

STAFF REPORT

BOARD MEETING DATE: January 9, 2024

CATEGORY: Consent Calendar 8

SUBJECT: Approve a renewal agreement with Microsoft, in an amount not to exceed \$2,802,640.44, for software maintenance and support and designate authority to sign documents related to the agreement, including retroactive.

DEPARTMENT: Information Technology

SUPERVISORIAL DISTRICT #: All

DEPARTMENT CONTACT: Thomas Schreiber, Chief Information Officer, (530) 245-5273

STAFF REPORT APPROVED BY: Thomas Schreiber, Chief Information Officer

<u>Vote Required?</u>	<u>General Fund Impact?</u>
Simple Majority Vote	No Additional General Fund Impact

RECOMMENDATION

Take the following actions: (1) Approve a renewal agreement with Microsoft Volume Licensing Enterprise Enrollment in an amount of \$2,802,640.44 to provide maintenance and support of Microsoft Client Access software licenses, Windows desktop operating system licenses, and Office 365 subscription licenses for the period February 1, 2024 through January 31, 2027; and (2) authorize the County Executive Officer to sign amendments and other related documents, including retroactive, to add additional software products as Microsoft makes them available that result in a change in compensation not to exceed \$280,264 per fiscal year provided that the amendments do not otherwise result in a substantive, substantial, or functional change to the intent of the original agreement and the amendments otherwise comply with Administrative Policy 6-101, *Shasta County Contracts Manual*.

DISCUSSION

Since 2001, the County has participated in the Microsoft Enterprise agreement. This agreement was negotiated for California state and local governments by Riverside County as the lead agency and is available to all California state agencies, cities, and counties. The purpose of the agreement is to pool the buying power of all these entities to accomplish discounted pricing not available through traditional purchasing channels. Shasta County's current enrollment in the Microsoft Enterprise agreement expires January 31, 2024. Approval of the Microsoft Volume Licensing Enterprise Enrollment renewal agreement will allow the County to continue obtaining Microsoft products at a significant discount.

The enrollment agreement before the Board provides maintenance, support, and upgrades for software that are critical for the County to conduct business. This agreement will also transition the county from Office365 (O365) to Microsoft365 (M365), which bundles Client Access Licenses (CALs) and Enterprise Mobility and Security (EM+S) licensing with the base 365 user licenses. This includes CALs for each computer in the County to be able to utilize email and CALs for each computer to be able to store and share files on the County's network along with being able to print to network attached printers. Additionally, the EM+S security suite is now bundled with the M365 user license. CALs are also required for every computer in the County to use the Structured Query Language (SQL) databases located on central file servers. These SQL databases house the majority of data used by computer systems throughout County government and, as a result, every County computer must have a valid SQL CAL. Office 365 (O365) licenses are also a significant part of the licensing for departments, which provides the current and upgrade licenses rights to the Microsoft Office Suite of applications.

The benefits of enrolling in the Microsoft Enterprise agreement include cost savings, more streamlined management of software licenses, maintaining security, and a more even cash flow. The Microsoft Enterprise agreement provides an extra 5% to 15% cost savings, depending on the product, compared to the best discounts the County could receive through other channels. Using the Microsoft Enterprise agreement also allows the County to spread these costs evenly over three years as opposed to paying the total

cost up front as required through other channels. This agreement requires three equal payments in advance of each year of the term, which is standard business practice for these products and services.

Managing software licenses through the Microsoft Enterprise agreement is considerably less involved than when purchasing these products via other methods. At the end of each year the County will submit a true-up order and pay the prorated net increase for new products and subscription licenses added during the look back period. If there is no increase, no true-up costs are incurred. This process is much simpler than the alternative of keeping track of each individual software license, which is quite cumbersome.

ALTERNATIVES

The Board may decline to approve this agreement which is not recommended as all Microsoft licenses County-wide would need to be purchased individually at a higher cost. No other cost-effective alternatives have been identified.

OTHER AGENCY INVOLVEMENT

County Counsel has approved the agreement as to form. Risk Management and the Chief Information Officer have approved the agreement. The Recommendation has been reviewed by the County Administrative Office.

FISCAL IMPACT

There is no additional General Fund impact associated with this recommendation. The total costs for the three-year renewal agreement with Microsoft is \$2,802,640.44 and will be paid in annual installments of \$934,213.48. The Information Technology (IT) department has included these costs in the Fiscal Year 2023-24 IT Budget (BU 925) and will include the costs for the entire term in future budgets. The IT department passes the MSEA costs to the user departments based on the license type and usage. Estimates of such costs are provided to the user departments for annual budget preparation.

ATTACHMENTS:

- 1: County of Shasta - MSEA Renewal Quote Final
- 2: MSEA Previous Enrollment
- 3: MSEA Enterprise Enrollment
- 4: MSEA Volume Licensing
- 5: MSEA Program Signature Form
- 6: MSEA Amendment