



Agenda Report

June 20, 2022

TO: Honorable Mayor and City Council

FROM: Department of Information Technology

SUBJECT: **AUTHORIZE INCREASE TO CONTRACT 31413 WITH SOFTWARE ONE, INC BY \$55,000 FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$4,530,000 FOR MICROSOFT PRODUCTS 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 Interim City Manager to increase contract 31413 with Software One, Inc., for Microsoft products and services by \$55,000, thereby increasing the total not to exceed amount from \$4,475,000 to \$4,530,000; and
3. To the extent this could be considered a separate procurement subject to the Competitive Bidding and Competitive Selection process, grant the proposed exemption from Competitive Bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services and the Competitive Selection process pursuant to Pasadena Municipal Code (PMC) 4.08.049(8), contracts for which the City's best interests are served.

BACKGROUND:

Microsoft creates the core technologies and software 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, laptop, and the Office productivity applications such as Word, Excel, PowerPoint and Outlook. In addition, Microsoft cloud-based technologies deliver on-demand technology and computing infrastructure to the City, including email, software as a service, application hosting and data storage solutions.

On February 4, 2019, City Council approved contract number 31413 with Software One, Inc. for the purchase of Microsoft licenses, products, and services. This contract covers the annual costs for Microsoft licenses and services and provides flexibility to add new products and services that will provide benefit to the City during the term of the contract, which expires on September 23, 2022.

Year over year demand for technology use across City departments has increased and the Department of Information Technology (DoIT) has responded to this demand by leveraging the City's investments in Microsoft products and services to accelerate the pace at which it can deliver solutions to departments. These solutions included upgrading remote access, scaling up cloud-based technologies for easier online access to work applications, and implementing new cybersecurity controls and technologies to improve protection against cybercrime. These investments proved instrumental during the COVID-19 pandemic, when DoIT staff was able to leverage Microsoft Teams to support remote work capabilities, and conduct City business safely.

Given those investments, based on invoices paid to date, pending invoices, and projected costs for the remainder of the current contract term, these costs will exceed the current not to exceed contract amount of \$4,475,000. As previously stated, additional Microsoft cloud-based technologies and services have been leveraged to implement many new systems and services over the course of the contract to respond to business needs. Therefore, staff is recommending an increase to contract 31413, with Software One, Inc., by \$55,000 for a new total not to exceed amount of \$4,530,000.

There are currently no other active contracts open with Software One, Inc.

COUNCIL POLICY CONSIDERATION:

The proposed contract increase supports the City Council's strategic planning goal to maintain fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The proposed contract increase 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 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 \$55,000. Funding for this action will be addressed by the utilization of annual budgeted appropriations in DoIT's operating budget for licensing, software, and cloud computing services. It is anticipated that approximately \$45,000 will be spent during the current fiscal year. The remainder of the cost will be spent in FY 2023. There are no indirect or support costs anticipated as a result of this contract increase.

Respectfully submitted,



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