

Council Business Meeting

May 4, 2021

Agenda Item	Approval of Contract Renewal for Microsoft 365	
From	Dan Hendrix	Information Technology Manager
Contact	Dan.Hendrix@ashland.or.us 541-552-2441	

SUMMARY

In the Council's role of Local Contract Review Board (AMC 2.50), staff is requesting approval to renew the Microsoft 365 software license subscriptions for three years. This software is a primary toolset across the entire organization and is a key component of the standard software provided on all city owned technology hardware, now including mobile devices.

PREVIOUS COUNCIL ACTION

The previous three year Microsoft Enterprise Agreement was originally approved in 2015. The City Council approved renewal in 2018.

BACKGROUND AND ADDITIONAL INFORMATION

This renewal request would extend, for another three year term, the existing Microsoft 365 Enterprise Software Agreement. This contract provides the City ongoing access to both email and the organization's most heavily-used desktop productivity tools.

The renewal is purchased through Microsoft certified provider, SHI inc. The purchase leverages the Oregon Procurement Information Network (ORPIN) contract award system as provided for in AMC 2350.090(I)(1). The total contract value over the three-year term exceeds one-hundred thousand dollars and therefore requires Council approval per AMC2.50 070 (A)(1).

Funding for this renewal was planned and incorporated into the current, approved biennium budget. Funding for the next two years will be reviewed for approval as part of the next biennial budget process. The contract can be canceled on either of the two contract anniversary dates (the start of either year two, or year three).

The requested licenses provide access to the organization's most important and heavily used suite of employee productivity tools: Exchange email, Word, Excel, Teams, and PowerPoint, as well as other collaborative and cloud services. The Microsoft 365 licenses provide the City with current and future updates/releases, for the duration of the contract. The deployment of modern productivity applications and standardized personal desktop productivity tools supports the mission of City and IT Department by enhancing productivity, compatibility, and efficiency for all employees across all city operations.

History:

Six years ago, after conducting a cost comparison against the previous licensing approach, the City moved to the Microsoft license-as-a subscription model, eliminated its on-premises email server, and began using current, consistent versions of desktop personal productivity software. The results of that decision have been an unambiguous decline in Microsoft Office related technical support calls to IT – which correlates with improved employee productivity – a dramatic reduction in unwanted/malicious email, the elimination of in-house email server maintenance, less email down time, and improved compatibility with other agencies.

Alternatives:

Microsoft makes a compelling business case for their current suite of subscription-and cloud-based licensing,

by incentivizing their pricing models, and using cloud-hosted email to minimize maintenance workload for IT support staff.

This makes the alternative – migrating the organization and its data back *off* Microsoft’s cloud – a non-trivial process. If that direction were warranted, the IT Department could develop, plan, and identify resource requirements to do so. However, the Information Systems Division’s direction, and previous council approvals, has put the City on a trajectory which recognizes the value of remaining current with mainstream software tools and identifying organizational business efficiencies; evaluating the long-term business proposition for leveraging technology to improve organizational productivity.

Relevant Policies:

AMC Section 2.50.070 Public contracting officer Authority

A. Except as otherwise provided by this code, the Public Contracting Officer shall have authority to:

1. Purchase and contract for all materials, supplies, equipment, services, and public improvements for which funds have been appropriated by the City Council and the contract price does not exceed \$100,000.

AMC Section 2.50.90 Exemptions from Formal Competitive Selection Procedures

All Public Contracts shall be based upon Competitive Sealed Bidding (Invitation to Bid) or Competitive Sealed Proposals (Request for Proposal) pursuant to ORS 279A – 279 C and Model Rules except for the following:

I. The following classes of contracts are hereby specifically exempted from the Oregon Public Contracting code and Model Rules pursuant to ORS 279A.025(t):

1. Contracts for the purchase of materials where competitive bids for the same materials have been obtained by other public agencies for the federal government whose processes for bid and award are substantially equivalent to those set forth herein, and the contract is to be awarded to the party to whom the original contract was awarded as long as no material change is made to the terms, condition, or prices of the original contract.

FISCAL IMPACTS

Year 1 (billed immediately upon purchase):	\$52,332.99
Year 2 (billed on 1 st anniversary of agreement):	\$52,332.99
Year 3 (billed on 2 nd anniversary of agreement):	\$52,332.99
Total 3-year contract value:	\$156,998.97

Annual licensing costs are based on the number and type of licenses required, which fluctuates based on departmental personnel changes. Any changes (plus or minus) to the number of licenses or type of licenses will be reflected in the annual cost at the beginning of the next contract year.

The annual cost is included in the approved Information Systems (IS) Division budget. The contract can be cancelled without penalty at either of the two annual renewal anniversaries.

STAFF RECOMMENDATION

Staff recommends approval of the Microsoft 365 agreement renewal. Should additional licenses be required during the three-year life of the contract, staff is asking for the authority to exceed the initial contract amount by a maximum of fifteen percent (\$23,549.85) for potential contract value of \$180,548.82.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

1. I move to authorize the City Manager to execute the contract for the renewal of the Microsoft 365 licensing consistent with budgetary appropriations, including up to 15% above the existing contract if necessary, for additional licensing needs.

