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DEPARTMENT OF
ADMINISTRATIVE SERVICES

SALLY W. NAGY
CHIEF INFORMATION OFFICER

CITY OF SACRAMENTO
CALIFORNIA

October 30, 2001

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City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: ENTERPRISE WIDE LICENSING FOR MICROSOFT PRODUCTS

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report recommends that the City Council approve the attached resolution that authorizes the City to enroll in the Microsoft State and Local Government Enterprise Agreement program for enterprise-wide licensing of Microsoft products through the California Counties Information System Directors Association Enterprise Agreement. The cost citywide for enrollment in this Agreement will not exceed \$500,000 annually for a three-year period.

CONTACT PERSON: Sally W. Nagy, Chief Information Officer, 264-8600

FOR COUNCIL MEETING OF: November 6, 2001

SUMMARY:

The City uses Microsoft products on all of its personal computers (PCs). Microsoft has recently changed the way it licenses the use of its products resulting in a need to change the manner in which the City acquires, supports and upgrades Microsoft products.

It is recommended that the City Council approve the attached resolution that authorizes the City to enroll in the Microsoft State and Local Government Enterprise Agreement program for enterprise-wide licensing of Microsoft products through the California Counties Information System Directors Association (CCISDA) Enterprise Agreement and to sole source purchases under this agreement with ASAP Software, the CCISDA selected reseller. The cost citywide for enrollment in this Agreement will not exceed \$500,000 annually for a three-year period.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND:

Within the City departments there are approximately 2700 personal computers (PCs), including desktops and laptops, as well as approximately 200 mobile data computers (MDCs) in police vehicles. The City's standard operating system is Microsoft Windows. Also, most City PCs use Microsoft Office for word-processing, spreadsheets, database, and graphical presentations. In the past, the City departments primarily purchased these products via the California Multiple Award Schedule agreement.

The operating systems installed on the City's PCs range from Microsoft Windows Version 3.1 (released in 1995) to the most current Microsoft operating system, Windows XP (released this summer). The Microsoft Office suite of software applications (Word, Excel, Access, PowerPoint) installed on the City's PC's ranges from Office 95 (released in 1994) to Office XP (released this year). Because of this wide range of currency between and among operating systems and software installed on the City's PCs there is decreased ability for internal and external communication sharing. Normally, communication can take place easily between operating systems and software applications when they are within one version of each other. However, as the difference between software versions increases, so does the difficulty in sharing files and transferring data and forms.

Microsoft Corporation recently changed the way it licenses its most popular software products such as the Windows Operating System and Microsoft Office (Word, Excel, Access, and PowerPoint). Due to the changes that Microsoft has enacted, the California Multiple Award Schedule Agreement is no longer the most economical contract for the City. Instead, the newly formulated California Counties Information System Directors Association (CCISDA) agreement provides the best alternative for the City for acquisition and maintenance of the Microsoft products. This agreement, negotiated by the California counties and competitively bid by Riverside County, is available with no participation fees, to all cities, counties, and state agencies within California.

This agreement offers a simple, cost-effective way for local governmental agencies to license the most commonly used Microsoft products. The term for the agreement is three years with the possibility to extend for one additional year. There is a single annual price per desktop per year over the three-year period. This fee covers software acquisition, maintenance and upgrades to new versions. At the beginning of years two and three, there is the ability to "true up" any net new desktops the City added during the prior year.

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The value to the City for participating in this agreement is that it will:

- enable the City to begin to upgrade to the current version of the Microsoft desktop operating system and Office software suite and will keep us current for these products during the three-year agreement period;
- eliminate the need for each department and/or user to manage and keep track of their desktop licenses and will eliminate the need to cut hundreds of purchase orders annually for these products; and
- eliminate any budget "surprises" for Microsoft products during the years of the contract agreement.

Since the end of fiscal year 2001 a citywide team has been investigating ways to:

- ensure that some departments do not move so far behind or ahead of a citywide PC operating system baseline that the City's network infrastructure becomes fragmented and unreliable;
- avoid a situation where only some users are able to use the features and functionality of the most current software products;
- determine if there is a better way to procure the products in a more efficient manner than the current approach of each department ordering various versions of software on an almost weekly basis; and
- identify a better way of maintaining and tracking the licensing of these products.

The new CCISDA agreement enables us to achieve these four goals in the most cost-effective manner.

