



Legislation Details (With Text)

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Title: Information Technologies Department recommending the Board:
1) Authorize the Purchasing Agent to issue Purchase Contract 3301 to PCMG, Inc., our Microsoft reseller, for the 3-year Enterprise Agreement for Microsoft licensing under competitively bid participating agreement # RIVCO-20800-015-12/19 and County of Riverside Master Enterprise Agreement 01E73970, in the amount of \$1,257,138.06 with an effective date retroactive to September 1, 2018 and with a termination date of August 31, 2021;
2) Waive formal bid requirements in accordance with Purchasing Ordinance 3.12.160, exemptions from competitive process, Section D; and
3) Authorize the Purchasing Agent to increase Purchase Contract 3301 with PCMG as needed during the contract period provided there are sufficient funds in the Department's budget. (Est. Time: 5 Min.)

FUNDING: General Fund with partial cost recovery from A-87 Cost Allocation Plan charges to Non-General Fund Departments.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - Counsel Blue Route 3301, 2. B - Revised PurchaseContract 3301 Pending BOS Approval, 3. C - FENIX # 3301 EXHIBIT A, 4. D - FENIX # 3301 EXHIBIT B, 5. E - FENIX # 3301 EXHIBIT C, 6. F - FENIX # 3301 MICROSOFT EMAIL CLARIFICATION, 7. G - Risk Blue Route 3301

| Date | Ver. | Action By | Action | Result |
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| 9/11/2018 | 1 | Board of Supervisors | Approved | Pass |

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DISCUSSION / BACKGROUND

In 2015 the Board of Supervisors authorized the Purchasing Agent and the Information Technologies Department to enter into a 3-year Enterprise Agreement (EA) for Microsoft licensing covering all county workstation operating systems, server operating systems, and databases (Legistar 15-0828, 8/11/15). The agreement also includes server licensing for SharePoint, which is used to publish our main public website.

The Information Technologies Department is recommending renewal of a revised EA for another 3-year period. The

revisions recommended by the IT Department are as follows:

1) Addition of Microsoft Office 365 volume licensing for all county domain users:

Microsoft Office 365 (O365) is the latest version of Microsoft's Office Suite, which includes commonly used applications such as Word, Excel, and PowerPoint. The major difference in O365 from legacy Microsoft Office is that it can be implemented as a cloud-based application. O365 allows end users to securely access and use their Office applications from any workstation or platform. The proposed O365 licensing also includes a number of other collaboration and file sharing features listed below.

Currently, when a department purchases a new workstation, they must also purchase a separate license for Microsoft Office, because Office is not in our current EA. Also, when an existing workstation is re-imaged or re-deployed, we are limited to re-installing only the originally licensed version of Office. Over time, this has led to the county running mostly Office 2010, which Microsoft is dropping from their supported software portfolio in 2020. If we do not put Office in the proposed EA, we will have to either run unsupported software, or purchase approximately 1,600 individual Office licenses starting in 2020.

The full migration to O365 is a complex and lengthy process. We know this based on the experience of many other counties who have done the migration. Fortunately, the proposed O365 licensing also allows us to install the desktop client version of Office on any county workstation. Therefore, we do not need to tackle the migration to the cloud based O365 until we have time and resources available; O365 can be deployed in meantime as the traditional desktop client we are accustomed to.

It should also be noted that Microsoft's marketing strategy is to incentivize all its customers (enterprises and individuals) to use O365. We do have an option to purchase a desktop client-only version of Office equivalent to our current deployment. The EA cost for legacy Office desktop clients is \$337,568. The EA cost for O365 as proposed is \$371,008, a difference of \$33,440, or about 10%.

With the 10% additional cost we will get many very attractive capabilities of O365. These include:

- 100GB per user for email (currently we are limited to 25GB)
- Unlimited online file storage
- Online meetings and video conferencing (unlimited attendees)
- County-wide intranet capabilities with SharePoint
- Compliance and information protection
- Legal Hold, digital rights management, and data loss prevention for email and files
- eDiscovery for public records access and litigation
- Voicemail

Note that some of these features will not be implemented immediately, but at some point within the period of this EA we will be taking advantage of all of these capabilities. By migrating to O365 over the next 3 years, we will also have the ability to reduce expenses in other areas such as voicemail, video conferencing, and email services.