REFERENCES & ATTACHMENTS

Attachment 1: SHI International Corp. Quotation for Microsoft 265 Licensing



Pricing Proposal
 Quotation #: 20351693
 Created On: 4/16/2021
 Valid Until: 4/30/2021

City of Ashland

Pat Hopkins

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Inside Account Manager

Yasmean Brown

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 Somerset, NJ 08873
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 Fax:
 Email: Yasmean_Brown@shi.com

All Prices are in US Dollar (USD)

Product	Qty	Your Price	Total
1 Defender for O365 Plan 1 GCC SubVL Per User Microsoft - Part#: 3GU-00001 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 1	8	\$18.51	\$148.08
2 ExchgOnlnP1GCC ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: 3MS-00001 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 1	30	\$36.89	\$1,106.70
3 O365GCCE1 ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: U4S-00002 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 1	80	\$78.72	\$6,297.60
4 O365GCCE3 ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: AAA-11894 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 1	177	\$217.17	\$38,439.09
5 Project Plan3 GCC Shared All Lng Subs VL MVL Per User Microsoft - Part#: 7MS-00001 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 1	4	\$276.89	\$1,107.56
6 VisioPlan2GCC ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: P3U-00001 Contract Name: NASPO Cloud Solutions	9	\$138.45	\$1,246.05

Contract #: AR2488
Subcontract #: 9404
Note: Year 1

7	WinRmtDsktpSrvcsCAL ALNG SA MVL DvcCAL Microsoft - Part#: 6VC-01253 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 1	10	\$18.26	\$182.60
8	WinSvrSTDCore ALNG SA MVL 2Lic CoreLic Microsoft - Part#: 9EM-00270 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 1	16	\$18.02	\$288.32
9	CoreCALBridgeO365 ALNG SubsVL MVL PerUsr Microsoft - Part#: AAA-12414 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 1	177	\$19.87	\$3,516.99
10	Defender for O365 Plan 1 GCC SubVL Per User Microsoft - Part#: 3GU-00001 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 2	8	\$18.51	\$148.08
11	ExchgOnlnP1GCC ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: 3MS-00001 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 2	30	\$36.89	\$1,106.70
12	O365GCCE1 ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: U4S-00002 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 2	80	\$78.72	\$6,297.60
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14	Project Plan3 GCC Shared All Lng Subs VL MVL Per User Microsoft - Part#: 7MS-00001 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 2	4	\$276.89	\$1,107.56
15	VisioPlan2GCC ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: P3U-00001	9	\$138.45	\$1,246.05

Contract Name: NASPO Cloud Solutions
Contract #: AR2488
Subcontract #: 9404
Note: Year 2

16	WinRmtDsktpSrvcsCAL ALNG SA MVL DvcCAL Microsoft - Part#: 6VC-01253 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 2	10	\$18.26	\$182.60
17	WinSvrSTDCore ALNG SA MVL 2Lic CoreLic Microsoft - Part#: 9EM-00270 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 2	16	\$18.02	\$288.32
18	CoreCALBridgeO365 ALNG SubsVL MVL PerUsr Microsoft - Part#: AAA-12414 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 2	177	\$19.87	\$3,516.99
19	Defender for O365 Plan 1 GCC SubVL Per User Microsoft - Part#: 3GU-00001 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 3	8	\$18.51	\$148.08
20	ExchgOnlnP1GCC ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: 3MS-00001 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 3	30	\$36.89	\$1,106.70
21	O365GCCE1 ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: U4S-00002 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 3	80	\$78.72	\$6,297.60
22	O365GCCE3 ShrdSvr ALNG SubsVL MVL PerUsr Microsoft - Part#: AAA-11894 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 3	177	\$217.17	\$38,439.09
23	Project Plan3 GCC Shared All Lng Subs VL MVL Per User Microsoft - Part#: 7MS-00001 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 3	4	\$276.89	\$1,107.56
24	VisioPlan2GCC ShrdSvr ALNG SubsVL MVL PerUsr	9	\$138.45	\$1,246.05

Microsoft - Part#: P3U-00001
Contract Name: NASPO Cloud Solutions
Contract #: AR2488
Subcontract #: 9404
Note: Year 3

25	WinRmtDsktpSrvcsCAL ALNG SA MVL DvcCAL Microsoft - Part#: 6VC-01253 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 3	10	\$18.26	\$182.60
26	WinSvrSTDCore ALNG SA MVL 2Lic CoreLic Microsoft - Part#: 9EM-00270 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 3	16	\$18.02	\$288.32
27	CoreCALBridgeO365 ALNG SubsVL MVL PerUsr Microsoft - Part#: AAA-12414 Contract Name: NASPO Cloud Solutions Contract #: AR2488 Subcontract #: 9404 Note: Year 3	177	\$19.87	\$3,516.99

			Shipping	\$0.00
			Total	\$156,998.97

Additional Comments

Purchase orders and inquiries can be sent to the team at TeamOregon@shi.com.

Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.

Thank you for choosing SHI International Corp! The pricing offered on this quote proposal is valid through the expiration date listed above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order. For any additional information including Hardware, Software and Services Contracts, please contact an SHI Inside Sales Representative at (888) 744-4084. SHI International Corp. is 100% Minority Owned, Woman Owned Business. TAX ID# 22-3009648; DUNS# 61-1429481; CCR# 61-243957G; CAGE 1HTF0

The products offered under this proposal are resold in accordance with the terms and conditions of the Contract referenced under that applicable line item.