



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Award of Services Agreement to Implement Microsoft Office 365 for Enhanced Communication and Collaboration Systems (F17-032)

REPORT IN BRIEF

Approval is requested to issue a Services Agreement to Convergent Computing of Walnut Creek in an amount not-to-exceed \$425,000 to implement Microsoft Office365, a cloud-based platform for email, conferencing, collaboration and document applications such as Word, Excel, PowerPoint and Outlook. Approval is also requested for a 10% contract contingency in the amount of \$42,500.

EXISTING POLICY

Chapter 2.08 of the Municipal Code requires Council approval for transactions greater than \$100,000.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

BACKGROUND AND DISCUSSION

During its January 2016 Strategic Planning Workshop, Council established a Policy Priority for Improved Processes and Services through the use of Technology and followed this action with a March 2016 Study Session to review the current state of technology needs in the organization, as well as identify the core systems that require upgrading or replacement. Council subsequently approved an investment of funds to support this policy priority with the adoption of the FY 2016/17 Budget.

Investing in the City's core collaboration, communication, and basic office administration tools benefits the City's operations by providing up to date technology to City staff. This action begins the implementation of replacing those core technology services that the workforce relies on to complete its basic work and that have been deferred for longer than originally anticipated, and is consistent overall plan to stabilize City technology systems.

To evaluate email and calendaring alternatives, the City released a Request for Proposals (RFP No. F16-130) in June 2016. However, the City received no responses. As outlined in Sunnyvale Municipal Code ("SMC") Section 2.08.110(d), in situations where no responses are received, the City may reissue the solicitation, the awarding authority may authorize procurement without further competitive bidding, or the City may cease the procurement. Additionally, SMC Section 2.08.070(b)(14) gives

authority to the City Manager to have the services performed or the goods procured without further competitive bidding where competitive bids or proposals have been solicited and no bid or proposal has been received. Furthermore, SMC Section 2.08.060(f) allows the purchasing officer to explore alternative procurements if it is in the best interest of the City. Lastly, the current licensing and support agreement for the City's existing email and calendaring system (Google Apps) expires at the end of the calendar year, leaving little time to plan, prepare and conduct another RFP process.

For these reasons, staff has concluded that investing additional funds for the cloud-based suite of MS Office products will provide more opportunity for streamlined collaboration and communication than what is currently used. The MS Office365 platform will enable the City to use industry best practice tools for email, messaging and collaboration to include: Outlook (email), Skype for Business (messaging, video conferencing, collaboration) and Office Suite in the Cloud (Word, Excel, PowerPoint, etc.). City staff is beginning with stabilizing the most basic of administrative office technology because the versions in use are dated and require updating in order to take advantage of newer technology that now provides modern tools that can create efficiencies throughout the organization in how staff communicates and collaborates online.

Implementing the MS Office365 suite is an important step in modernizing the City's technology platform so that we can address Council's policy priority of improved processes and services through the use of technology. MS Office365 will provide the City the ability to use one consolidated system and integrate other systems with the calendaring, email, and word processing tools. MS Office365 provides new functionality for staff with a unified communication platform through instant messaging and video conferencing. Overall, MS Office 365 provides more features and functionality for City staff to interact more efficiently. Additionally, it is a comprehensive solution that will ensure the City is properly licensed and has use of the current suite of office productivity tools.

Due to the support period for the City's current email and calendaring system (Google Apps), which is scheduled to end this calendar year, the timing of this move will avoid duplicate support costs as we migrate from one system to another. Additionally, time is of the essence as the migration will require a little over three months to accomplish. It should also be noted that if the City remains on its current system, licensing costs are expected to increase by at approximately 70% from the current agreement, from \$70,000 to \$117,000.

Staff recommends awarding a contract to Convergent Computing to implement MS Office365. Convergent Computing has successfully managed several migrations from Google to Office365. In addition, they recently completed a migration within San Mateo County from GroupWise to Office365 which included email migration, implementation of the O365 suite and extensive training for IT staff supporting the system and the 5,500+ users Countywide. Due to the desired timing by the City and the expertise demonstrated by Convergent Computing, it is not advantageous to issue a new solicitation for this effort. Accordingly, under SMC Section 2.08.110(d), the authorization to procure without competitively bidding shall be documented and become part of the procurement records available for public inspection.

FISCAL IMPACT

The contract amount of \$425,000 is to both implement MS Office365, including MS Office 2016 applications, data conversion, and for Business features, and migrate the City's exiting email and calendaring records and associated items (shared mailboxes, archives, groups, contacts, etc.).

Staff anticipated getting favorable pricing for MS Office 365 licensing through a cooperative agreement with Riverside County which leverages large volume discounts. Staff has solicited quotes from the authorized Microsoft resellers, however, they are higher than expected, totaling approximately \$240,000 per year. In the meantime, staff reviewed other cooperative procurement contracts and believes that better pricing can be achieved. For example, based on licensing costs that San Mateo County pays, the City's licensing cost would be \$185,000 per year. Therefore, staff will be returning to Council in early October in order to award the licensing component. Additional training costs, estimated to be \$15,000, will also be required to provide an ongoing web-based training tool for staff to use during and after implementation and a contract will be issued under the City Manager's contract approval authority.

Budgeted funds are available in the Information Technology Equipment Replacement Fund to purchase and implement MS Office 365. Budgeted funds for annual subscription costs are available in operating program 746, IT Services and Support. The expected annual subscription of approximately \$240,000 will be offset by funds currently programmed for annual support, and various replacements and upgrades for current communication and collaboration tools. Over the twenty year period, the total net increase is approximately \$2,000,000, or an average of \$100,000 annually. However, staff anticipates reducing that impact through successful contract negotiation. Further, this impact is expected to be offset with the anticipated staff efficiency gains and can be absorbed in the current year and built into the FY 2017/18 Recommended Budget.

Funding Source

Funds are budgeted in the General Fund (Technology Project Funding) and the General Services, Technology and Communication Services sub-fund. Ongoing funds will be included in the General Services Fund and reimbursed by the various city-wide operating funds (e.g. General Fund, Water Fund, Development Enterprise Fund, etc.)

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

1) Award a contract in an amount not-to-exceed \$425,000, in substantially the same form as Attachment 1 to the report, to Convergent Computing; and 2) approve a 10% contract contingency in the amount of \$42,500.

Prepared by: Pete Gonda, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Kathleen Boutté Foster, Chief Information Officer

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENT

1. Draft Services Agreement