2) Addition of 4 SharePoint Server licenses:

Our current EA covers one server license for SharePoint. This license is in use for our public website. We need the additional licenses to stand up a "server farm" for SharePoint that includes separate staging and test environments for both internal (intranet) and external (internet) SharePoint sites. If we do not add the additional 4 licenses to the EA, we will need to purchase a-la-carte server licenses in order to be in compliance. In addition to those server licenses, we also would need to purchase Client Access Licensing for our internal (intranet) use of SharePoint. Several departments and the Board of Supervisors are already using SharePoint for intranet capabilities, and we expect the use of it to continue growing. These additional server and client licenses would cost \$156,400 if purchased a-la-carte. If purchased as part of the proposed EA, the additional server licensing would cost an additional \$9,478 and we would not have to purchase any client licenses. This results in net savings of \$146,922.

3) SQL server and Windows server site licenses were part of our initial MSEA from 2015 and are included for

maintenance and upgrade protection at an annual ongoing cost of \$38,560.

Pursuant to the provisions in El Dorado County Procurement Ordinance § 3.12.160 “*Exemptions from the Competitive Process (D)*”, all the following requirements are met with respect to the item: 1) The items may be procured from a vendor that has a contract with another public agency of this state, an alliance of this state and other states, or an alliance of local public agencies within the state for the purchase of the item and 2) the contract was awarded utilizing a competitive bidding process substantially the same as that utilized by the County and 3) the item and terms of the transaction are the same, or substantially the same.

The Purchasing & Contracts Division requests the Board of Supervisors waive competitive bidding requirements and authorize El Dorado County to utilize the RIVCO cooperative agreement in order to achieve the greatest economic benefit to the County and realize the most cost effective solution for procuring these software and services.

As a participating agency party to the RIVCO agreement, El Dorado County will realize the cost benefit through utilization of a cooperative purchasing program, leveraging the purchasing power of over 900 participating agencies throughout the state of California and as best practice recommended by the California Department of General Services to acquire Microsoft volume licensing for local agencies. This method of acquisition would be more cost effective than the pricing El Dorado County could achieve independently. As a participating agency, El Dorado County will be able to participate in the Microsoft Enterprise Agreement (MSEA) at greatly reduced prices.

This Agreement provides many benefits to participating counties including: volume pricing, product upgrade coverage, payments spread over the 3-year period, simplified license tracking, allowing for the purchase of other Microsoft products under MSEA, and participation in Microsoft's Software Assurance program which provides valuable benefits such as training, deployment planning, software upgrades, and product support.

The final agreement was received from Microsoft on August 9, 2018. Per County policy the contract was routed to County Counsel and Risk for approval. Final approval was obtained on August 28th, and the item was prepared for the first available Board date of September 11, 2018.

ALTERNATIVES

The Board could decide not to approve the contract and not authorize the use of the RIVCO piggyback contract and direct the IT Department to purchase and implement the traditional Desktop Client version of Microsoft Office 2016. The County would then be out of compliance for SharePoint utilization and have zero support or upgrade protection for the Windows server environment.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION

It is recommended that the Board approve this item.

FINANCIAL IMPACT

The Information Technologies FY 2018-19 Budget includes \$685,000 for the Microsoft Enterprise Agreement, which covers SharePoint, SQL, Windows and Office 365 licensing. The proposed Microsoft EA renewal is \$419,046 per year, resulting in budget savings of \$265,954 in FY 2018-19. For comparison purposes, the annual cost of an EA that includes traditional Office client licensing is \$379,287.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Following Board approval, the Procurement and Contracts division will process Contract No. 3301 with PCMG, Inc., and submit to the Purchasing Agent for signature.

STRATEGIC PLAN COMPONENT

Infrastructure

CONTACT

David Russell, Director of Information Technologies