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CITY OF OAKLAND



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May 12, 2015

HONORABLE CITY COUNCIL
FINANCE AND MANAGEMENT COMMITTEE
Oakland, California

Subject: Microsoft Enterprise Software Agreement

Dear Chairperson Kalb and Members of the Finance and Management Committee:

RECOMMENDATION

The City Attorney's Office recommends that the City Council authorize the City Administrator, or his/her designee, to:

- 1) Enter into an agreement with Microsoft Corporation in the amount of one Thirty-Six thousand Six dollars and Seventy-Three cents (\$36,006.73) per year for a period of five years for an amount not to exceed One hundred Eighty thousand Thirty-Three dollars and Sixty-Five cents (\$180,033.65) to purchase software licensing and related professional services, and
- 2) Waive the City's advertising, competitive bid and request for proposals/qualifications (RFP/Q) requirements for the above purchases.

OUTCOME

This resolution will authorize the City Attorney to expend designated funding from the City Attorney's budgeted Operations and Maintenance Fund (1010) to purchase software and services necessary for the City Attorney's Office to defend the City and provide insightful and timely advice to City departments. This software is a mission-critical component of the City Attorney's data network and also provides the foundation of all electronic communication with City Attorney staff members.

ITEM: _____
FINANCE AND MANAGEMENT COMMITTEE
MAY 12, 2015

EXECUTIVE SUMMARY

The City Attorney currently owns and operates a data network composed of servers and related services. These services include authentication, email, file and print, data warehousing, security and remote access. These systems are mission-critical components of the City Attorney's data network and supports computer network connectivity to various entities including federal and state courts, outside as well as co-counsel, attorneys and other staff members in the field, and other City departments. The City Attorney's Information Technology staff is responsible for the maintenance and support of this system. The data network was installed per Microsoft's design specifications in 1997; since 1997 it has gone through numerous changes and overhauls as technology has changed.

The City Attorney previously had a software agreement with Microsoft to support the data network, but this agreement expired in May of 2010. To maintain service continuity for various legal applications, it is critical to renew this software agreement and authorize the purchase of licenses and services required for the data network and its various components.

Oakland Municipal Code (OMC) Title 2, Chapter 2.04, Article I, Section 2.04.050 requires competitive process when the cost of services, supplies or combination of both exceeds \$50,000. However, OMC Title 2, Chapter 2.04, Article I, Section 2.04.050.1.5 authorizes the City Council to waive competitive processes upon making a finding and determination that it is in the best interests of the City to do so.

Additionally, OMC Title 2, Chapter 2.04, Article I, Section 2.04.051.A requires a request for proposals (RFP) or request for qualifications (RFQ) process for the award of professional services that exceed \$25,000.00. However, OMC Title 2, Chapter 2.04, Article I, Section 2.04.051.B provides that the City Council may waive the requirement for an RFP or RFQ process by making a finding that it is the best interest of the City to do so.

We recommend that the City Council find and determine that it is in the best interests of the City to waive competitive selection requirements for the software agreement and associated professional services with Microsoft Corporation. We make this recommendation based on the following factors:

- Microsoft Corporation is the sole manufacturer of the network operating systems, databases, files and print servers, email, and authentication software currently installed in the City Attorney's Office.
- Microsoft Corporation provided engineering for the original installation and configuration of the various components of the current data network thus the firm has pre-existing, in-depth knowledge of and

experience with the current system components, their configuration and the design considerations behind the original installation.

- Microsoft's in-depth knowledge of its products combined with the knowledge and experience they have regarding the existing City Attorney installation should lead to the most cost-effective maintenance at the highest levels of quality. In addition, the City Attorney will require specialized professional services from Microsoft Corporation during the term of this agreement in order to fulfill the City Attorney's direction of implementing and maintaining a highly available, secure and reliable network infrastructure and electronic communications platform.

BACKGROUND/LEGISLATIVE HISTORY

In 1997, in a joint venture with Office of Corporate Information Services (now known as Information Technology Department-ITD), the City Attorney's Office implemented the City's first Windows NT data network and Exchange 5.5 email system, with the guidance and suggested industry best practices provided by Microsoft.

