



AGENDA MEMORANDUM

Future Item for the City Council Meeting of July 18, 2017
Action Item for the City Council Meeting of July 25, 2017

DATE: June 30, 2017

TO: Margie C. Rose, City Manager

FROM: Belinda Mercado, Director of Information Technology
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361-826-3740

Microsoft Licensing Renewal

CAPTION:

Motion authorizing the City Manager or designee to execute a three-year Microsoft Enterprise license agreement with Software House International, Inc. of Austin, Texas, through the Texas DIR Cooperative Purchasing Program (DIR-SDD-2503), for an amount not to exceed \$2,099,855 of which \$658,229 is funded for FY2016-2017, with license fees for years two and three of \$647,813 annually and an estimated contingency of \$146,000 for additional cloud infrastructure and license expenses subject to future annual budget appropriations.

PURPOSE:

Approval of this contract provides continued City of Corpus Christi's licensing agreement with Microsoft's Office 365 suite of applications which includes hosted e-mail and hosted office suite as primary applications. Enterprise Agreement and Subscription Agreement licensing are included in the renewal.

BACKGROUND AND FINDINGS:

The Microsoft Enterprise license agreement is part of the Information Technology (IT) ongoing goal of providing staff with the tools needed to work efficiently. Microsoft Enterprise Agreement will position the City to utilize the latest technology from Microsoft. In 2014, the City converted its conventional desktop software licenses to a subscription based cloud solution which enables employees to work with data and applications from virtually anywhere from any device. In addition, it allows the City to assure critical software are current with security-related improvement and product enhancements. The current three-year agreement terminated on June 30, 2017. Microsoft has granted a one month extension as we negotiated the terms of the contract.

This renewal includes:

- Upgrade rights to future versions of our licensed software
- Enhanced licensing rights (SQL active-passive failover rights)

- eLearning (free web-based training for all employees on Microsoft products)
- Training Vouchers (about \$10,000 in vouchers that the City can use to send our I.T. staff to on-site classroom training at various learning centers for Microsoft technologies)
- A paid deployment planning workshop (on particular Microsoft server products, such as Exchange or SQL server deployments)
- Three-year price protection against price increases
- Free web-based/e-mail technical support on the Microsoft server products covered on our Enterprise Agreement
- Help Desk services

ALTERNATIVES:

The City could search for alternative technology.

OTHER CONSIDERATIONS:

The transition to upgraded licenses for new employees may require additional funds; in addition, Microsoft Azure cloud services will increase our security posture and disaster recovery. The total estimated contingency over the three-year period is as follows:

Total Additional Microsoft E3/Core Bridge Licenses:	\$92,000.00
Total Additional Azure Cloud Commitment:	\$54,000.00
Grand Total Contingency:	\$146,000.00

CONFORMITY TO CITY POLICY:

This purchase conforms to City purchasing policies and procedures and state statutes regulating procurement.

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Finance Department and Office of Management and Budget

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2016-2017	Current Year	Future Years	TOTALS
Line Item Budget	\$1,329,925	1,441,626	\$2,771,551
Encumbered / Expended Amount	\$332,900		\$332,900
This item	\$658,229	1,441,626	\$2,099,855
BALANCE	\$338,796	0	\$338,796

Fund(s): Information Technology

Comments:

This is a Texas DIR quote that will be paid in three annual payments for an amount not to exceed \$2,100,000. Funds have been budgeted for this expense and are available in 5210-40480-242 and 5210-40430-242.

Our Gartner Inc. membership provided us with a Microsoft expert to review the quote and contract. They provided us with an analysis and made recommendations for this purchase. Gartner Inc. provides the most comprehensive collection of analysis and advice for the users and vendors of technology to assist with decision making.

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

SHI Quote