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Title: CONSIDERATION OF APPROVAL OF CONTRACT SERVICES AGREEMENT WITH SHI INTERNATIONAL, CORP. FOR WINDOWS SERVER LICENSING, OFFICE365 & MIMICAST SERVICES FOR THE CITY OF CARSON (CITY COUNCIL)

Sponsors:

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Attachments: 1. County of Riverside LSP PSA-0001528 [10 22 19].pdf, 2. Contract Services Agreement with SHI International, Corp, 3. O365 Exchange Migration_SOW_v1-1.pdf, 4. RFQ RIVCO-2020-RFQ-0000048 Microsoft Enterprise Agreement.pdf

Date	Ver.	Action By	Action	Result
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Report to Mayor and City Council

Tuesday, March 02, 2021

Consent

SUBJECT:

CONSIDERATION OF APPROVAL OF CONTRACT SERVICES AGREEMENT WITH SHI INTERNATIONAL, CORP. FOR WINDOWS SERVER LICENSING, OFFICE365 & MIMICAST SERVICES FOR THE CITY OF CARSON (CITY COUNCIL)

I. SUMMARY

The City will need to upgrade and re-license its Microsoft software in order to continue to use it. Microsoft’s latest software is more compatible with the City’s latest business critical applications and hardware, ensures the latest antivirus patches, and will increase staff productivity. The Mimecast subscription will provide the City with email security, continuity, archiving cloud services, legal discovery, and business continuance (Disaster Recovery) in the event of a City-wide disaster.

The contract term will be for 3 years for a total not to exceed amount of \$437,213.00, with the Mimecast portion comprising over \$138,000 of the contract sum.

Competitive bidding was not required under the City’s Municipal Code as City was able to utilize the competitive bidding excepts under Sections 2611(e) and 2611(g) for sole

sourcing and cooperative purchasing, respectively.

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE the bidding requirements of the Carson Municipal Code (CMC) pursuant to Carson Municipal Code Sections 2611(g) (cooperative purchasing program) and 2611 (e) (sole source purchasing);
2. APPROVE Contract Services Agreement with SHI International, Corp. for a total not to exceed amount of \$437,213.00; and
3. AUTHORIZE the Mayor to execute the Contract Services Agreement with SHI International, Corp. following approval as to form by the City Attorney.

III. ALTERNATIVES

TAKE another action deemed appropriate by the City Council as allowed by law.

IV. BACKGROUND

Microsoft software has been utilized at the City of Carson (“City”) since the 1980s and has been a key component in helping the City increase productivity, stay competitive, organize, and communicate quicker with the public. The City uses Microsoft software in various areas of its City business that includes user productivity, email, and on-premise servers, as follows:

Microsoft Office 2010 (Excel, Word, PowerPoint) is productivity software used by every staff member for writing documents (word processing), number crunching (spreadsheet), and for presentations (PowerPoint).

Microsoft Exchange 2010 The City’s email server. The City currently has an on-premise Microsoft Exchange 2010 environment. The City’s current Exchange environment is hosted on a virtual server and accommodates approximately 620 mailboxes with a single public folder database. City employees access their email from Windows 7 and Windows 10 workstations, using Microsoft Outlook 2010. Many users also access their email using smartphones and iPads. Access to email via a web browser is also provided using Microsoft Office Outlook Web Access (OWA).

Windows Server 2008 is an operating system utilized on 20 of 46 City servers.

The above listed Microsoft software is over 10 years old, and it no longer receives vendor patching, is incompatible with business-critical City applications (Granicus, Docusign, etc.) and its licensing has just expired. The City will need to upgrade and re-license its Microsoft software to continue to use it. Microsoft’s latest software is more compatible with the City’s latest business critical applications and hardware, ensures the latest antivirus patches, and will increase staff productivity.

City has identified the following goals and objectives in connection with the Services:

Microsoft Exchange

- Migrate 620 user mailboxes from on-premises Exchange 2010 to Office 365 Exchange Online
- Replace on-premise Exchange 2010 server with Exchange Server 2016
- Replace antiquated archiving software Arcmail with Mimecast
- Replace email filtering software Sendio with Mimecast

Microsoft Office365

- Select Office Enterprise package (Excel, Word, PowerPoint, OneNote, Messaging, IM, Outlook) for all staff
- Migrate 320 FTE users to on-premise version of MS Office (Heavy users)
- Migrate 300 Part time users to cloud version of MS Office (less costly)

Windows Server

- Add 4 Windows 2019 Standard DataCenter Operating Systems to virtual server environment (Vmware)
- Add 620 Server User Client Access Licenses (CALs) for user access

The Mimecast subscription will provide the City with email security, continuity, archiving cloud services, legal discovery, and business continuance (Disaster Recovery) in the event of a City-wide disaster.

