



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 32

Agenda Date: November 2, 2023

In Control: City Council A Session

DEPARTMENT: Information Technology Services Department

DEPARTMENT HEAD: Craig Hopkins

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Microsoft Enterprise Agreement

SUMMARY:

This action will authorize the City to utilize the State of Texas Department of Information Resources (DIR) contract DIR-CPO-5237 with SHI Government Solutions, Inc. for the Microsoft Enterprise Agreement. The terms of the agreement is for a-three year term for an estimated amount of \$20,309,789.55. Funding in the amount of \$6,579,802.41 for year one of this contract is available from the Information Technology Services Department FY 2024 Adopted Budget. Funding for subsequent fiscal years are contingent upon City Council approval of the annual budget.

BACKGROUND INFORMATION:

On October 11, 2018, City Council authorized an ordinance for the current Microsoft Enterprise Agreement which ends on October 31, 2023. This new Enterprise Agreement will renew licensing and support for Microsoft products for a period of three years.

The Texas Department of Information Resources (DIR) has entered into a contractual agreement with Microsoft Corporation on behalf of State and Local governments for software licensing. The DIR contract with SHI Government Solutions, Inc., allows the reseller (SHI) to manage and facilitate Microsoft Enterprise Agreements for Microsoft software products for State of Texas agencies and local governments. DIR provides a cooperative purchasing network where all State and local governments can benefit from the collective shared purchasing power. By participating in the State of Texas' cooperative purchasing program through DIR, the City meets all State and local competitive bidding requirements, while also benefiting from increased buying power through the cooperative purchasing network.

The City of San Antonio Information Technology Services Department has secured a standardized product portfolio for all operating systems through the use of Microsoft software products, desktop office applications, server operating systems, enterprise databases, and email messaging. The City has increased productivity through the implementation of Microsoft products and has gained efficiency from utilizing a common software vendor. The City currently uses the following Microsoft software products: Microsoft Office (Word, Excel, and PowerPoint), Windows for desktop operating system, Windows Server operating systems, SharePoint collaboration software, Exchange for email messaging, Enterprise Mobility and Security with Microsoft Defender, Teams for video conferencing, and SQL Server for enterprise database applications. Microsoft Windows and Microsoft Office are integral to the City's critical Public Safety and business systems including CAD, SAP, 311, BuildSA, HIPAA and credit card systems.

Various upgrades have taken place since the inception of the Enterprise Agreement in 2018 in order for the City to stay compliant with state and federal requirements and remain compatible with newer business processes and applications. ITSD has negotiated pricing with Microsoft through a third-party reseller, SHI Government Solutions, Inc., for two agreements to support all of the Microsoft products utilized by the City. The Microsoft Enterprise Agreement (EA) for State and Local Governments covers end user and desktop products for desktops and laptops as well as Microsoft Office and Endpoint Protection anti-virus capabilities. The Server Cloud Enrollment (SCE) is a separate agreement tailored for datacenter products such as Microsoft Server and Microsoft SQL Server for data bases. ITSD has secured reduced pricing for a three year term with annual payments occurring on the anniversary date of November 1st of every year. Should the City require additional licensing at any time throughout the year, the Enterprise Agreement allows for scaling throughout the enterprise. Software licenses for new or added users will be addressed via an annual "true-up" payment.

The EA and SCE subscriptions will provide licensing and support for all Microsoft products currently used by the City. Also included are extended use rights including installation of Microsoft Office on mobile devices as well as cloud services. All licensed employees will also have access to home use rights for Microsoft Office as well as access to Office 365 directly or via a web application depending on license type. By maintaining current licenses, the City can ensure systems are up to date with the latest secure versions and updates to maintain compliance.

ISSUE:

The action to be approved by this ordinance will provide ITSD with authorization to utilize the State of Texas Department of Information Resources (DIR) contract DIR-CPO-5237 in an estimated amount of \$20,309,789.55 for the Microsoft Enterprise Agreement. Pursuant to Texas Government Code § 2054.0565, the City is not required to conduct its own competitive bidding when utilizing contracts procured by Texas Department of Information Resources.

The Small Business Economic Development Advocacy (SBEDA) Ordinance requirements were waived due to the lack of small, minority, and/or women businesses available to provide these goods and services.

This contract is an exception to the Local preference Program.

The Veteran-Owned Small Business Preference Program Ordinance does not apply to non-professional service contracts, so no preference was applied to this contract.

ALTERNATIVES:

Should this action not be approved, ITSD would not have the ability to continue to leverage Microsoft products at the enterprise level and could realize a substantial increase in pricing if required to formally bid out the Desktop and Server licensed environments.

FISCAL IMPACT:

Ordinance authorizing the City to utilize the State of Texas Department of Information Resources (DIR) contract DIR-CPO-5237 with SHI Government Solutions, Inc. for the Microsoft Enterprise Agreement. The terms of the agreement is for a-three year term for an estimated amount of \$20,309,789.55. Funding in the amount of \$6,579,802.41 for year one of this contract is available from the Information Technology Services Department FY 2024 Adopted Budget. Funding for subsequent fiscal years are contingent upon City Council approval of the annual budget.

Enrollment Type	11/1/2023 – 10/31/2024	11/1/2024 – 10/31/2025	11/1/2025 – 10/31/2026
Desktop	\$5,548,266.10	\$5,784,224.02	\$5,882,690.50
Server Cloud	\$1,031,536.31	\$1,031,536.31	\$1,031,536.31
Total	\$6,579,802.41	\$6,815,760.33	\$6,914,226.81

RECOMMENDATION:

Staff recommends approval of this action to authorize the City to utilize the State of Texas Department of Information Resources (DIR) contract DIR-CPO-5237 with SHI Government Solutions, Inc. in an estimated amount of \$20,309,789.55 for the Microsoft Enterprise Agreement for a term of three years.

This contract was procured by means of cooperative purchasing and a Contracts Disclosure Form is not required.