

# Agenda Report

**TO:** CITY COUNCIL                      **DATE:** JANUARY 31, 2005

**FROM:** CITY MANAGER

**SUBJECT:** AUTHORIZATION TO ENTER INTO CONTRACTS WITH  
COMPUCOM SYSTEMS, INC. FOR LICENSING OF MICROSOFT  
SOFTWARE

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the City Manager to enter into a contract with CompuCom Systems, Inc. for the City's licensing of Microsoft software in an amount not to exceed \$1,424,466 for the period from January 31, 2005 to January 30, 2010;
2. Authorize the City Manager to enter into a contract with CompuCom Systems, Inc. for the Pasadena Public Library's licensing of Microsoft software in an amount not to exceed \$18,602 for the period from January 31, 2005 to January 30, 2008;
3. Authorize the City Manager to approve subsequent annual renewals for licensing of software in amount specified by Microsoft through January 30, 2010;
4. Grant the proposed contracts an exemption from the competitive selection process of Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interest are served.

## **BACKGROUND:**

In January of 2002, the County of Riverside led a California County Information Services Directors Association (CCISDA) initiative to provide a more cost effective license management program to participating California state and local governments. The initiative produced a Request for Proposal (RFP) put forward by the County of Riverside for competitive bid to provide a joint software licensing program to participating California government agencies. CCISDA evaluated the responses and recommended five Microsoft Large Account Resellers (LARs) to

be awarded a statewide contract for any government entity to enroll through a Master Microsoft Enterprise Agreement (EA).

The City's enrollment in the Enterprise Agreement provides flexibility with standardizing the platform of Microsoft products. The City received additional benefits including significant cost savings through volume discounting, assured compliance that each computer is licensed for the software it's running including access to updates to keep current with new releases of Microsoft's desktop operating systems and office productivity software, and enhanced productivity by simplifying and streamlining license management.

With the current Enterprise Agreement expiring in January 2005, the Information Technology Services Division (ITSD) staff sought out Microsoft to research options for renewal and expanded licensing coverage to all City desktop computers and servers. Approximately 800 of the 1515 citywide desktop computers were licensed in the first EA in 2002. The City presently has 100 servers maintained by ITSD, and an additional 245 desktop computers maintained by the Department of Information Services. All computers not covered by the original EA will require licensing within the next year due to the expiration of release upgrades of existing licenses.

Microsoft recommended that the City concurrently enter into two new agreements: a 5-year Enterprise Agreement for the licensing of 1515 desktop computers and 100 servers; and a 3-year Academic Select Agreement (ASA) to license the 245 desktop computers for the Department of Information Services. The two license agreements must be kept separate to allow the Department of Information Services to retain their eligibility for discounts on software licensing under the designation as an academic institution.

Microsoft recommended that the City enter into negotiations with CompuCom, one of five LARs resellers awarded the CCISDA Enterprise Agreement bid, based on CompuCom's experience in handling complex licensing requirements for local governments and its designation as an authorized reseller to academic institutions. CompuCom is also a pre-approved California Multiple Award Schedules (CMAS) contractor whose products, services and prices have been competitively assessed and cost compared against multiple award contracts.

The terms of the two proposed agreements will satisfy the software licensing requirements for the City's 1515 desktop computers and 100 servers, and the Department of Information Service's 245 desktop computers for the next 5-year and 3-year terms, respectively:

In addition to facilitating software licensing through an annual renewal process, the agreements will:

- streamline administration of citywide software licensing requirements;

- provide volume discounting and entitlement to discounts on future licensing renewals;
- ensure technical support and upgrade protection;
- assist the annual budget planning forecast of software licensing; and
- ensure that all City desktops and ITSD servers are in compliance with licensing requirements.

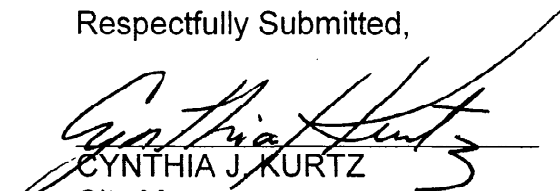
The proposed contract amounts for the 5-year Enterprise Agreement and 3-Year Academic Select Agreement are \$1,424,466 and \$18,602, respectively. The EA calls for an annual licensing cost of \$284,893 for each year of the 5-year agreement, and the ASA has a cost of \$6,200 for each year of the 3-year agreement. These payments are calculated based on the number of clients enrolled in each agreement and is subject to change as needed for new licensing from future purchases of additional equipment. The City will receive a price discount of \$247,448 in each of the five years of the agreement and a total discount of \$1,237,240 over the term of the agreements. The amount of the discount is obtained by comparison of the annual and aggregate cost of the EA to a 3-year Microsoft Select Agreement, the alternate software licensing agreement available to the City after the EA.

CompuCom is a leading reseller of Microsoft software products with over 10 years of software management and consulting experience in delivering software management solutions. Currently, CompuCom supports 557 separate Microsoft Select enrollments for California State Agencies, Counties, Cities and Special Districts; and 33 separate Microsoft Enterprise enrollments for California Cities and Counties on the CCISDA Master Enterprise Agreement.

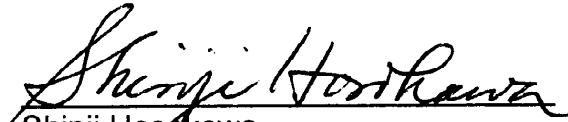
**FISCAL IMPACT:**

The proposed total for the two contracts is \$1,443,068. The first year funding of \$291,093 for the software license purchase is available in the ITSD fiscal year 2005 operating budget. The subsequent funding of \$291,093 for the annual license renewal will be included in the FY06 Recommended Operating Budget. City Departments will make annual payments to the ITSD Computing and Communication Fund based on rates established as part of the annual budget process.

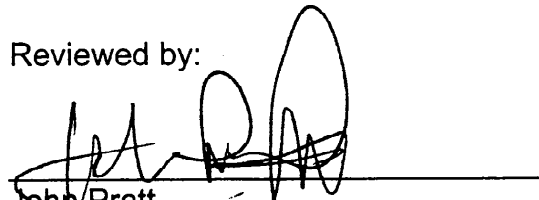
Respectfully Submitted,

  
CYNTHIA J. KURTZ  
City Manager

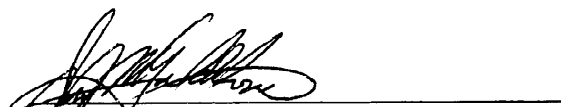
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