The contract term will be for 3 years for a total not to exceed amount of \$437,213.00, with the Mimecast portion comprising over \$138,000 of the contract sum.

Procurement

By utilizing a pre-established governmental cooperative agreement with the County of Riverside (referred to as RIVCO-20800-001-11/19), the City was able to receive a tremendous discounted price on all software and cloud services.

Section 2611(g) of the City's Municipal Code ("CMC") allows City, through its Purchasing Manager, to dispense with competitive bidding processes to purchase materials, supplies, equipment, or services by utilizing a cooperative purchasing program engaged in by any local, county, State, or Federal public entity or entities, provided that: (1) the selected bidder was selected in compliance with the competitive bidding or proposal process requirements of any participating entity or association; (2) the Purchasing Manager determines that the competitive bidding or proposal process utilized is at least the same as that contained in the City's Purchasing Ordinance ("Purchasing Ordinance"); and (3) the Purchasing Manager determines that, as a result of cooperative purchasing, the price of

the materials, supplies, equipment, or services is likely to be lower than it would be if purchased directly by the City pursuant to the Purchasing Ordinance.

The County of Riverside ("County") is part of a cooperative purchasing program through which it entered into a contract with SHI International, Corp. ("SHI") referred to as RIVCO-20800-001-11/19 after engaging in a competitive bidding process, whereby it now receives cloud-based Microsoft Office 360 subscriptions at a greatly discounted price. The City's Purchasing Manager has determined that the competitive bidding or proposal process utilized by the County is at least the same as that contained in the City's Purchasing Ordinance, and has further determined that the pricing obtained by the County for cloud-based Microsoft Office 360 subscriptions is likely to be lower than it would be if purchased directly by the City pursuant to the Purchasing Ordinance (see attached County RFP and bid evaluations). Accordingly, the City is permitted to utilize and benefit from the competitive process engaged in by the County but only to the extent of the scope covered by RIVCO-20800-001-11/19.

The County's contract did not cover Mimecast subscriptions, which means the City may not utilize the cooperative purchasing bidding exception for this subscription. However, the City is able to utilize the sole source bidding exception for procurement of Mimecast.

Section 2611(e) of the CMC allows City to dispense with competitive bidding processes by use of the sole source exemption if the City Manager finds that the materials, supplies, equipment, or services are unique because of their quality, durability, availability, or fitness for a particular use and are available only from one (1) source, or, if available from more than one (1) source, can be purchased from the manufacturer or service provider for a lower price. While the Mimecast subscriptions were not made part of the County's cooperative purchasing program, because it is critical that the Microsoft Office 360 and Mimecast subscriptions be integrated and provided by the same vendor, City's procurement of the Microsoft Office 360 subscriptions from SHI by way of the County's cooperative purchasing program necessitates that City procure the Mimecast subscriptions from SHI as well, thereby satisfying the requirement under Section 2611(e) that the subscription can only be obtained from one source.

Additionally, staff has confirmed that the cost of the Mimecast subscription is very competitive allowing the City to benefit from a significant discount for this as well.

V. FISCAL IMPACT

The cost associated with the contract with SHI is not to exceed the amount of \$437,213.00. The annual cost is \$134,092.84 the first year, \$132,895.24 the second year, and \$132,895.24 the third year. The Information Technology division has budget appropriation in the adopted 2020-2021 fiscal year to cover the first year in the amount \$134,092.84. Staff would include the annual cost of the contract for the second year (\$132,895.24) in the proposed 2021-2022 fiscal year budget and similarly will include costs for the third year in the following year's budget.

VI. EXHIBITS

1. RIVCO-20800-001-11/19
2. Contract Services Agreement with SHI International, Corp.
3. County of Riverside RFP and bid evaluations
4. RFQ RIVCO-2020-RFQ-0000048 Microsoft Enterprise Agreement.doc

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