



# REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

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Consent  
~ April 1, 2010

Honorable Mayor and  
Members of the City Council

**Title:** Agreement: Microsoft Enterprise Software Licensing

**Location/Council District:** Citywide

**Recommendation:** Adopt a **Resolution** 1) directing staff to implement the migration of the City's email messaging system from Novell GroupWise to Microsoft Exchange, 2) approving the use of the County of Riverside cooperative purchasing agreement for the purchase of Microsoft enterprise software licenses and software assurance, and 3) authorizing the City Manager or City Manager's designee to issue the required purchase orders under the cooperative purchasing agreement for a total amount not to exceed \$3,000,000 for a five-year period.

Adopt a **Resolution** 1) suspending competitive bidding in the best interests of the City and 2) authorizing the City Manager or City Manager's designee to execute an agreement with DLT Solutions for the purchase of Quest software licenses and support services for email software migration, archiving and eDiscovery, for a total amount not to exceed \$460,000 for a five-year period.

**Contact:** Karl Rosander, IT Manager, 808-8262  
Ignacio Estevez, Program Manager, 808-7349

**Presenters:** Not applicable

**Department:** Information Technology

**Division:** Technical Support Services

**Organization Dept ID:** 07001221

## **Description/Analysis**

**Issue:** On April 26, 2005, City Council adopted Resolution 2005-267 that authorized the use of a cooperative purchase agreement, the California Counties Information Systems Directors Association (CCISDA) Microsoft State and Local Enterprise Agreement administered by the County of Riverside ("Microsoft Enterprise Agreement"), for the purchase of enterprise licensing of Microsoft software for all the

City's personal computers (PCs) from CompuCom, Inc. for a five-year period. The Microsoft Enterprise agreement is due to expire on April 30, 2010. Staff is requesting approval to use the same cooperative purchase agreement administered by the County of Riverside to procure the Microsoft enterprise licenses in order to continue to receive software assurance and maintenance benefits at a significant pricing discount rate. Without a Microsoft Enterprise Agreement, the City would not receive software upgrades, technical support and favorable pricing for Microsoft products.

In addition, staff is requesting authorization to migrate the City's enterprise email messaging system from Novell GroupWise to Microsoft Exchange. This change would expand the capabilities of the email system resulting in better citywide application integration and synchronization with other hardware devices. In addition, other critical interagency business systems, such as the ProLaw Legal System used by the City Attorney's Office will no longer be supported by the existing Novell GroupWise email system and will require a different email application, such as Microsoft Exchange. The same County of Riverside cooperative purchase agreement will be utilized to procure the Microsoft Exchange licenses.

Lastly, this report requests the suspension of competitive bidding, in the best interests of the City, to allow for procurement of Quest software license and services from DLT Solutions to support the City's eDiscovery and archiving requirements and email migration efforts. The compatibility of the Quest software to the City's specific systems is essential to a successful migration. Multiple IT personnel in the City have evaluated the Quest software products and have found that no other software provider supplies all of the same features and functionality the City requires through a single vendor. DLT Solutions is the sole distributor for Quest software and services.

**Policy Considerations:** The recommendations in this report are in accordance with the following provisions of City Code:

- Section 3.56.240: Authorizes the City Manager, where advantageous to the City, to utilize co-operative purchasing agreements approved by the City Council to purchase supplies or nonprofessional services through legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City.
- Section 3.56.230(C): Allows City Council to suspend competitive bidding for purchase of supplies when, upon a two-thirds vote, Council determines it is in the best interests of the City to do so.

**Environmental Considerations:** The report does not constitute a "project" and is therefore exempt from the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

#### **Rationale for Recommendation:**

1. Email Messaging System Migration: The capabilities of the City's current email messaging system will no longer support several critical City business systems and needs. Staff researched several email system options and is recommending

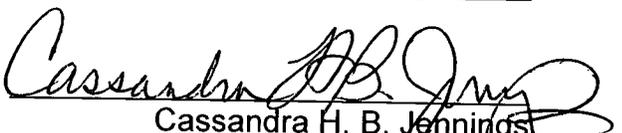
the migration from Novell GroupWise to Microsoft Exchange. This move will give the City much more added flexibility and better application integration and hardware synchronization at a cost comparable to Novell GroupWise over a five-year period.

- 2. Co-operative Purchase Agreement: In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement approach increases pricing competitiveness and lowers operating costs through volume purchasing. The City will realize significant cost savings for licensing Microsoft software maintenance under the County of Riverside cooperative purchase agreement.
- 3. Suspend Competitive Bidding: With the proposed Microsoft email migration initiative, Staff is requesting to suspend competitive bidding for the purchase of Quest software tools and services from DLT Solutions to support the migration efforts, and eDiscovery and archiving requirements. DLT Solutions is the sole distributor for Quest software products and services.

