

City Council – Action Request Form

Date: February 14, 2023

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Johnnie Taylor, Assistant City Manager
Thomas Kureczka, Chief Information Officer

Council Action Requested:

Resolution Authorizing the City of Winston-Salem to Enter Into a New Microsoft Enterprise License Agreement with Microsoft, Inc.

Strategic Focus Area: Service Excellence

Strategic Objective: Ensure Service Delivery Efficiency and Effectiveness

Strategic Plan Action Item: No

Key Work Item: No



Summary of Information:

A strategic decision was approved by the Mayor and City Council in 2008 to establish an Enterprise Agreement (EA) with Microsoft. The decision was based upon the long-term cost savings that could be achieved by extending the agreement across multiple years and eliminating the need to repurchase software as new versions are released.

The three-year agreement was expanded in 2011 to include Microsoft’s hosted email platform, delivered as a cloud service. Hosting provides 24/7 support, redundancy, and access to email from a variety of devices and locations. Online archiving and legal hold functionality allow the City to respond appropriately to North Carolina Public Records Law and similar requests. As the hosting vendor, Microsoft manages the email infrastructure and upgrades, which keeps the product set up-to-date and reduces the amount of required City staff support.

When the EA was renewed in 2014, the Microsoft Office and desktop operating system licenses were moved to subscriptions in support of our increasingly mobile workforce. The subscription is tied to the employee and not to a specific device, so employees can seamlessly shift between the use of traditional desktops and mobile devices and the subscription license moves with them.

Committee Action:

Committee	Finance 2.14.23	Action	Approval
For	Unanimous	Against	

Remarks:

The three-year agreement has been expanded several times since 2014 to include critical components such as; hosted data center services, subscription-based licensing for servers, databases, operating systems, and software required for critical systems and services, and enhanced cybersecurity services for the protection of the City’s employees, data, and infrastructure. The renewal agreement was expanded in February 2020 to include some Microsoft licensing and services for all Public Safety personnel.

The current Microsoft Enterprise Agreement will expire on February 28, 2023. The new agreement will continue the same high level of licensing and services for 835 City employees, and will extend important licensing upgrades, software access, and cybersecurity protections to an additional 800 City staff and 1265 Public Safety staff that were previously using more limited versions of Microsoft services.

The Purchasing Department released a formal Request for Bids, and bids were obtained from five authorized resellers. After evaluating the bids, the lowest qualified response was from Dell Marketing L.P., a multi-national company headquartered in Round Rock, TX.

Five vendors responded with the following annual pricing quotes:

Vendor	Bid Amount	M/WBE	Location
Dell Marketing L.P.	\$803,074.89	No	Round Rock, TX
Zones, LLC	\$806,896.21	Yes	Auburn, WA
Software ONE Inc.	\$811,989.00	No	Milwaukee, WI
Insight Public Sector Inc.	\$815,942.65	No	Tempe, AZ
SHI International Corp.	\$823,992.81	Yes	Somerset, NJ

It is recommended that the City enter into a new Enterprise Agreement with Microsoft, Inc. The agreement will be administered through Dell Marketing L.P. for three years to include software subscription licenses, network access licenses, and software licenses for specialty applications, databases, and servers. The agreement allows the City to adjust subscription quantities up or down annually based upon current business needs. The total three-year contract amount will be \$2,409,224.67, with a first-year payment of \$803,074.89. Second and third-year payments may be different based on changes in the use of the software or number of employees. Funding for the first year of the agreement was allocated in the approved FY 22-23 operating budget.

M/WBE comment: This project was advertised on the City, State, and HUB websites with 57 businesses notified directly of this opportunity. Notifications were also sent to all local M/WBE and regional HUB businesses.

Exhibit A includes a complete list of businesses that were notified of the bidding opportunity, and the recommended vendor’s Workplace Demographics form.