



Legislation Text

File #: 20-0257, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Terry Hackelman, Information Technology Director
Gwen Eng, Purchasing Manager
Tatyana Roujenova-Peltekova, Senior Management Analyst

SUBJECT:

Consideration of Waiving Formal Bid Requirements Pursuant to Manhattan Beach Municipal Code Section 2.36.150 and Adopting a Resolution Approving a Three-Year Agreement with Dell for Microsoft Enterprise Software Licensing with an Estimated Total Value of \$324,144 (Information Technology Director Hackelman).

- a) **WAIVE FORMAL BIDDING**
- b) **ADOPT RESOLUTION NO. 20-0099**

RECOMMENDATION:

Staff recommends that the City Council:

- a) Waive formal bid requirements pursuant to Manhattan Beach Municipal Code Section 2.36.150 (cooperative purchasing); and
- b) Adopt Resolution No. 20-0099 approving a three-year contract with Dell for Microsoft Enterprise software licensing with an estimated value of \$324,144.

FISCAL IMPLICATIONS:

The total estimated cost of obtaining Microsoft Enterprise software licensing is \$324,144 over three years. Funds are included in the Information Technology Fiscal Year 2020-2021 budget and will be provided for in future budgets.

BACKGROUND:

Microsoft's Enterprise Agreement (EA) is a volume licensing program that enables public agencies with 250 or more users the flexibility to purchase software licenses and updates under one agreement at a discounted price.

The City's most recent three-year Microsoft Enterprise License Agreement started on September 1, 2017. Microsoft granted a 90-day extension until the next agreement gets in place recognizing that one month does not allow sufficient time for all the contract activities to be completed. The 2017 contract originally was with Comparex; however, due to the acquisition of the company by SoftwareONE in February 2019, the agreement transitioned over to SoftwareONE. Some of the products included in the 2017 EA are:

- Windows Core Client Access License (CAL)
- Office Professional Plus (Outlook, Excel, Word, PowerPoint, etc.)
- Windows Enterprise
- Exchange Server Enterprise
- Windows Server System Center Standard
- SQL Server Management System
- SQL Client Access License (CAL)

The City’s Municipal Code, Section 2.36.150 allows piggybacking on other public agencies’ existing large scale/high volume contracts. Piggybacking is the extension of pricing, terms and conditions to other governmental agencies at the mutual consent of all parties.

DISCUSSION:

The pricing has been obtained through the County of Riverside contract for Microsoft licensing. The County of Riverside EA remains the best value for public sector agencies in California. Microsoft offers discounts on certain items that aren’t available otherwise except through the use of this contract. In this instance, the County of Riverside is the lead agency on a cooperative bid which takes into account aggregate volume from other public agencies with the intent of making the contract available to any public agency in the State of California. Earlier this year, the Riverside enterprise agreement included almost 1,000 enrollments that include cities, counties, and special districts throughout the State of California along with the State agencies.

Ultimately, the County of Riverside contract was awarded to six separate vendors to provide flexibility to the public agencies based on each agency’s procurement practices. Since the City is not formally bidding this requirement and utilizing another agency’s procedures and contract, staff is requesting waiver of formal bidding procedures which is permissible under the City’s Municipal Code, Section 2.36.150.

To differentiate the vendors under the multiple award for the City’s requirements, staff solicited informal quotes from the six vendors included in the County of Riverside agreement to determine the best price. Below are the vendor responses:

#	Vendor	3-Year Cost
1.	Dell	\$324,143.79
2.	SoftwareONE	\$326,585.52
3.	Crayon Software	\$327,073.84
4.	SHI	\$347,073.84
5.	Insight	Unable to provide agreement in required timeframe
6.	Softchoice	No Response

Based on these results, Dell was selected as the lowest bid with a total three-year cost of \$324,143.79 paid in three annual installments of \$108,047.93. The new contract is about 46% higher (\$34,116 annual increase) than the 2017 agreement for the following reasons:

- 1) 8% increase in the average unit cost for the City’s software products.
- 2) 13% growth in City users and/or devices.
- 3) New technology processing needs requiring additional server licenses (Windows Server OS and SQL Server)

- 4) Implementation of server virtualization to improve availability, reliability, stability, and recoverability for core City systems such as EnerGov Land Management, Munis ERP, OnBase Document Management System, and more.

By renewing this EA, the City will continue to pay for maintenance-only pricing on the licensing investment for another three-year Microsoft EA term. As part of the information technology practices, the City typically upgrades and deploys core City software in a timeframe that keeps City software versions at, or near, current vendor release versions. By having the EA in place, the City will continue to have upgrade rights to future versions of our licensed software at no additional cost. This will ensure that critical City software systems are current with security-related improvements and product enhancements.

The enterprise agreement includes other benefits such as:

- Enhanced licensing rights (SQL active-passive failover rights i.e. the passive server does not need to have a SQL license; without EA, the active and passive servers will each need SQL licensing)
- SQL virtual machine mobility rights (allows a SQL virtual machine to move around to different physical hosts; without this benefit, the SQL virtual machine would be anchored to one particular virtual host box only and not able to move around to other virtual hosts as needed)
- The Microsoft Office Home Use Program (Office365 available at discounted price for City employees)
- Microsoft Learn (free web-based training for all employees on Microsoft products)
- Three-year price protection against price increases
- Free web-based/e-mail technical support on the Microsoft server products covered on the EA (available through end of July 2021)

In conclusion, staff recommends that City Council a) waive formal bid requirements pursuant to Manhattan Beach Municipal Code Section 2.36.150 (cooperative purchasing), and b) adopt Resolution No. 20-0099 approving a three-year agreement with Dell Microsoft Enterprise software licensing with an estimated total value of \$324,144.

PUBLIC OUTREACH:

This bid was advertised on the County of Riverside's website as well as Public Purchase, a public bid notification board.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW

The agreement has been reviewed by the City Attorney and is approved as to form.

ATTACHMENTS:

1. Resolution No. 20-0099
2. Agreement - Dell Microsoft Enterprise

3. Dell Quote