

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 09/08/08		Item Number: <u>C-6</u>	
AGENDA ITEM: (1) Waiver of the Competitive Bidding Procedures Pursuant to Section 3.07.065 of the Culver City Municipal Code and (2) Approval of an Enterprise Agreement with Microsoft Corporation (Dell, Inc. LAR) for PC Operating System, Office Professional software, Client Access Licenses, and Server Licenses.			
Contact Person/Dept.: John H. Richo		Phone Number: (310) 253-5950	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐ Attachments: ☒	
Public Notification: Dell Inc. (Eddie Munoz 08/12/08), Master E-Mail Notification List (09/03/08)			
Department Approval: John H. Richo 8/13/08		City Attorney Approval: Carol Schwab (by H. Baker) (09/03/08)	
Chief Financial Officer Approval: Jeff Muir (09/03/08)		City Manager Approval: Jerry B. Fulwood (09/03/08)	
<u>RECOMMENDATION:</u> Staff recommends the City Council approve an agreement (Enterprise Agreement) with Microsoft Corporation (Redmond, WA) using Dell, Inc. (Round Rock, TX) as the Large Account Reseller (LAR) for PC Operating Systems, Office Professional Software, Client Access Licenses, and Software Assurance on Server Licenses. <u>BACKGROUND:</u> The City relies on Microsoft Operating Systems, Office Productivity Software, Client Access Licenses (CALs) and Server Products to run its desktop computers and servers. Microsoft Office includes word processing and spreadsheet applications along with presentation and database software. Office's E-mail and Internet software is used for communication and research on a daily basis. The City also has purchased a range of department-specific software for handling financial transactions, time keeping, police and fire record keeping, public works requests for service and many other functions. These applications reside on the City's desktops or servers using the Microsoft products as a foundation to do their work. In 2003 the City entered into an Enterprise Agreement modeled on the County of Riverside Microsoft Enterprise Agreement. It expires in October of 2008. This program bundles desktop and server licensing into a single program with favorable			

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pricing. In 2008 Riverside County negotiated with Microsoft to extend this program for five more years with the option to enroll for either three or five years. The pricing is available to every municipality in California. The Riverside Agreement designates Dell as a Large Account Reseller for Microsoft. The City used Dell, Inc. for the previous agreement and will renew using Dell.

This Agreement simplifies licensing and record keeping compliance for the City. Culver City declares the number of desktop computers and submits the number of server licenses desired to be on the program as they are purchased. Each year a payment is made for the licensing. In exchange Microsoft provides the City with the current version of every declared product. In addition the City becomes eligible for training credits and certain kinds of support assistance each year.

DISCUSSION:

Staff recommends the Agreement be executed for a five year term. The existing Enterprise Agreement has been very beneficial to the City over the last five years. During its term the City has benefitted from two major update releases of all the covered products. The City also benefits from preferential pricing on new purchases for City use, an employee purchase program, training credits for IT staff, and access to support services.

One stop licensing through Dell's reporting to Microsoft has simplified licensing compliance checks, and ensures that Culver City will be able to pass compliance audits. Additional purchases by the City during the life of the agreement are at preferential pricing and added to the agreement's annual coverage.

Annual budgeting for the license payment has enabled IT to estimate costs over multiple years and removed large lump sum capital budget requests when a major update is released during a particular year.

FISCAL ANALYSIS:

Riverside County's negotiations include the buying power of counties and municipalities within California. As a result, Microsoft extends to Culver City a level of discount for which it could not normally qualify. The proposed Agreement has negotiated larger price reductions than the expiring agreement. The following table includes a comparison of pricing from the previous agreement with that included in the proposed Agreement:

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Agreement	Desktops	Cost/Desktop	Total (+ tax*)
Expiring Agreement	475	\$173.04 + tax	\$82,194.00
New Enrollment	475	\$133.04+ tax	\$63,194.00
Annual Reduction		\$40.00 + tax*	\$19,000.00

(*) The tax rate in Los Angeles County may change due to State and Voter driven efforts during the life of this agreement.

Server and Client Access License prices have also decreased. Including the additional licenses purchased by the City in the last year the total annual cost has dropped.

Agreement		Total (+ Tax)
Expiring Agreement (+tax)	Last Annual payment	\$93,257.98
New Enrollment (+ tax*)	Annual total payment	\$91,191.35
Annual Reduction (+ tax*)		\$2,066.63

(*) The tax rate in Los Angeles County may change due to State and Voter driven efforts during the life of this agreement.

Funds for Fiscal Year 2008/2009 were included in the Adopted Budget. For future years, the IT Department will request funds in the as part of the Maintenance fund 10124100.600220 each year for the duration of the contract. Attachment 1 details the covered items and prices.

Section 3.07.065 provides for an exemption from formal competitive bidding in four circumstances. As mentioned below:

The City Council may waive the formal competitive bidding procedures of this Subchapter for the purchase of supplies or equipment which:

- A. Can be obtained from only one (1) vendor;
- B. Can be purchased through a cooperative purchasing agreement which has been competitively bid, or through agreements executed with other governmental agencies;
- C. Can be purchased by the City from a vendor, who within the past twelve (12) months, has offered such equipment on the same terms and conditions to the City or another public agency through the competitive bidding process; provided, that the benefits of such terms and conditions are verified by informal bid confirmation; or
- D. Is a component for equipment or a system of equipment previously acquired by the City, and is necessary to repair, maintain or improve the City's utilization of the equipment

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Because Microsoft Enterprise Agreements are available from a very limited number of sources and based upon the Riverside County Enterprise Agreement, Subsections A, B, and D apply.

ATTACHMENTS:

1. Microsoft Enterprise price quote supplied by Dell, Inc.

MOTION:

That the City Council:

- 1) Pursuant to Section 3.07.065 of the Culver City Municipal Code, waive the formal bidding procedures; and,
- 2) Approve an Enterprise Agreement in an amount not to exceed \$91,191.35 + tax with Microsoft Corporation with Dell, Inc. as the Large Account Reseller.
- 3) Authorize the City Attorney to review/prepare the necessary documents; and,
- 4) Authorize the City Manager to execute such documents on behalf of the City.
- 5) Authorize the Chief Information Officer to add PC or Server licensing acquired by the City at the contract established rates during the annual renewals.