUNCIL AGENDA STATEMENT



May 21, 2019

File ID: 19-0220

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE CITY MANAGER, OR DESIGNEE, TO EXECUTE CONTRACTS FOR SERVICE WITH MICROSOFT CORPORATION FOR SOFTWARE, SUBSCRIPTION AND LICENSING SERVICES UTILIZING THE COUNTY OF RIVERSIDE ENTERPRISE AGREEMENT WITH MICROSOFT CORPORATION #01E73970 AMENDMENT ID #CAMSTR-051116

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Staff recommends that Council approve the renewal of the software and licensing agreement (referred to herein as "Enterprise Agreement") with Microsoft Corporation to provide upgraded licensing for computer/server operating systems, SQL database licensing, disaster recovery services, backend software/network systems software, and city-wide subscription services to Office365.

ENVIRONMENTAL REVIEW

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not Applicable.

DISCUSSION

As part of the Information Technology departments' Technology Improvement Program, the department has continued a methodical upgrade to the core systems throughout the City to include:

- 1) Computer Replacement Program - 200 PC's per year replaced which started in 2015
- 2) Network Upgrade - New networking hardware and change in architecture (City-wide) which is currently underway
- 3) Internet Connectivity - Increased from 100 MB/sec upload/download to 1 GB upload/download
- 4) Key Systems Upgrades - Domain Controllers, Accela Automation (Development Services), FASTER (Public Works, Garage), Lucity (Public Works), Tyler/Munis (Finance/HR), Telestaff (Fire)
- 5) Windows 10 Upgrades (City-wide) – Currently underway

- 6) Office 365 Upgrades (City-wide) – Currently underway
- 7) Disaster Recovery Systems (City-wide) – RFP currently being conducted to identify a consultant to develop and implement disaster recovery policies and deploy appropriate technology
- 8) Domain Consolidation - RFP currently being conducted to identify a consultant to consolidate the three main domains (City_CV, CVCAD and CVLibrary) into one central domain (significantly reduces complexity of our networking and Active Directory services)

As part of the Technology Improvement Program, the City wishes to continue our Enterprise Agreement for licensing and software with Microsoft to continue the upgrade path system-wide. This Enterprise Agreement will include continuous licensing upgrades for all Windows desktop operating systems to Windows 10 (and beyond), upgrades for Windows server operating systems, upgrades for Microsoft SQL server software, backend network management software, access to Microsoft Azure Cloud based storage for disaster recovery operations and upgrade to Office365 productivity suite.

Below are some highlights of the advantages of continuing the Enterprise Agreement as opposed to other licensing models (Select or Retail pricing):

- 1) Lowest possible pricing for Microsoft products - This Enterprise Agreement includes Government “D” pricing (15% below OEM pricing) plus an additional 7.5% reduction in pricing on top of Government “D” pricing - which is a 22.5% total discount. This is normally reserved for only the largest agencies (10,000+ users).
- 2) Ability to spread the licensing costs over three years, rather than lump sum payments. This is not available with Select or retail pricing.
- 3) Ability to implement and continue using Office365 (not available unless in an Enterprise Agreement).
- 4) Access to enhanced training options not available to non-Enterprise Agreement customers - including training vouchers for advanced training programs which are not free. This is not available under Select or retail pricing.
- 5) Microsoft Desktop Optimization Pack (MDOP) - suite of technologies available to help IT staff virtualize the user experience, applications and Windows; helps manage features within Windows; and rapidly restore user productivity after a system issue is encountered to ensure top operational efficiency.
- 6) Windows Desktop Operating System upgrades - This agreement will ensure that the City is fully licensed to deploy Windows 10 throughout the IT infrastructure and sets forth an upgrade path to future deployments of Windows operating systems.
- 7) Windows Server Operating System upgrades – When we began with our initial Enterprise Agreement, we had nearly 2/3rd of our server fleet (150+ servers) operating on Windows Server 2003 which does not receive any security patches or software updates from Microsoft. This continues to be a significant security and operational concern for the department. We have fewer than 16 servers left to migrate, many of which will be taken off-line in the next three months.
- 8) Enhanced office productivity enhancements - Instant messaging, Skype for Business/TEAMS (video conferencing), remote desktop sharing (for webinars), and Sharepoint. This is not available under Select or retail pricing.
- 9) Advanced security options - Encryption capabilities for desktop and server harddrives and email control of sensitive documents which should not be sent out of City or contain sensitive information (e.g. Social Security numbers). This is not available under Select or retail pricing.
- 10) Advanced archiving and eDiscovery features for email which will make compliance with the California Public Records Act much easier. This is not available under Select or retail pricing.
- 11) Mobility Suite - mobile device management software to ensure City mobile devices are secure and enables advanced functionality to wipe City information if a mobile device is lost or stolen. Also allows for remote access control for IT troubleshooting without need to bring device in from the field.

