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**Title:** CONSIDERATION OF APPROVAL OF AMENDMENT NO. 3 TO CONTRACT SERVICES AGREEMENT WITH SHI INTERNATIONAL, CORP. FOR MICROSOFT365 & MIMECAST SUBSCRIPTION SERVICES FOR THE CITY OF CARSON (CITY COUNCIL)

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**Attachments:** 1. SHI Quote, 2. SHI Contract Amendment No. 3

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

Tuesday, November 21, 2023

Consent

**SUBJECT:**

**CONSIDERATION OF APPROVAL OF AMENDMENT NO. 3 TO CONTRACT SERVICES AGREEMENT WITH SHI INTERNATIONAL, CORP. FOR MICROSOFT365 & MIMECAST SUBSCRIPTION SERVICES FOR THE CITY OF CARSON (CITY COUNCIL)**

**I. SUMMARY**

To support the city’s impending Tyler Munis upgrade and its latest security model, all current and future planned staff will need a city email address, spam filter (Mimecast), and productivity software (Microsoft365) to perform their work. Departments have estimated the increased staff count to be close to 300 for FY 2023/24 (including summer workers).

City Council approved Amendment No. 2 on March 7, 2023 for the purpose of adding 300 licenses for both Microsoft365 and Mimecast users at a cost of \$46,688.74, bringing the increased contract sum to \$530,528.31, and to adjust the Agreement term to reflect an expiration date for Mimecast subscription of July 6, 2024 while the expiration for Microsoft subscription remained unchanged at July 31, 2024.

Staff is now seeking City Council approval of Amendment No. 3 for the purpose of adjusting the cost and license periods for the 300 Microsoft licenses denoted F and W, reducing the collective cost of such licenses by an amount of \$4,932.00, and adding 300

Mimecast licenses denoted G, H and I at an additional cost of \$14,535.00 (for a total increase of \$9,603.00), thereby bringing the adjusted Contract Sum to \$540,131.31.

## **II. RECOMMENDATION**

TAKE the following actions:

1. APPROVE Amendment No. 3 to Contract Services Agreement with SHI International, Corp.; and
2. AUTHORIZE the Mayor to execute Amendment No. 3 to 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**

On March 2, 2021, the City Council approved a cooperative agreement contract with SHI International Corp. for the licensing of the City's Microsoft productivity software, Office365 which includes Excel, Word, PowerPoint, and Outlook software as well as a cloud services email platform, Exchange. The agreement also provides for an advanced e-mail security subscription service provided by MIMECAST which provides archiving, legal discovery, and national fail over capabilities (DR) in the event of a city-wide disaster.

The agreement provides for the following:

### **Microsoft Exchange**

- Migrate 620 user mailboxes from on-premises Exchange 2010 to Microsoft365 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

### **Microsoft365**

- Select Office Enterprise package (Excel, Word, PowerPoint, OneNote, Messaging, IM, Outlook) for all staff
- Migrate 320 FTE users to on-premise version of Microsoft365 (Heavy users)
- Migrate 300 Part time users to cloud version of Microsoft365 (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

## **MIMECAST**

- Provide email security, archiving cloud services, legal discovery, and business continuance (Disaster Recovery) services for 620 user accounts.

Contract term is for 3 years and sum was 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 exceptions under Sections 2611(e) and 2611(g) for sole sourcing and cooperative purchasing, respectively.

On or about August 9, 2021, under City's Contract Officer authority pursuant to Section 1.8 of the Agreement, the contract sum was increased by \$18,118.94 for extra licenses and additional Mimecast features made available to City, increasing the contract sum to \$455,331.94.

Several months after City and SHI entered into the contract, SHI noticed there was an error in the Agreement in that the \$20,229.68 cost stated in the Agreement for the Microsoft server and client access licenses for 3 years in fact reflects the cost of only 1 year of Microsoft server and client access licenses, and that SHI inadvertently included such error in its proposal. The parties rectified this error by amending the Agreement (Amendment 1) to increase the license fee by an additional \$23,804.24 to cover the cost of the Microsoft server and client access licenses from October 1, 2021 through January 31, 2024, a period of 2 years and 4 months, for an increased contract sum of \$479,136.18. The additional \$23,804.24 reflects a discounted price offered by SHI.

On April 5, 2022, the City approved Amendment 6 to the City's Enterprise Resource Planning (ERP) system, Tyler Munis, to add additional functional areas (Permits, Business Licensing, Code Enforcement, Online Payment, Citizen Self Services) and ensure this business critical app is highly available by running it off premises in case a city emergency disrupts its services at the City Hall. Because Tyler Munis will be available from outside City walls (the Cloud), more stringent security measures need to be taken to ensure only authorized staff can access protected City data. To do this, a strong authentication measure needs to be used such as Multi-Factor Authentication (MFA) which will require all staff members to have a City email account. The City has an additional 300 part-time, seasonal, and internship staff that will need this access.

On June 24, 2022, under City's Contract Officer authority pursuant to Section 1.8 of the Agreement, the contract sum was increased by \$4,703.39 for extra work consisting of additional Microsoft features made available to City, thereby increasing the contract sum from \$479,136.18 to \$483,839.57.

City Council approved Amendment No. 2 to again amend the Agreement for the purpose of adding 300 licenses for both Microsoft365 and Mimecast uses at a cost of \$46,688.74, bringing the increased contract sum to \$530,528.31. The Agreement term was adjusted to

reflect an expiration date for Mimecast subscription of July 6, 2024 while expiration for the Microsoft subscription remained unchanged at July 31, 2024. This adjustment was made necessary by the slightly differing start dates of services that were made available to City by SHI shortly following commencement of the original Agreement.

Staff is now seeking City Council approval of Amendment No. 3 for the purpose of adjusting the cost and license periods for the 300 Microsoft licenses denoted F and W, reducing the collective cost of such licenses by an amount of \$4,932.00, and adding 300 Mimecast licenses denoted G, H and I at an additional cost of \$14,535.00 (for a total increase of \$9,603.00), thereby bringing the adjusted Contract Sum to \$540,131.31.

The additional licenses for the amount of \$46,688.74 approved by City Council through Amendment No, 2 were never procured by City staff. Therefore, although the new Contract Sum approved by City Council through this Amendment No. 3 will be \$540,131.31, the City's actual expenditure under the Agreement, as amended, will be an amount that is \$46,688.74 less than the new Contract Sum.

## **V. FISCAL IMPACT**

The cost increase associated with the contract with SHI is \$9,603.00 which is not to exceed the contract sum amount of \$540,131.31. Funds have been budgeted for this year in FY 2023/24 in - General Fund -Information Technology Operations (101-54-520-101-6004.) There is no unexpected fiscal impact.

## **VI. EXHIBITS**

1. SHI Quote.
  
2. SHI Contract Amendment No. 3.

1.

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