TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: ADMINISTRATIVE SERVICES

DATE: JUNE 23, 2008 CMR: 251:08

SUBJECT: APPROVAL OF RENEWAL OF CONTRACT WITH DELL USA LP IN THE AMOUNT NOT TO EXCEED $210,550 FOR ONE YEAR WITH THE OPTION TO EXTEND FOR TWO ADDITIONAL ONE-YEAR TERMS FOR THE MICROSOFT ENTERPRISE AGREEMENT

RECOMMENDATION
Staff recommends that Council approve and authorize the City Manager or his designee to execute the attached contract with Dell USA LP in an amount not to exceed $210,550 for one year with the option to extend for two additional one-year terms for the Microsoft Enterprise Agreement (MSEA).

BACKGROUND
The City of Palo Alto entered into an agreement with Dell USA LP for the licensing of Microsoft products in 2005.

In alignment with the Information Technology Strategic Plan, IT established a MSEA, fulfilling two of the plan’s goals: 1) standardize City operating systems; and 2) standardize office automation application and complete migration to Microsoft Office.

The County of Riverside issued a competitive RFP on behalf of the California County Information Services Directors Association (CCISDA) for purchases under a MSEA. After the RFP process, Dell USA was awarded the contract. The MSEA allows all cities, counties, and state agencies to participate and purchase Microsoft products at significant cost savings.

DISCUSSION
The MSEA is a one-year contract, with the option to extend for two additional one-year terms. The City will pay a set price per computer per year for all qualified computers in the City and will be eligible to run the latest versions of the following products:

- Microsoft Office Professional (including: Word, Excel, PowerPoint, Outlook, Publisher, and Access)
- Microsoft BackOffice client access license (A license necessary for each device including a workstation, terminal, and mobile device to access the Windows server network environment for services such as e-mail and file storage.
- Microsoft Windows 32-bit operating system (e.g., Windows XP)

Benefits of the MSEA include:
- Standardization of operating system and office automation applications
- Simplified license and compliance tracking
- Flexibility to upgrade to newer versions of Microsoft products
- Streamlined ordering process
- Simplified budgetary planning

Selection Process
The City of Palo Alto is piggybacking on the current MSEA provided by Dell USA and the California County Information Services Directors Association (Riverside County Contract #OIE62044), and this process is sanctioned under Palo Alto Municipal Code Section 2.30.360(j), by doing this, the City of Palo Alto did not go out to bid. Accordingly a sole source justification exists for this contract award.

RESOURCE IMPACT
Funds for this contract are included in the Fiscal Year 2008/09 budget under Application Maintenance, Capital Improvement Project (CIP).

POLICY IMPLICATIONS
This recommendation does not represent a change to existing City policies.

ENVIRONMENTAL REVIEW
These services do not constitute a project under the California Environmental Quality Act (CEQA).

ATTACHMENTS
Attachment A: Contract