

CITY COUNCIL REGULAR SESSION

Resolution authorizing the execution of a three-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 \$1,939,879, plus all applicable taxes.

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Information Technology Department

EXECUTIVE SUMMARY

This Resolution authorizes 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 1600 employees and volunteers. The agreement includes operating systems (Windows), email (Outlook, Exchange), Office products (Word, Excel, PowerPoint), collaboration tools (SharePoint), communications systems (Skype For Business, Teams), and security tools. The Information Technology computer replacement reserve secured the necessary funds to cover these replacements within the 2019-2020 IT Reserve Rates.

RECOMMENDATION

Move to adopt Resolution No. 9772

BACKGROUND/ANALYSIS

The City's Microsoft Enterprise Agreement includes product licenses and service subscriptions purchased through the State of Washington Department of Enterprise Services master contract with Microsoft. The City has had an Enterprise Agreement with Microsoft since 2005. The City benefits from the volume license pricing negotiated by the State and receives the same volume discount available to all state agencies, counties and cities. CDW-G is one of the approved resellers for the Microsoft master contract that the City uses to fulfill its Microsoft Enterprise Agreement. ITD has evaluated other options for acquiring these licenses, including purchasing licenses individually and negotiating an enterprise agreement separately, and has determined that the Microsoft Enterprise Agreement through the State's volume licensing contract is the most cost-effective approach for this kind of purchase. This agreement continues to deliver the best value in purchasing the needed Microsoft products and services for the City.

This new agreement is \$487,817 more than the prior three-year agreement executed in 2017 for the following reasons:

- Contains Microsoft server product licensing that was previously purchased separately and is now consolidated under this agreement for easier administration.

- Includes expected increases in licenses over the last three years from the annual “true-up” process to account for additional users and security services added each year.
- Reflects Microsoft licensing shifts and pricing increases on the products and cloud services the City uses and accounts for 40 percent of the cost increase. While the State has negotiated a substantial volume discount on behalf of all state and local organizations and ITD has taken great care to assess options and purchase only what is needed for the City, the license increase remains.

The Microsoft Enterprise Agreement provides many benefits to the City. The agreement bundles useful products and services and makes it readily available for all staff to use in execution of their daily tasks. Many of these services have moved to the cloud and enables secure access from anywhere and on any device, which is critical for teleworking and mobile staff. The Enterprise Agreement also allows more effective monitoring of the licenses the City uses, and Microsoft will provide thirty days of free training and consulting services to facilitate the City’s deployment and implementation of Microsoft products.

POLICY & FISCAL IMPACTS

Policy Impact

Bellevue City Code

BCC 4.28.030 authorizes the City to join in cooperative purchasing arrangements with other public agencies when the best interests of the City would be served thereby. Execution of this agreement allows the City to take advantage of the lower Enterprise Agreement pricing available through the State of Washington Department of Information Services master contract.

BCC 4.28 provides for the fair and equitable treatment of all persons involved in the purchasing process. Council approval is required to award the contract where the cost exceeds \$90,000.

This purchase is being made through a master contract with the Department of Enterprise Services (DES)//National Association of State Procurement Officials (NASPO ValuePoint) which meets the City’s competitive bidding requirements, and where CDW-G is an authorized reseller.

City of Bellevue ITD Equipment Replacement Reserves Management Roles and Responsibilities Policy and Management:

Replacement reserves are established to anticipate and plan for replacement of the City’s technology investments in hardware and software. Equipment reserves will be used to fund asset replacement for technology equipment and software, according to the replacement schedule, and to meet emergency needs, as necessary. The goal of the ITD equipment replacement program is to ensure there are funds available to ensure just-in-time replacement of technology equipment, thereby ensuring uninterrupted service delivery to our customers and providing a path to stay current with the technology needs of the organization

Fiscal Impact

Total expenditures for the Microsoft Enterprise Agreement will be monitored by ITD, and ITD will continue to submit for approval the license costs in its budget requests. This expenditure is accommodated within the 2019-20 Information Technology computer replacement reserve budget.

The fixed amount of the Microsoft Enterprise Agreement is \$1,839,878.70 plus all applicable taxes, to be paid in three annual payments of \$613,292.90 beginning in 2020. The agreement also includes a “true-up” at the end of each year, obligating the City to pay for additional licenses and services the City may need. Based on projected license growth and services for the term of the agreement, this amount is estimated at \$100,000 plus all applicable taxes.

The total anticipated cost of this three-year contract, including Microsoft products and services and 30 days of training and consulting services is, \$1,939,878.70 plus all applicable taxes. The first year’s payment was budgeted and is available in the 2019-2020 Information Technology Fund budget.

OPTIONS

1. Adopt the Resolution authorizing the execution of a three-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 \$1,939,879, plus all applicable taxes.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

Proposed Resolution No. 9772

AVAILABLE IN COUNCIL LIBRARY

2020 Microsoft Enterprise Agreement Supporting Documentation including:

- Enterprise Enrollment- Volume Licensing
- Enterprise Enrollment Product Selection Form
- Amendment to Contracts – Volume Licensing
- Program Signature Form- Volume Licesning