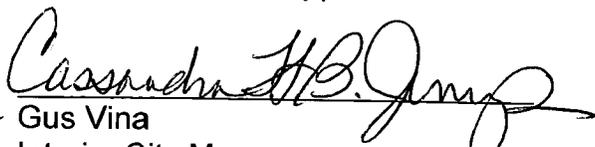
**Financial Considerations:** No additional funding is requested. Annual software licensing for PCs and email are currently funded through departmental operating budgets. A Capital Improvement Project (CIP) A07000301 will be established as a funding mechanism to support the on-going hardware infrastructure replacement schedule through a pro-rated amount charged to departments on an annual basis.

**Emerging Small Business Development (ESBD):** CompuCom is not a City certified ESB/SBE firm.

Respectfully Submitted by: Karl Rosander, IT Manager

Approved by:   
Cassandra H. B. Jennings  
Assistant City Manager / Interim CIO

Recommendation Approved:

  
for Gus Vina  
Interim City Manager

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## Attachment 1

### Background

On April 26, 2005, City Council Adopted Resolution 2005-267 authorizing the City Manager to execute a Microsoft State and Local Government Enterprise Enrollment under the California Counties Information Systems Directors Association (CCISDA) Enterprise Agreement administered by the County of Riverside ("Microsoft Enterprise Agreement"). Under the Microsoft Enterprise Agreement, the City licensed Microsoft Office and Windows for the City's personal computers (PCs) for an amount not to exceed \$500,000 a year for a five-year period that expires April 30, 2010.

On December 4, 2007, the County of Riverside, on behalf of the CCISDA and Municipal Information Systems Association (MISAC) of California, issued a Request for Quotation (RFQ) ITARC054 for the solicitation of Microsoft Enterprise License Agreement for Microsoft software products. The CCISDA is the official organization of the county information technology directors in the state of California. They represent the 58 California counties in the area of information technology and county government. The MISAC of California is a statewide organization of approximately 150 member agencies. They represent the 475 Cities and Special Districts in the state of California in the area of information technology and county government. As a result of the RFQ, six Large Account Resellers (LARs), one of which is CompuCom, Inc., received contracts under this RFQ to resell Microsoft software to state and local government agencies.

Current participation in the County of Riverside Microsoft Enterprise Agreement has surpassed 230,000 desktops and over 350 separate enrollments by public entities. The current LARs have worked with each of these entities to explain the Microsoft Enterprise Agreement, helped them make decisions about their licensing needs, provided enrollment assistance, and coached them during annual EA requirements including true-ups and annual payments. The awarded LAR(s) will be required to deliver this same level of service, as well as provide continuing education to enrollees on other services and benefits provided to participants under this program.

The Information Technology Department received many requests from several departments to review different enterprise email messaging options in order to expand system capabilities for better application integration and synchronization with other hardware. In addition, some critical interagency business systems, such as the ProLaw system used by the City Attorney's Office, will no longer be supported by the existing email system and will require a different email application to support this system. Over the last several months, staff have researched several email system options and presented them to the Information Technology Steering Committee and Executive Team. The three options include:

1. Google Hosted Email Solution
2. Microsoft Exchange On-premise Solution
3. Remain on the current system, Novell GroupWise

Of the three options, Microsoft Exchange addressed all of staff's concerns and offered the best solution for the best possible pricing for the City of Sacramento. Also, under this solution, all City employees would receive a City of Sacramento email address. If this email migration to Microsoft is approved, the estimated timeline to complete the migration would be October 2010. Below is a financial comparison that includes similar functionality that is based on an estimated 4500 user count:

Email Options	Annual Email License Cost	Archive, eDiscovery, migration software	Other associated annual costs (migration, bandwidth, hardware refresh etc.)	Total annual estimated cost per user over 5 years	Notes / Comments
Novell GroupWise	\$17.63		<ul style="list-style-type: none"> <li>• \$8.88 per user (\$200,000 hardware replacement every 4 years)</li> <li>• \$24.99 per user (Novell Netware/OES file &amp; print services)</li> </ul>	51.50	<ul style="list-style-type: none"> <li>• Novell Netware OES used for file and print services will move to Microsoft by 7/1/10 saving approximately \$112K per year citywide</li> </ul>
Google	\$37.50	24.75 per user (10 year archive option only)	<ul style="list-style-type: none"> <li>• \$3.33 per user (\$75,000 over 5 years for bandwidth increase)</li> <li>• \$5.77 per user (\$130,000 for email migration)</li> </ul>	71.35	<ul style="list-style-type: none"> <li>• Google archiving includes 1 year or 10 year options only</li> </ul>
Microsoft Exchange	\$17.09	20.44 per user (\$460,000 includes 10 year archive, eDiscovery and migration)	\$13.33 per user (\$300K hardware replacement every 4 years)	50.86	

The cooperative purchase agreement administered by the County of Riverside for purchase of Microsoft Enterprise licenses will be utilized to procure the Microsoft Exchange email solution. Under this agreement, there is a single annual price per desktop per year, and a single annual price per user for Microsoft Exchange used to license the City's email system.