In June of 2002 the City Attorney's Office entered in to its first three (3) year software agreement with Microsoft. This agreement provided support, training, and other benefits along with the software licensing. The data network had a major upgrade in 2004 when the City Attorney's Office, again in a joint project with ITD installed the City's first Windows 2003 data network and Exchange 2003 email system with the guidance and suggested industry best practices provided by Microsoft. This upgrade required no additional expenditures, because the software agreement that was already in place.

The original three (3) year software agreement was renewed for an additional three (3) years in 2004 and then again in 2007. The agreement expired in 2010 and the City Attorney's Office deferred renewal because of the City's financial condition at the time. However, it is critical that the City Attorney's Office update the systems that support the office's data network this year.

ANALYSIS

There have been no major improvements to the City Attorney's data network in eleven (11) years. In order to update the City Attorney's software, new licensing needs to be procured. With ITD's approval, the City Attorney's Office plans to move forward with a Windows 2012 R2 data network and an on premise Exchange 2013 email system required by the City Attorney's specialized legal software.

After careful evaluation, a five (5) year software agreement through Microsoft's reseller, Dell Inc., is the least costly alternative; this alternative will save the City more than \$10,000 per year over the three (3) year term of the agreement, and over \$30,000 per year compared to conventional licensing costs.

The proposed Microsoft software agreement includes several components which, when combined, will provide comprehensive coverage in keeping with the mission-critical nature of the current data network. The elements include the following:

- Best Value
- 24x7 technical support
- Microsoft planning services
- General availability releases and product updates free of charge
- End-user and technical training through
 - Training Vouchers
 - Online E-Learning
- Home Use Program (licensing for end users to use on their home PCs)
- Minimize up-front costs and budget more effectively by
 - locking in pricing
 - spreading payments over five (5) years
- Access to the latest versions of cloud and on-premises software
- Streamlined license management via
 - Microsoft Certified Partner or a Microsoft representative

This proposal provides comprehensive coverage of all aspects of the City Attorney's mission-critical data network.

PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach.

COORDINATION

In the preparation of this report, the City Attorney's Office coordinated with the Information Technology Department.

COST SUMMARY/IMPLICATIONS

The five-year cost of the Microsoft Corporation software agreement is \$180,033.65 which includes a 45% discount off Select Plus pricing.

The City Attorney's Office is responsible for the maintenance of the equipment and systems detailed in this project. The Operations Fund 1010, Org 04111, Project 0000000 covers maintenance and operation of these systems so no additional appropriation would be needed as a result of this project during the term of this software agreement.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic development opportunities related to this report at this time.

Environmental: There are no environmental opportunities related to this report.

Social Equity: The City of Oakland continues to ensure that the Public Safety personnel are able to communicate during emergencies with minimal disruptions and thus to provide first responders the ability to respond during emergencies to all of Oakland's residents and the community.

Respectfully submitted,

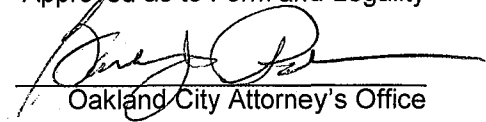


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Oakland City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR, OR HIS/HER DESIGNEE, TO:

- 1) EXECUTE AN AGREEMENT WITH MICROSOFT CORPORATION IN AN AMOUNT OF THIRTY-SIX THOUSAND SIX DOLLARS AND SEVENTY-THREE CENTS (\$36,006.73) PER YEAR FOR A PERIOD OF FIVE YEARS FOR A TOTAL CONTRACT AMOUNT OF ONE HUNDRED EIGHTY THOUSAND THIRTY-THREE DOLLARS AND SIXTY-FIVE CENTS (\$180,033.65) FOR THE PURCHASE OF SOFTWARE LICENSES FOR THE CITY ATTORNEY'S OFFICE; AND
- 2) WAIVE THE CITY'S ADVERTISING, COMPETITIVE BID AND REQUEST FOR PROPOSALS/QUALIFICATIONS (RFP/Q) REQUIREMENTS FOR THE ABOVE PURCHASES

