



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Authorize the Issuance of a Blanket Purchase Order for Microsoft Enterprise Agreement Licenses and a Purchase Order for Perpetual Product Licenses to SHI International Corp. (F20-018)

REPORT IN BRIEF

Approval is requested to authorize the issuance of a Blanket Purchase Order to SHI International Corp of Somerset, NJ in the amount of \$1,150,000.00 for Microsoft Enterprise Agreement (EA) product licenses for Office 365, Dynamics Constituent Relationship Management (CRM), and productivity office software. Approval is also requested to authorize the issuance of a Purchase Order to SHI International Corp in the amount of \$382,462.12 for Microsoft perpetual product licenses for a server Operating System (OS) and SQL Server Database.

EXISTING POLICY

Pursuant to Section 2.08.040 of the Sunnyvale Municipal Code (SMC), City Council approval is required for contracts for the procurement of goods and/or services exceeding \$100,000 in any one transaction.

In accordance with Sunnyvale Municipal Code Section 2.08.220(b), the purchasing officer may authorize the procurement of goods and/or services through a contract initiated by another governmental, public or quasi-public agency, provided that the parties agree, it was awarded within 12 months, the contract is identical or nearly identical and resulted from competitive bids methods similar to those set forth in Sunnyvale Municipal Code Section 2.08.060.

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

Enterprise Agreement and Subscriptions

The Information Technology Department is requesting to renew an Enterprise Agreement (EA) and subscriptions for Microsoft products that provide desktop productivity software and CRM licenses that support the City. This is for ongoing operations and impacts every department in the City. Microsoft Office is the core productivity software used in the City and includes email, collaboration tools and office automation tools such as Word, PowerPoint and Excel. Microsoft Dynamics is the core CRM software used in the City to route and respond to constituent, resident and business inquiries. Additional productivity software is purchased through the Enterprise Agreement, such as Visio and

Project. The Microsoft Office 365 suite, Dynamics, Visio and Project software are offered as a subscription service.

The City had the option to renew its current EA with Microsoft through SoftChoice but decided to explore the market for competitive pricing. After analysis, the Microsoft products licenses for Office 365, CRM, and productivity office software were identified as purchases available through multiple Licensing Solution Providers (LSP) under the County of Riverside Master Microsoft Enterprise Agreement. The City solicited bids from three LSPs and SHI International Corp was selected as the lowest responsive vendor. To leverage competitive pricing Staff requests an initial term of three (3) years for licensing all current and future productivity software mentioned, in addition to other Microsoft software that may be necessary and allowed through its EA with Microsoft. Additionally, Staff is requesting the option to renew this purchase order for two additional one-year periods based on acceptable pricing and available budget.

Application and Database Servers

An upgrade of the City's Application and Database Servers is required to comply with Microsoft's new licensing model. Under this new licensing model, Microsoft will discontinue support starting January 2020 for Windows Server OS and SQL Server Database releases 2008 or older, which is the current City standard. The upgrade is required to continue to provide a robust, scalable, fully redundant and vendor-supported server environment that can accommodate current and future user and system demands while meeting security standards. The Microsoft licenses are a major component of the City's server infrastructure and affects approximately 95% of all City servers. Each day the City remains on the old platforms it creates an increase in risk of a security breach or inability to support the environment.

To efficiently and effectively address the server upgrades, ITD has developed an implementation plan which includes:

- Creating a test environment for each server affected
- An upgrade path specific for each application running on each server
- End-User system test plan
- End-User acceptance document and sign-off
- Migration plan from the test environment into production (with back-out procedures)

ITD has completed the purchase and installation of the hardware (Blade Servers and Disk Storage) required to complete the implementation plan.

Staff recommends the purchase of the necessary Microsoft perpetual product licenses for a server Operating System (OS) and SQL Server Database with SHI through the use of a second cooperative agreement (Omnia Partners cooperative agreement). Omnia Partners is a national purchasing cooperative that recently formed by combining two other large public sector procurement cooperatives. The City regularly utilizes cooperative agreements to identify qualified vendors that have been selected through a competitive process. Typically, the City has experienced better pricing through the use of a cooperative than when bidding the goods individually.

FISCAL IMPACT

The Funding for the Microsoft EA products is budgeted in the General Services Fund/Technology & Communication Services Sub-Fund (Technology Sub-fund). Below is the cost breakdown for the EA products.

Microsoft Enterprise Agreement:

<u>Product</u>	<u>FY 19/20 Budget</u>	<u>Estimated Costs</u>	<u>Difference</u>
CRM	\$ 116,400	\$ 105,512	\$ 10,888
O365	\$ 227,700	\$ 246,791	\$ (19,091)
Productivity Software	\$ 28,651	\$ 12,082	\$ 16,569
<u>Annual Total</u>	<u>\$ 372,751</u>	<u>\$ 364,385</u>	<u>\$ 8,366</u>
Three-year Total	\$1,118,253	\$ 1,093,155	\$ 25,098

The requested amount for the Blanket Purchase Order is \$1,150,000 which is slightly more than the above estimated costs. The additional amount provides for the purchase of productivity software (e.g., Visio or Project) for new users as needed.

The total cost of the purchase for server upgrades is \$382,462.12 and the funding is budgeted in project 834600 - Microsoft Server OS and SQL Server Upgrade. This project is funded by the Technology Sub-fund.

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

Take the following actions:

- Authorize the issuance of a three-year Blanket Purchase Order to SHI International Corp., in the amount of \$1,150,000 for Microsoft Enterprise Agreement product licenses for Office 365, Dynamics Constituent Relationship Management (CRM), and productivity office software, in substantially the same form as Attachment 1 to the report;
- Authorize the issuance of a Purchase Order, to SHI International Corp. in the amount of \$382,462.12, for Microsoft perpetual product licenses for a server Operating System (OS) and SQL Server Database, in substantially the same form as Attachment 2 to the report; and
- Authorize the City Manager to extend the Blanket Purchase Order for two additional one-year periods and amend the Blanket Purchase Order amount, based on acceptable pricing and available budget.

Prepared by: Gregory S. Card, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Kathleen Boutté Foster, Chief Information Officer

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Draft Blanket Purchase Order
2. Draft Purchase Order