

N/A

BOARD/COMMISSION RECOMMENDATION

Not Applicable

DISCUSSION

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

- 1) Computer Replacement Program - 200 PC's per year replaced starting in 2015
- 2) Network Upgrade - New networking hardware and change in architecture (City Hall and Police Department)
- 3) Internet Connectivity - Increase from 20 MB/sec upload/download to 100 MB/sec upload/download
- 4) Key Systems Upgrades - Domain Controllers, Accela Automation (Development Services), FASTER (Public Works, Garage), Lucity (Public Works), and BeneTrack (Human Resources).
- 5) Network Monitoring Software - LANSweeper
- 6) Work Management Software - WebHelpDesk (ITS) and LARQ (Attorney's Office)

Upcoming projects include: a new Enterprise Resource Planning (ERP) software system for Finance/Human Resources; Internet/network connectivity upgrades to Recreation Centers and Public Works; 1 GB Internet connectivity to all of the Libraries (currently underway); and upgrading wifi networks throughout City Hall.

As part of the Technology Improvement Program, the City wishes to enter into an Enterprise Agreement for licensing and software with Microsoft to continue the upgrade path system-wide. This Enterprise Agreement will include 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 entering into an 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). Currently the City is purchasing licensing at OEM pricing (no discounts). Select pricing is only a 5% reduction in costs.
- 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 Office365 (not available unless in an Enterprise Agreement).
- 4) Promotional funding from Microsoft for deployment of Office365 to offset the costs of contracting with a third party vendor for assistance with the deployment of Office365. Microsoft also has a Fasttrack onboarding team which will also assist with the technical aspects of

- implementing Office365 at no additional cost to the City. This is not available under Select or retail pricing.
- 5) 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.
 - 6) 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.
 - 7) 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.
 - 8) Windows Server Operating System upgrades - nearly 2/3rd of our server fleet (150+ servers) operate on Windows Server 2003 which does not receive any security patches or software updates from Microsoft. This is a significant security and operational concern for the department.
 - 9) Enhanced office productivity enhancements - Instant messaging, Skype for Business (video conferencing), remote desktop sharing (for webinars), and Sharepoint. This is not available under Select or retail pricing.
 - 10) 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.
 - 11) 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.
 - 12) 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.
 - 13) Enhanced Storage - 50 GB email storage per user, plus additional 1 TB files storage via OneDrive. Files now accessible anywhere an employee can log into the internet. This is not available under Select or retail pricing.

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. Once the licensing costs are paid, the City will then transition into the Software Assurance plan, whereby at a reduced cost, the City will then be able to continually update licenses throughout the organization as Microsoft releases them. 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	QUOTE (per year)
SoftwareONE	\$477,033.98
PCMG	\$470,409.29
En Pointe	\$479,764.40
SoftChoice	\$508,017.24
Dell	\$479,931.47
InSight	No Response

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

Ultimately, this 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

Not Applicable - Not Site-Specific

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining 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.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This Enterprise Agreement with Microsoft directly impacts all five Strategic Plan goals, with significant impact to Operational Excellence, as this agreement will allow the ITS Department to deploy industry standard technology tools to significantly enhance employee productivity and efficiency through modern software deployment.

CURRENT YEAR FISCAL IMPACT

The annual cost of the proposed agreement is \$470,410. Approximately \$432,628 is a General Fund cost. The ITS Department currently has \$80,000 budgeted in its FY 2015-16 budget for this expense. In addition, staff is requesting \$20,000 for staff training and consultant services needed to implement this project. Staff is recommending an appropriation of \$372,628 to the Supplies and Services expense category of the ITS Department. This appropriation will be offset by one-time sales tax revenues resulting from the end of the triple flip. There is no net fiscal impact to the General Fund as a result of this action.

The Development Services Fund, Sewer Service Revenue Fund, and Public Education and Governmental Fee (PEG) Fund also have costs associated with the licensing agreement. However, these funds do not need an appropriation in the current fiscal year as they have sufficient savings in their respective Supplies and Services budgets to absorb these costs.

ONGOING FISCAL IMPACT

The Enterprise Agreement is broken into three main categories: Subscription Services (Office365 and User Licensing); Server, SQL and Azure Licensing; and Academic Licensing (Library PC's). For Subscription services, the City will pay the subscription costs year over year during the six year contract. For Server, SQL and Azure Licensing, the City will pay the licensing costs divided over the first three years, and then pay a reduced amount for the Software Assurance Program. For the Academic Licensing, the City will pay the licensing costs divided over the first three years, and then pay a reduced amount for the Software Assurance Program.

The budget for this expense will be included in the Fiscal Year 2016-17 Proposed Budget and be considered by the City Council as part of the normal budget process.

The table on the following page summarizes the cost for the Enterprise Agreement for fiscal years 2016 to 2021.

Description	Subscription/Licensing Costs			Subscription/Software Assurance		
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Fiscal Year						
Office365[1]	\$ 277,442	\$ 277,442	\$ 277,442	\$ 277,442	\$ 277,442	\$ 277,442
Server	\$ 182,340	\$ 182,340	\$ 182,340	\$ 124,654	\$ 124,654	\$ 124,654
Library	\$ 10,628	\$ 10,628	\$ 10,628	\$ 4,806	\$ 4,806	\$ 4,806
Total Cost	\$ 470,410	\$ 470,410	\$ 470,410	\$ 406,902	\$ 406,902	\$ 406,902
Funding Source:						
General Fund	\$ 432,628	\$ 432,628	\$ 432,628	\$ 374,942	\$ 374,942	\$ 374,942
PEG	\$ 10,628	\$ 10,628	\$ 10,628	\$ 4,806	\$ 4,806	\$ 4,806
Sewer	\$ 13,651	\$ 13,651	\$ 13,651	\$ 13,651	\$ 13,651	\$ 13,651
Development Services	\$ 13,503	\$ 13,503	\$ 13,503	\$ 13,503	\$ 13,503	\$ 13,503
Total Funding Sources	\$ 470,410	\$ 470,410	\$ 470,410	\$ 406,902	\$ 406,902	\$ 406,902

¹ Subscription Services do not fall under Software Assurance

ATTACHMENTS

Attachment A - Microsoft Enterprise Agreements
Resolution

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