



## Legislation Text

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File #: 19-1076, Version: 1

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### **CITY COUNCIL AGENDA ITEM**

#### **ACTION REQUESTED:**

Approve the award of Change Order #1 to Contract 17-242, Microsoft Enterprise Agreement, to CDW -G for an amount not to exceed \$475,608 and a total award of \$1,914,572.76

**DEPARTMENT:** Information Technology

**SUBMITTED BY:** Jackie Nguyen, Director

#### **BOARD/COMMISSION REVIEW:**

N/A

#### **BACKGROUND:**

The City has used an Enterprise Agreement (EA) to license and manage Microsoft software since 2005. The EA is offered through Microsoft and administered by approved partners to sell and support Microsoft products because Microsoft does not sell directly to the public. An EA streamlines license management within the City, simplifies purchasing and provides for predictable payments throughout the agreement. Under an EA, the costs for both maintenance and new purchases are spread out over the three years of the contract term. Prices are also locked for the term of the contract and updates to software are included in the EA at no additional cost through the Microsoft Software Assurance program, which provides for technical support, training and planning services.

The State of Illinois holds a Microsoft Large Account Reseller Statewide Master Contract which provides government pricing levels on all Microsoft products that is awarded to CDW-Government (CDW-G), a Microsoft Licensing Solutions Partner. Through the State contract, the City is provided a level of pricing and service which is comparable to the pricing provided to commercial customers who license 15,000 or more users. The City's current EA was renewed with CDW-G by City Council on December 19, 2017 for an amount not to exceed \$1,438,964.76 and for a three-year term from January 1, 2018 to December 31, 2020 Annual cost \$479,654.92). Microsoft and CDWG require that payments be made by December 31, of the year prior.

#### **DISCUSSION:**

Since the current EA was awarded, the City has added additional licenses and services to the Agreement including PowerBI, Advanced Threat Protection (ATP), Azure Cloud Services and Storage, and Office365, Windows Server, SQL and BizTalk licenses.

- The increase in the yearly Enterprise Agreement payment is due to the increase in software maintenance to cover the additional Office365 licenses that the City added in each year of the contract.
  - \$31,928.67 Additional cost for 2019
  - \$36,173.08 Additional cost for 2020

- In the past few years, the City began migrating servers and archive storage to Azure Cloud services with the intent to reduce capital costs and increase uptime. This strategy resulted in a noticeable latency of services by the end users and a sharp increase of Azure services costs based on the amount of traffic, storage and compute utilization. Due to the number of servers, amount of storage and outbound data traffic, the City has been exceeding its contracted allotment of Azure usage. During the July 16, 2019 City Council meeting, Agenda item I-9 awarded the procurement 19-224 for Cisco Hyperflex Systems to replace the City's aging virtual server environment. Once this system is fully deployed in 2020, IT can move the costly compute- and storage-heavy services from the Azure Cloud to the Hyperflex environment to reduce these costs.
  - \$107,707.49, estimated Azure overages through the end of the existing contract.
    - \$78,407.49, 2018 Actual and 2019 Estimated Overages.
    - \$29,300, 2020 Estimated Overages.
- Additional Windows Server Licenses were procured to license the on-premises servers for the City per Microsoft's licensing terms and conditions.
  - One-Time License Fee and Maintenance through end of Existing Contract \$17,842.22
- Advanced Threat Protection (ATP) is a suite of tools to help protect the City's data from phishing campaigns and malware attacks. These advance tools help combat the threat of the cyber-attacks through email and SharePoint. The City is in the process of rolling out these features to the end-users and testing on selected end-users make sure that business processes are not affected.
  - \$5,311.00
- Power BI allows the City to create actionable dashboards of real-time data across many systems. Examples of the reports that are being generated using Power BI include graphs seen throughout the City's OpenData Portal, various Police Department's reports and the vehicle incident dashboard.
  - \$2,237.70

### **Electric Utility Costs**

- In 2018 the Electric Utility, as part of its Capital Improvement Plan, upgraded the servers which host Smart Grid applications including Automated Metering Infrastructure (AMI), Meter Data Management System (MDMS), and Conservation Voltage Reduction (CVR). The Utility was able to reduce the overall amount of physical hardware procured by virtualizing servers and as a result of this process has benefited from the ability to perform patching and maintenance on the servers and underlying equipment without experiencing an application outage. The implementation of High Availability on systems that previously did not have this feature contributed to the additional license count. Additionally, as a result of a Cyber Security Audit of the Empower Portal, the Utility deployed additional servers (with no additional hardware procurement) to support the security and uptime of the portal which will be released to the Public in mid-December 2019.
  - One-Time License Fee and Maintenance through end of Existing Contract \$156,475.78
- As part of the commitment to cyber security and to address software that was end of life, the

Electric Utility upgraded its Microsoft BizTalk environment to Microsoft BizTalk 2016. This software performs file translations and ensures that all Smart Grid systems, including AMI, MDMS and CVR as well as the citywide billing system are in-sync. During this process, the Utility added additional licenses to improve processing times of AMI meter data and ensure reliability of the Empower portal. This upgrade has yielded an improvement of 75% in processing times for large files.

- One-Time License Fee and Maintenance through end of Existing Contract \$118,032.06

**FISCAL IMPACT:**

CIP#: N/A

Microsoft Enterprise Agreement Renewal is expensed to the Software & Hardware maintenance accounts listed below. A total of \$803,054 has been budgeted for this expense in 2019; \$118,032.06 from the Electric Utility Fund and \$357,757.94 from the Information Technology budget within the General Fund. The requested total award of \$475,608 is within budget.

Account Number	Fund Description	Total Budget Amount
16101100-531312	General Fund	\$1,930,165
40331300-531312	Electric Utility Fund	\$1,006,199