FINANCIAL CONSIDERATIONS:

No additional funding is requested in this fiscal year in order for the City to enroll in the CCISDA agreement. All City departments will cover the costs to participate in this agreement within their current budget allocations. Subsequent year budget deliberations will include the year two and year three enrollment costs per the agreement as well as any fees related to covering any new PCs purchased during the previous year. The City Department heads have discussed and agreed with the enrollment in the CCISDA agreement and the three-year funding for the Microsoft products for their PCs. The cost citywide for enrollment in this Agreement will not exceed \$500,000 annually for a three-year period.

ENVIRONMENTAL CONSIDERATIONS:

Ongoing administrative and maintenance activities, such as purchases of supplies, equipment or materials which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA), CEQA Guidelines, Sections 15061 (b)(1), 15378 (b)(3).

POLICY CONSIDERATIONS:

This recommendation is in conformance with the goals, objectives, initiatives and operating principles of the City's newly adopted Information Technology Strategic Plan. The enrollment in the CCISDA Enterprise Agreement for Citywide licensing of Microsoft products is consistent with the following Information Technology Operating Principles:

General

- Working collaboratively with City leadership, departments, vendors and other stakeholders to ensure that the City is supported by appropriate levels of information technology services.
- Working collaboratively with departments to provide needed services at a competitive price.

Resources

- The City will ensure there is a baseline level of technology for all City employees and will ensure that there is sufficient support for that baseline level of technology.
- The City will ensure that departments do not move so far behind or ahead of the baseline that the City's infrastructure becomes fragmented or is put at risk.
- The Technology Department will help facilitate collaboration among departments with closely aligned business needs to develop synergies in purchasing.

Systems and Networks

- The Technology Department will facilitate the development of a City business driven architecture that ensures departments can effectively communicate with each other, and share and exchange information as appropriate.

Data/Information

- The Technology Department will take a leadership role ensuring departments can easily share and exchange data as appropriate.

This CCISDA agreement was negotiated after the release of an open and competitive Request for Proposal (RFP) in May 2001 by Riverside County on behalf of the CCISDA. Over 15 Microsoft resellers responded to the RFP. After a competitive analysis, based 70% on price and 30% on

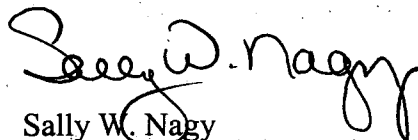
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the quality and financial standing of the reseller, the CCISDA selected a single reseller for this agreement. That reseller is ASAP Software, A Buhrmann Company, which has an office located in Sacramento. Since this agreement was established under an open and competitive process by another governmental agency, it is recommended that the City Council approve the sole sourcing of purchasing, under this Microsoft licensing agreement, to ASAP Software. This recommendation is in accordance with the provisions of Chapter 3.56 of the City Code, including Section 3.56.230 (c), which authorizes the suspension of formal competitive bidding upon two-thirds vote of the City Council.

ESBD CONSIDERATIONS:

Neither the Microsoft Corporation nor ASAP Software is an ESBD firm.

Respectfully submitted,



Sally W. Nagy
Chief Information Officer

Recommendation Approved:



Robert P. Thomas
City Manager

APPROVED
NOV 6 2001
OFFICE OF THE
CITY CLERK

RESOLUTION NO. 2001-734

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION SUSPENDING COMPETITIVE BIDDING
AND AUTHORIZING THE CITY MANAGER AND CITY CLERK
TO EXECUTE THE MICROSOFT STATE AND LOCAL GOVERNMENT
ENTERPRISE ENROLLMENT IN ACCORDANCE WITH THE CCISDA ENTERPRISE
AGREEMENT FOR THE LICENSING OF MICROSOFT PRODUCTS**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. In the best interest of the City of Sacramento, competitive bidding is hereby suspended for the purchase of Microsoft products, covered under the California Counties Information System Directors Association (CCISDA) Enterprise Agreement, No. 01E50944, from ASAP Software, the CCISDA selected reseller for this agreement in an amount not to exceed \$500,000 annually for a three-year period.
2. The City Manager and City Clerk are hereby authorized to execute the Microsoft State and Local Government Enterprise Enrollment in accordance with the California Counties Information System Directors Association Enterprise Agreement, No. 01E50944, for the licensing of Microsoft products.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____ 6 _____