Lastly, as an enhancement to the Microsoft Exchange email solution, staff is requesting to purchase a Quest software tool from DLT Solutions to support the City's eDiscovery and Archiving requirements. Quest Software is the leading software provider for Microsoft Exchange/Outlook Migration, Archive and Collaboration software. The compatibility of the software to the City's specific systems are essential to a successful migration. DLT Solutions is the sole distributor for Quest Software and Services. Their knowledge of the products and services are unequalled, and will be necessary for the City to ensure a successful migration by identifying and servicing the proper products. Although DLT can sell through other resellers, it has been verified that to do so would only incur an additional "markup" in the pricing, and would also create a "middle-man" for all procurement and contractual issues. Staff recommends purchasing this product directly from the source in order to get the best service and pricing available.

**Attachment 2**

**RESOLUTION NO. 2010-**

**Adopted by the Sacramento City Council**

**AUTHORIZING USE OF COOPERATIVE PURCHASING AGREEMENT FOR A MICROSOFT ENTERPRISE AGREEMENT**

**BACKGROUND**

- A. The City's enterprise agreement with Microsoft is due to expire in April 2010. The City has an on-going requirement to continue the Microsoft enterprise licenses in order to continue to receive software assurance and maintenance benefits at a significant pricing discount rate.
- B. City staff is recommending use of the County of Riverside Microsoft State and Local Enterprise Agreement ("Microsoft Enterprise Agreement") to procure the necessary Microsoft enterprise licenses.
- C. Sacramento City Code section 2.56.240 authorizes, where advantageous to the City, the use of cooperative purchasing agreements through other governmental jurisdictions or public agencies for the purchase of supplies or nonprofessional services without separate competitive bidding. It is advantageous for the City to use the County of Riverside Microsoft Enterprise Agreement because the City leverages the procurement efforts of this agreement that represent over 230,000 desktops from over 350 enrollments from government agencies. In addition, it reduces redundant internal procurement efforts and saves staff resources
- D. City staff is also recommending migration of the City's email messaging system from Novell GroupWise to Microsoft Exchange. This change would expand the capabilities of the email system that would result in better citywide application integration and synchronization with other hardware devices. The same Microsoft Enterprise Agreement would be utilized to purchase the Microsoft Exchange email solution.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. Staff is directed to implement the migration of the City's email messaging system from Novell GroupWise to Microsoft Exchange.
- Section 2. The use of the County of Riverside cooperative purchasing agreement is approved for the purchase of Microsoft enterprise software licensing and technical support services for the City's personal computers and enterprise email messaging system from CompuCom, Inc.

Section 3. The City Manager, or the City Manager's designee, is authorized to issue the necessary purchase orders for the purchase of Microsoft software licensing and technical support from CompuCom Inc. for a total amount not to exceed \$3,000,000 over a 5-year period.

**Attachment 3**

**RESOLUTION NO. 2010-**

**Adopted by the Sacramento City Council**

**SUSPENDING COMPETITIVE BIDDING FOR PURCHASE OF QUEST SOFTWARE**

**BACKGROUND**

- A. City staff is recommending migration of the City's email messaging system from Novell GroupWise to Microsoft Exchange. This change would expand the capabilities of the email system that would result in better citywide application integration and synchronization with other hardware devices.
- B. As an enhancement to the Microsoft Exchange email solution, City staff is recommending suspending competitive bidding for the purchase of Quest Software tools and services from DLT Solutions to support the City's eDiscovery and Archiving requirements. Sacramento City Code Section 3.56.230(C) allows the City Council to suspend competitive bidding for purchase of supplies when, upon a two-thirds vote, Council determines it is in the best interests of the City to do so.
- C. It is in the City's best interests to suspend competitive bidding for this purpose because the Quest Software is the leading software provider for Microsoft Exchange/Outlook Migration, Archive and Collaboration software. The compatibility of the Quest software to the City's specific systems is essential to a successful migration of the email system to Microsoft Exchange. DLT Solutions is the sole distributor for Quest Software and Services.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. In the best interests of the City, competitive bidding is suspended for the purchase of Quest software licenses and support services from DLT Solutions.
- Section 2. The City Manager or City Manager's designee is authorized to execute an agreement with DLT Solutions for the purchase of Quest software licenses and support services for a total amount not to exceed \$460,000 over a five-year period.