12) Enhanced Storage - 50 GB email storage per user, plus additional 5 TB files storage via OneDrive. Files are now accessible anywhere an employee can log into the internet. This is not available under Select or retail pricing.

13) Employees may deploy Office365 on up to 5 PC's, 5 Tablets and 5 SmartPhones as part of this agreement.

There are many more features included with the Enterprise Agreement, all of which will significantly improve:

- 1) IT Management of software, hardware and network
- 2) Workplace collaboration
- 3) Data Security
- 4) Disaster Recovery

As part of the Enterprise Agreement, Microsoft allows agencies to spread the licensing costs over a three year period. Additionally, the City will be able to take advantage of Microsoft's in-house planning consultants who will assist with the design of any major IT projects.

The County of Riverside has successfully negotiated very favorable pricing for the Enterprise Agreement. Normally, the City would qualify for Microsoft's "Government D" level pricing of 15% off of retail prices. The County of Riverside was able to reduce those costs an additional 7.5%, which are the absolute lowest cost available to an organization our size. This represents a 22.5% reduction in costs over retail pricing, and a 17.5% reduction in costs over Select pricing. There are over 800 governmental agencies in the State of California who have taken advantage of this contract.

The County of Riverside agreement provides for six different vendors who have been authorized by Microsoft to be the retailer for all of Microsoft's products included under the Enterprise Agreement (you cannot purchase direct from Microsoft). All six vendors were contacted, and quotes were requested from each vendor. Below is a summary of the quotes received:

COMPANY	EA PRICING/YR	3 Year Value	Avg Yearly
CRAYON	VARIES*	\$ 1,273,644.23	\$424,548.08
CDW-G	\$ 427,928.73	\$ 1,283,786.20	\$427,928.73
PCM-G	\$ 431,597.51	\$ 1,294,792.53	\$431,597.51
SOFTWAREONE	\$ 431,695.72	\$ 1,295,087.16	\$431,695.72
INSIGHT	\$ 433,694.47	\$ 1,301,083.41	\$433,694.47
COMPAREX	\$ 447,550.49	\$ 1,342,651.47	\$447,550.49

* Year 1 - \$410,762; Year 2 and 3 - \$431,441/yr

Based on the quotes received, Crayon was the low bid response.

Ultimately, our Enterprise Agreement will ensure that the City is able to maintain a robust IT infrastructure as we move forward with our SmartCities initiatives. Technology changes so rapidly that unless the City can be agile and up-to-date with our IT infrastructure, it will be exceedingly hard to implement the technology that the City needs to keep providing high quality services to our businesses and citizens.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real

property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

This contract is for three years and will start June 1, 2019. The contract will end on May 31st, 2022. The first year annual cost of the new agreement is \$410,762. There will be no net fiscal impact to the General Fund as the current funds budgeted for our Microsoft licensing will be sufficient to cover this cost.

ONGOING FISCAL IMPACT

Years two and three of this contract are \$431,441 per year. The budget for this expense will be included in the Fiscal Year 2019-20 Proposed Budget and be considered by the City Council as part of the normal budget process. If no additional licensing is required, then no additional appropriations will be required. This contract will end on May 31st, 2022. Prior to that time, staff will engage with Microsoft for renewal of the agreement and bring forward a new contract for City Council approval.

ATTACHMENTS

1. Resolution
2. Microsoft Enterprise Agreements
3. Crayon EA Renewal Pricing

Staff Contact: Edward Chew, Director of Information Technology Services