

Agenda Report

March 15, 2021

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: AUTHORIZE INCREASE TO CONTRACT 31413 WITH SOFTWARE ONE, INC. BY \$1,100,000 FOR A TOTAL NOT-TO-EXCEED OF \$4,400,000 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 31413 with Software One, Inc., by \$1,100,000, thereby increasing the total not-to-exceed amount from \$3,300,000 to \$4,400,000; 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 like Office 365 are growing in importance to deliver on-demand technology and infrastructure solutions, especially in response to the COVID-19 pandemic.

On February 4, 2019, City Council approved a three-year contract with Software One, Inc. in the amount of \$3,300,000 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 April 1, 2019, demand for technology use across City departments has increased, even more so in the past year, as the COVID-19 pandemic has created a robust demand for tools and services that can allow staff to continue to perform their duties in a safe and productive environment away from the office. 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.

To that end, over the course of the contract, DoIT has continued to leverage 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:

- Utilized Microsoft Teams virtual meetings and conference calling services in response to the demand for remote meetings caused by the COVID-19 pandemic, which combined both technologies under a seamless experience, and allowed for the elimination of other teleconferencing tools;
- Leveraged the flexibility of cloud hosting services for numerous internal and publicly facing systems, eliminating the need to purchase physical server hardware on-site;
- Replaced on-site local data backup systems using a cloud data storage solution, which eliminated local backup physical tapes, tape libraries, and off-site storage costs;
- Discontinued third-party online file sharing services, leveraging OneDrive and saving on licensing costs;
- Implemented multi-factor authentication across all remote services to increase security of systems and data;
- Implemented a self-service password reset feature for employees, thereby reducing the highest volume request of the City's IT helpdesk; and
- Improved communication, collaboration and accessibility of information through the use of Office365, Microsoft's cloud based office productivity suite.

Building on these improvements, over the final year of the contract, projects and initiatives DoIT expects to begin or continue include:

- Enhancement of off-site data storage capabilities for improved disaster recovery resiliency;
- Data loss prevention technologies to reduce the risks of exposing protected information and to remain compliant with HIPAA and PCI DSS requirements;

- Explore replacement of the City's aging PBX phone system into a cloud based phone service, eliminating legacy equipment and services and allowing for greater flexibility to communicate from anywhere;
- Expand use of Office365 applications, eliminating duplicative software and data storage on-site with cloud-based Office productivity tools that will increase flexibility and ease of access for staff documents and files;
- Continue to add resiliency and availability to all public services and applications provided on the Internet;
- Mobile device management for inventory, configuration and management of field devices, such as laptops and tablets; and
- Enhancements that reduce staff time for general IT operations and delivery faster resolution for common tasks and requests.

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 \$3,300,000. Therefore, staff is recommending an increase to contract #31413, with Software One, Inc. by \$1,100,000 for a total not-to-exceed amount of \$4,400,000. The contract expires in March 2022 and staff will be returning in the following fiscal year to recommend a new contract.

COUNCIL POLICY CONSIDERATION:

The proposed contract provides for a consistent annual budget for Microsoft products and a 7.5% discount over other standard government contracts and therefore is consistent with the City Council's strategic planning goal to maintain fiscal responsibility and stability.

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 #31413 with Software One, Inc. by \$1,100,000. 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 \$551,000 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,




PHILLIP LECLAIR
Chief Information Officer
Department of Information Technology

Prepared by:



Serjik Arzoumanians
IT Manager
Department of Information Technology

Approved by:



steve mermell (Mar 11, 2021 10:24 PST)

STEVE MERMELL
City Manager

Attachment A: Taxpayer Protection Amendment