

Agenda Report

March 11, 2013

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

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

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed contract is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b) (3);
2. Approve a renewal of an Enterprise Agreement with Microsoft for a period of three years;
3. 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 \$985,000 with an annualized allocation of \$328,333, for the period from April 1, 2013 to March 31, 2016. Competitive bidding is not required pursuant to City Charter section 1002(H), contracts with other governmental entities or their contractors for labor, material, supplies or services; and
4. Grant the proposed contract an exemption from the competitive selection process of the Competitive Bidding and Purchasing Ordinance, Chapter 4.08 of the Pasadena Municipal Code, pursuant to Section 4.08.049(B) contracts for which the City's best interests are served.

BACKGROUND:

The Department of Information Technology (DoIT) is responsible for providing citywide technical support services in several key areas: applications, enterprise computing, Geographic Information Systems (GIS), network and wireless, program and project management, radios, telecommunications, and phone and field support through the Service Center (Help Desk). At the core of DoIT's IT support services is a host of applications and products that provide a consistent set of capabilities, both client- and server-based, to nearly every employee in the City. Many of these capabilities are

provided by Microsoft licensed software such as email, including Outlook and mobile device connections, the Windows desktop operating system, including physical and virtual desktops, Word, Excel and Access, file and print services, and the databases which power a large number of the enterprise applications, including constituent-focused eGov applications through the Internet.

Specifically, the City's computing environment is nearly a 100% Microsoft operation and utilizes a large suite of Microsoft products, such as System Center, Exchange, Windows Server, and MS SQL databases extensively in the data centers, and provides Windows Professional and the Office Suite to all employee desktops within the City.

Given this extensive use of Microsoft software, the City entered into a Microsoft Enterprise Agreement (EA) volume licensing program eight years ago. The agreement was last renewed in 2010 and will expire on March 31, 2013. The City contracted with CompuCom Systems, Inc., a Microsoft Large Account Reseller (LAR) which was selected by the County of Riverside to serve as its contract vendor. CompuCom has been named one of five recommended LARs by a County of Riverside led California County Information Services Directors Association (CCISDA) initiative to identify a more cost effective license management program for participating California state and local governments.

The City's enrollment in the EA provides flexibility to use Microsoft products to meet various business needs while standardizing core sets of products across the organization for easier management, compatibility and support. Standardizing Microsoft purchases through CompuCom helps to streamline the administration of citywide Microsoft software licensing requirements and will continue to:

- Provide volume discounting and entitlement to discounts on future licensing renewals;
- Assist the annual budget planning forecast for software licensing;
- Ensure consistent vendor-based technical support and upgrade protection for the products covered by the EA;
- Ensure that City desktops and servers covered by the EA are in compliance with licensing requirements; and
- Guarantee upgrade protection for covered products to newer versions released within the EA term

By continuing the relationship with Microsoft the City is able to continue leveraging services and technologies available through the EA to improve infrastructure operations, and recover costs by reducing contracts in other overlapping areas. The assurance of EA licensing and associated benefits provides a consistent roadmap upon which to enable new services in the near future to lower infrastructure investment and support costs, such as Microsoft's cloud-based Office 365 and Azure infrastructure, and invest in new and emerging technologies, such as mobile applications.

Additionally, the EA supplies supplemental benefits in the form of IT infrastructure planning and design assistance, online software training to City employees, and the Home Use Program (HUP) for Microsoft Office. To date over 690 City employees have taken advantage of the HUP and enjoy fully licensed copies of Microsoft Office 2010/2013 on their personal home computers.

Foregoing the EA renewal will have a negative fiscal impact as future versions of Microsoft products will need to be purchased new. The value of Microsoft Licenses owned by the City today if purchased new is \$1,750,344 and equates to a 44% premium over the cost to renew the EA with rights to future version upgrades. Furthermore, by executing a contract with CompuCom that piggybacks on the County of Riverside master agreement, an additional 8.9% savings over standard government renewal pricing will be realized.

COUNCIL POLICY CONSIDERATION:

The proposed three-year contract provides for a consistent annual budget for Microsoft products and an 8.9% discount over other available government contracts and therefore is consistent with the City of Pasadena strategic planning goal to maintain fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3). The activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment.

The proposed action is the awarding of a contract with CompuCom Systems for licensing of Microsoft Software and renewing the Enterprise Agreement with Microsoft. The licensing of software is not an action that would have a significant effect on the environment.

FISCAL IMPACT:

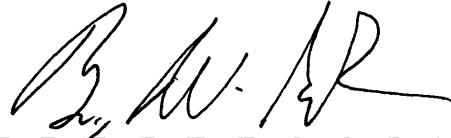
The maximum cost of this action will be \$985,000 over three years. Annual funding for this action will be addressed by the utilization of existing budgeted appropriations in accounts 501-392300 (IT Ops-Enterprise Computing) and 501-392400 (IT Ops-Microsoft Licensing) of the DoIT operating budget. Additionally, some of the annual costs incurred by this contract will be offset by a reduction of other IT-related software licensing costs as these software products are shifted to those made available through the EA. There are no indirect or support costs anticipated as a result of this contract renewal.

The following table presents an overall contract summary for the three year period:

FY2013 Contract Amount	\$ 328,333
Future Contract Amount	\$ 656,667
Total Fiscal Impact	\$ 985,000

Respectfully submitted,

FOR
P.L.



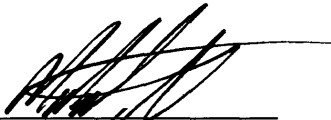
PHILLIP LECLAIR
Chief Information Officer
Department of Information Technology

Prepared by:



Michael Royer
IT Manager - Enterprise
Department of Information Technology

Approved by:



MICHAEL J. BECK
City Manager

**Disclosure Pursuant to the
City of Pasadena Taxpayer Protection Amendment of 2000
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor/Organization, as follows:
(If printing, please print legibly. Use additional sheets as necessary.)

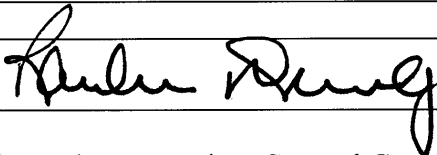
1. Contractor/Organization Name:
CompuCom Systems, Inc.

2. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

James Dixon, President and Chief Executive Officer
Anthony Doye, Divisional Chief Executive Officer
Ed Anderson, Chief Strategy Officer
Jeff Frick, Chief Operating Officer
Sam Gross, Sr. VP & Chief Technology Officer
John Douglas, Chief Information Officer

3. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

CompuCom Systems Holdings 100%

Prepared by: 

Title: Randall Wooley, Associate General Counsel

Date: 02/06/13

For office use only: Contract/Transaction No. _____ If not a contract, type of transaction: _____