WHEREAS, the City Attorney's office currently operates a computer system utilizing Microsoft Software; and

WHEREAS, this software supports litigation defense and departmental advisory functions and the City Attorney's data and electronic communication infrastructure; and

WHEREAS, a well maintained and supported data network is vital to ensuring the City Attorney's mission critical technology platforms to the highest degree of availability and without interruption; and

WHEREAS, Microsoft Corporation developed and provided updates to the City Attorney's data network since 1997 and has provided engineering, maintenance, support, and training under previous agreements; and

WHEREAS, Dell Inc. is a licensed reseller for Microsoft Corporation; and

WHEREAS, the previous software agreement with Microsoft Corporation expired in May of 2010; and

WHEREAS, in order to maintain continuity of service for various City Attorney related applications, it is critical that this software agreement be renewed; and

WHEREAS, the City Attorney will require specialized professional services from Microsoft Corporation during the term of this software agreement in order to fulfill the City Attorney's direction of implementing and maintaining a highly available, secure and reliable network infrastructure and electronic communications platform; and

WHEREAS, Oakland Municipal Code (OMC) Title 2, Chapter 2, Article I, Section 2.04.051.A requires a competitive Request for Proposal/Qualification (RFP/Q) selection process for the procurement of professional services in excess of \$25,000.00; and

WHEREAS, OMC Title 2, Chapter 2, Article I, Section 2.04.050 requires formal advertising and competitive bidding when the City purchases services, supplies or a combination thereof that exceeds \$50,000; and

WHEREAS, OMC Title 2, Chapter 2, Article I, Section 2.04.050.1.5 permits the Council to waive formal advertising and competitive bidding upon a finding and determination that it is in the best interests of the City to do so; and

WHEREAS, OMC Title 2, Chapter 2, Article I, Section 2.04.051.B permits the Council to waive the competitive RFP/Q competitive selection requirement upon a finding and determination that it is in the best interests of the City to do so; and

WHEREAS, the City Attorney and the Council have determined that the services that will be needed as part of this software agreement are of a professional, scientific or technical and temporary nature and shall not result in the loss of employment or salary by any person having permanent status in the competitive service; now therefore, be it

RESOLVED: That the City Council hereby authorizes the City Administrator or his/her designee to negotiate and award a five year contract to Microsoft Corporation in an amount not to exceed Thirty-Six Thousand Six Dollars and Seventy-Three cents (\$36,006.73) per year for a period of five years for an amount not to exceed One hundred Eighty Thousand Thirty-Three Dollars and Sixty-Five cents (\$180,033.65) for renewal of a software agreement to support the City Attorney's data network; and be it

FURTHER RESOLVED: That pursuant to Oakland Municipal Code OMC Title 2, Chapter 2, Article I, Sections 2.04.050.1.5 and 2.04.051.B the Council hereby finds and determines that it is in the best interests of the City to waive advertising, bidding and the competitive request for proposal/qualifications processes because (1) Microsoft is the sole manufacturer of the software currently installed in the City Attorney's Office, that provides engineering, maintenance, support, and training for the various components of the current data network and; (2) the firm thus has pre-existing, in-depth knowledge of and experience with the current system components, their configuration and the design considerations behind their original installation; and (3) the firm further has in-depth knowledge of its products combined with the knowledge and experience the firm has regarding the existing City Attorney installation; and (4) the firm's knowledge and expertise should lead to the most cost-effective solution at the highest levels of quality; and be it

FURTHER RESOLVED: That the software agreement shall be funded out of the City Attorney's Operations and Maintenance Budget, the general fund (1010), Org (04111), Project (0000000); and be it

FURTHER RESOLVED: That the City Attorney or her designee is hereby authorized to complete all required negotiations, certifications, assurances and documentation required to accept modify, extend and/or amend the agreement, and be it

FURTHER RESOLVED: That the contracts shall be reviewed and approved by the City Attorney and placed on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID and
PRESIDENT GIBSON McELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California