



Agenda Report

March 26, 2018

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZE INCREASE TO CONTRACT 30526 WITH SOFTWAREONE, INC. BY \$350,000 FOR A TOTAL NOT-TO-EXCEED OF \$1,850,000 FOR MICROSOFT SOFTWARE LICENSING AND SERVICES

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. Authorize the City Manager to increase contract 30526 with SoftwareOne, Inc., by \$350,000, thereby increasing the total not-to-exceed amount from \$1,500,000 to \$1,850,000; and
3. To the extent this could be considered a separate procurement subject to the Competitive Selection Process, it is recommended that the City Council grant the contract an exemption pursuant to Pasadena Municipal Code (PMC) Section 4.08.049(B), contracts for which the City's best interest are served.

BACKGROUND:

Microsoft creates the core technologies upon which the City's information technology operations are built. These products are necessary to efficiently and cost effectively deliver City services to staff internally and to constituents. The most visible of these products are the Windows desktop and the Office productivity applications such as Word, Excel and PowerPoint. In addition, Microsoft cloud based technologies are growing in importance to deliver on-demand technology and infrastructure solutions.

On February 22, 2016, City Council approved a three-year contract with SoftwareOne, Inc. in the amount of \$1,500,000 for the purchase of Microsoft licensing and services, which guarantees the best prices available to government, including an additional 7.5% discount over standard government pricing. This contract covers the annual costs for

Microsoft licensing and provides flexibility to add new products and services from Microsoft that would provide benefit to the City during the term of the contract. Since the contract took effect on March 1, 2016, demand for technology use across City departments has increased. The Department of Information Technology (DoIT) has responded to this demand by leveraging Microsoft products and services to accelerate the pace at which it can deliver services to departments.

Over the course of the contract, DoIT has leveraged more Microsoft cloud based technologies and services to provide new or improved services while minimizing capital investments, helping shift toward an operations expense model, and ensuring the City can expand or shrink services without undue expense or sunk costs. The proposed contract increase reflects the operating costs for delivering more cloud based solutions that meet the business needs of City operations. DoIT utilized the contract to complete the following accomplishments over the past two years:

- Upgraded the City's email to Microsoft's Office 365 cloud service for improved reliability, availability and disaster recovery preparedness, improving service for both desk-bound staff and the City's increasingly mobile workforce;
- Upgraded over 175 of the patron access computers in City libraries to Windows 10 and Office 2016, as part of the Library's Public PC Replacement project;
- Upgraded the Police Department's in-car audio and video system, integrating disaster recovery and data retention on a more cost effective pay-as-you-use storage platform, rather than prepaying for the maximum amount of storage expected over the lifetime of the product; and
- Upgraded the City's remote access solution to meet security and regulatory requirements with two-factor authentication by leveraging the ubiquity and convenience of smartphones along with the traditional password;

Building on these improvements, over the final year of the contract, DoIT expects to implement a 'data loss prevention' solution for email to ensure compliance with the credit card industry's PCI.DSS standard, as well as California's PII statutes and Federal HIPAA requirements; implement additional systems required for the Land Management System (LMS) replacement project; extend the Skype for Business instant messaging application to support full audio and video conferencing, web conferencing and presentations; and add resiliency and availability to all public services and applications provided on the Internet.

Based on invoices paid to date, pending invoices, and projected costs for the remainder of the contract term, it is anticipated that these costs will exceed the current not-to-exceed contract amount of \$1,500,000. Therefore, staff is recommending an increase to contract #30526, with SoftwareOne, Inc. by \$350,000 for a total not-to-exceed amount of \$1,850,000. The contract expires in March 2019 and staff will be returning in the following fiscal year to recommend a new contract.

COUNCIL POLICY CONSIDERATION:

The proposed contract continues to promote the City Council's goals to maintain fiscal responsibility and stability by ensuring the contract's 7.5% discount for Microsoft products and services is available to all projects and initiatives of the City.

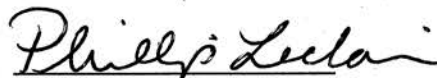
ENVIRONMENTAL ANALYSIS:

The contract is exempt from CEQA per section 15061(b)(3), the General Rule. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed action is for software licenses and services and will not result in any new development or physical changes.

FISCAL IMPACT:

This action will increase the not-to-exceed authorization of contract #30526 with SoftwareOne, Inc. by \$350,000. Funding for this action will be addressed by the utilization of existing budgeted appropriations in the DoIT operating and capital budgets. It is anticipated that \$131,000 of this increase will be spent during the current fiscal year and the remainder spent in the following fiscal year. There are no indirect or support costs anticipated because of the increase to the contract.

Respectfully submitted,




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