

**CITY COUNCIL AGENDA TOPIC**

Resolution authorizing the execution of a five-year Microsoft Enterprise Agreement for required Microsoft licenses and subscriptions, with anticipated annual license adjustments that are necessary for the continued and future use of Microsoft products and services by the City, in an amount not to exceed, \$9,311,867.74 plus all applicable taxes.

Sabra Schneider, Chief Information Officer  
Chelo Picardal, Chief Technology Officer  
*Information Technology Department*

**EXECUTIVE SUMMARY****ACTION**

This Resolution will authorize the execution of a purchasing agreement with CDW-G for the City's Microsoft Enterprise Agreement. The Enterprise Agreement licenses the city to use Microsoft products and services on desktop and laptop computers, mobile devices, and servers that are essential to the functioning of the organization and serve over 1800 employees and volunteers. The agreement includes operating systems, email, Office products, collaboration tools, communication systems, analytics, cloud services, AI capabilities, and security tools.

This resolution authorizes the city to execute a purchasing agreement with CDW-G for the Microsoft Volume Licensing Agreement for a total cost of \$9,311,867.74 plus all applicable taxes.

**RECOMMENDATION**

Move to adopt Resolution No. 10607

**BACKGROUND/ANALYSIS**

The City's Microsoft Enterprise Agreement includes product licenses and service subscriptions purchased through CDW-G, an authorized reseller for Microsoft, under the OMNIA cooperative purchasing program. The city benefits from the volume license negotiated under this cooperative purchasing contract and receives the same volume discount available to all state agencies, counties, and cities nationally. This agreement continues to deliver the best value in purchasing the needed Microsoft products and services for the city.

The Microsoft Enterprise Agreement provides core functionality to the city while maintaining critical security protections. The agreement bundles useful products and services and makes it readily available for all staff to use in their daily work. Most services are cloud based and enable secure access from anywhere and on any device, which is critical for field and hybrid work.

This new agreement includes the following changes from the prior agreement:

- Five-year agreement: Changing from 3-year agreement to 5-year agreement locks in per item pricing for the next 5 years.

- Vendor price increase: Reflects Microsoft per item licensing price increases ranging from 2% to 12% more than previous agreement. These price increases are implemented at the start of each enterprise agreement.
- Growth: Enterprise agreement costs are impacted by cloud computing and storage increases and by user account growth from new staff, volunteers, and contractors. This growth is accounted for in an annual true-up process for the agreement, which has averaged 15% annual growth over the last 3 years. Each year the city pays a base recurring annual cost plus the true-up cost, which reflects the growth from prior year.
- Security, data, and innovation capabilities: Each enterprise agreement provides an opportunity to adapt to a changing technology landscape. In the prior agreement, security upgrades were included to deal with increasing cyber threats, which will be maintained. In this agreement, increased cloud computing costs are included to accommodate Bellevue’s growing data enablement work as well as additional AI capabilities.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

City Council’s 2024-2026 Priorities for High-Performance Government: Identify and implement enterprise approaches to service management, community engagement and data analytics to improve customer service, access and transparency.

### **Fiscal Impact**

The Information Technology operating budget has sufficient funds to cover these replacements in the approved 2025-2026 budget for year 1 of the agreement. Years 2 through 5 costs, plus all applicable taxes, will be incorporated in subsequent budget processes. Recurring annual service costs and subscriptions base cost is anticipated to be \$1,662,723.10 annually in years 1 through 3 and \$1,662,991.96 annually in years 4 and 5. An annual true-up cost of 15% is expected to be applied in years 2 to 5. The estimated total cost for 5 years of service will be approximately \$9,311,867.74 plus all applicable taxes

## **OPTIONS**

1. Adopt the Resolution authorizing the execution of a five-year Microsoft Enterprise Agreement for required Microsoft licenses and subscriptions, with anticipated annual license adjustments that are necessary for the continued and future use of Microsoft products and services by the City, in an amount not to exceed, \$9,311,867.74 plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

## **ATTACHMENTS**

Proposed Resolution No. 10607

## **AVAILABLE IN COUNCIL LIBRARY**

CDW-G Quote – OMNIA Contract 2024056-01  
Microsoft Volume Licensing Agreement