



Legislation Text

File #: 17-865, **Version:** 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the Award of Change Order #2 to the Third Three-Year Extension to Contract 06-106, Microsoft Office Enterprise Agreement, to CDW-Government (CDWG), Inc. for an amount not to exceed \$185,357.77 and a total award of \$1,211,296.33.

DEPARTMENT: Information Technology

SUBMITTED BY: Jeff Anderson, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The City has utilized a Microsoft Enterprise Agreement (EA) since 2005 for the purchase and maintenance of our Microsoft products. On December 16, 2014, City Council approved the award of the third and final three-year extension to Contract 06-106, which is valid from December 16, 2014 through December 31, 2017.

Prior to 2015, the City had two EAs - one for the Electric Utility and another for the remainder of the City. Under this current three-year agreement, the City began consolidating the two EAs into one contract.

On June 21, 2016, the City Council approved Change Order #1 for an amount of \$25,000 to add Microsoft "Azure Cloud Services" to increase reliability and decrease complexity of the cost of City IT services.

DISCUSSION:

During the term of an EA, the City can add and adjust users, devices, products, and services at any time without having to place individual purchase orders to account for changes made throughout the year. The true-up pricing is then an annual inventory adjustment of all products, services, users and devices changed during the course of the year on the existing EA.

This change order is being requested to complete the true-up for the term of this contract since we are nearing the contract end date. The 2017 true-up amount due is \$185,357.77, which includes the addition to the EA of Visio client licenses, Project client licenses, Server operating systems, SQL Standard, SQL Enterprise licensing along with their associated Microsoft maintenance ("Software Assurance") costs.

This true-up cost is higher than previous years because of the consolidation of the Electric EA into the Citywide EA. In 2017, City IT staff worked with the Electric Utility staff to complete the migration of all of their EA licenses to the Citywide EA. These licenses were previously purchased using the aforementioned Utility’s volume licensing agreement, but are now being purchased through the City-wide EA. In the first two years of the current EA, Microsoft and CDWG erroneously allowed the Electric Utility to continue to purchase individual Microsoft licenses via a Volume Licensing portal while the remainder of the City performed the annual true-up process. The City-wide annual outlay for Microsoft licenses over the three years is nearly identical, but this error makes the 2017 annual true-up amount appear larger as this is the first year the Electric Utility purchases are included in the true-up.

Monies are to be paid to CDWG as they the Licensing Solutions Partner (LSP) that provided the current EA. The true-ups from other department purchases are listed below.

Product	Account Number	Project Code	Amount
Visio	010-2210-422.60-69	NEMACM	\$356.87
Visio	010-1330-417.30-29	ADMIN	\$356.87
Project	010-4220-431.30-29	ADMIN	\$695.62
SQL STD	332-2110-421.70-85	CE142	\$7,828.26
SQL STD	332-2110-421.70-85	CE147	\$18,265.94
Visio	010-1313-413.30-29	CR900	\$356.87
Project	010-1313-413.30-29	CR900	\$695.62
Visio	410-3333-533.35-03	893544	\$356.87
Project	410-3333-533.35-03	893544	\$695.62
SQL ENT	410-3331-533.30-29		\$40,023.16
SQL STD	410-3331-533.30-29		\$31,313.04

FISCAL IMPACT:

CIP #: N/A

Change Order #2 to the Third Three Year Extension to Contract 06-106 is expensed to the support services accounts below. A total of \$561,698 has been budgeted for the Microsoft Enterprise License Agreement in CY2017. The requested change order of \$185,357.77 is within the budgeted amount for this expense.

Account Number	Fund Description	Total Budget Amount
010-1611-581.30-29	General Fund	\$1,004,500
410-3331-533.30-29	Electric Utility Fund	\$909,522
010-2210-422.60-69	General Fund	\$0
010-1330-417.30-29	General Fund	\$0
010-4220-431.30-29	General Fund	\$0
332-2110-421.70-85	G.O. Bond Fund	\$0

010-1313-413.30-29	General Fund	\$0
410-3333-533.35-03	Electric Utility Fund	\$0