



MEMORANDUM

To: Mayor and City Council

From: Jerod Anderson, Director of Enterprise Solutions

Date: March 28, 2023

Reference: Consider approval to purchase Microsoft Enterprise Licensing from SHI, DIR contract # DIR TSO-4092 in the amount of \$270,513.15 as budgeted; and authorizing the City Manager to sign any necessary documents.

Introduction:

The Microsoft Enterprise Agreement (EA) allows the City of Coppel to use a defined number of licenses for all Microsoft products and perform a true-up at the end of each year. This allows Enterprise Solutions to order new software licenses for each new installation and then do a mass update at the end of the year. This facilitates the deployment process and reduces the amount of paperwork required to keep track of licenses for compliance purposes.

Background:

The City of Coppel has been using the Microsoft EA since 2014 and is required to do a new agreement every three years. The Microsoft EA, and the associated Subscription Assurance (SA) offer benefits outside of the software that is used on every computer in the City of Coppel. This agreement also includes various other benefits like training vouchers for technical training, reduced pricing for home use of selected Microsoft software, the ability to upgrade or downgrade licenses based on specific needs, and access to Microsoft's TechNet portal for early access to software and problem resolution.

If these features were purchased individually, they would cost substantially more than as part of the SA bundle. If we do not extend our Microsoft EA, the City of Coppel will have to purchase licenses for all the Microsoft products that are currently being used at retail prices. This cost for procuring all these licenses would be substantially more than the renewal cost of the EA. As per the agreement, we are required to do an annual true-up to cover any new software, computers that may be added in addition to the annual subscription.

This will be a three-year agreement with an estimated total cost of \$811,539.45. Year one includes the Subscription Assurance (SA) fee of \$270,513.15 with a possibility of a “true-up”. A “true-up” is the cost associated to adding or subtracting licenses during the contract period. The costs associated to the “true-up” are determined in each of the contract year periods. The estimated costs associated to adding or removing licenses is approximately \$15,000 per year. Microsoft does not sell directly to municipalities and requires the City to work through resellers for their licensing and products. SHI has been a valuable partner to help confirm the proper licensing for our needs. This contract was procured through the Texas Department of Information Resources (DIR) which offers cooperative bidding services to local governments.

Benefit to the Community:

The main benefit to the community would be providing all employees the software needed to be able to do their day-to-day jobs.

Procurement Review:

The Procurement Division has reviewed the documents and determined that this is an appropriate method of contracting with the vendor.

Fiscal Impact:

The fiscal impact of this purchase is \$270,513.15, as budgeted in the Enterprise Solutions Department of the General Fund.

Recommendation:

The Enterprise Solutions Department recommends approval.