

ITEM#: 7
DATE: 11/22/2022

COUNCIL ACTION FORM

SUBJECT: WAIVER OF FORMAL BIDDING REQUIREMENTS AND PURCHASE OF MICROSOFT ENTERPRISE AGREEMENT

BACKGROUND:

Insight Public Sector, Inc. is the City's provider of licensing and support for Microsoft Office 365. The Office 365 software includes the city's email, productivity, collaboration, and cloud storage system. It is used daily throughout the entire City organization for communication and the delivery of services.

The City's Information Technology staff is proposing entering into a Microsoft Enterprise Agreement that will address three specific areas: 1) Office 365 and associated software, 2) Microsoft Intune software, and 3) Windows client access licenses.

Currently, Microsoft Office 365 software licenses are being paid monthly. The City has 575 licenses, for a total monthly payment of \$9,900 (\$118,800 annually). This price is locked in until May 2023. At that time, the price is expected to increase 15-20% (approximately \$142,500 annually). The option exists to pay these licenses on an annual basis. Paying on an annual basis provides the benefit of being more efficient with staff time. Entering into a contract at this time would allow the City to obtain the licenses for \$136,820.46 each year for a three-year period, which staff believes would be a savings over the expected license cost beginning in May 2023.

The second component of this enterprise agreement is the addition of Microsoft Intune, Microsoft's solution for management of Microsoft Windows client computers. This solution ensures that the software and operating systems on the computers used throughout the City's operation stay up-to-date, thereby avoiding security vulnerabilities. In addition to managing Microsoft Windows and Microsoft software, this software additionally provides a framework to update third-party software such as Mozilla Firefox and Google Chrome. The cost for this component of the enterprise agreement is \$10,500.

The third item is a continuation of Microsoft client access licenses, which were previously licensed under a 3-year contract that has ended. These licenses allow client computers to connect to Windows servers. The cost for this component of the enterprise agreement is \$11,500.

A budget for all three components of the Enterprise Agreement is shown below:

ITEM	COST	FUNDING SOURCE	AMOUNT
Office 365	\$ 136,820.46		
Microsoft Intune	10,500.00		
Microsoft Client Access License	11,500.00		
		<i>FY 2022/23 Operating Budget:</i>	
		Office 365	\$ 118,800.00
		Enterprise Agreement	38,000.00
TOTAL EXPENSES	\$ 158,820.46	TOTAL FUNDING	\$ 156,800.00

The \$2,020.46 funding shortfall can be covered with savings in other areas of the IT Division’s operating budget.

The cost for these three components in the Microsoft Enterprise Agreement remains the same for year two and three, for a three-year total cost of \$476,461.38.

Because Insight Public Sector, Inc., Tempe, AZ is the only authorized provider of these Microsoft licenses, staff is requesting a waiver of formal bidding requirements to award a contract to this vendor. The contract includes a provision for cancellation with notice in future years, if desired by the City.

ALTERNATIVES:

1. Waive formal bidding requirements and award a three-year Microsoft Enterprise Agreement purchase which includes Microsoft Office 365 software licensing, Microsoft Intune, and Windows client access license to Insight Public Sector, Inc., Tempe, AZ in the amount not to exceed \$158,820.46.
2. Do not approve a Microsoft Enterprise Agreement with Insight Public Sector, Inc. and refer this item back to staff for further information.

CITY MANAGER’S RECOMMENDED ACTION:

Awarding this Enterprise Agreement will provide the City with up-to-date security improvements and will result in three years of cost savings compared to the cost of licenses on a monthly basis beginning in 2023.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.