



# CITY OF COSTA MESA

77 Fair Drive  
Costa Mesa, CA 92626

## Agenda Report

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**File #:** 23-1181

**Meeting Date:** 5/2/2023

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**TITLE:**

**MICROSOFT ® ENTERPRISE AGREEMENT LICENSING COMPLIANCE**

**DEPARTMENT:** INFORMATION TECHNOLOGY (I.T.) DEPARTMENT

**PRESENTED BY:** STEVE ELY, DIRECTOR

**CONTACT INFORMATION:** STEVE ELY, DIRECTOR, (714) 754-4891

**RECOMMENDATION:**

Staff recommends the City Council approve the true-up of the Microsoft ® Enterprise Agreement with SoftwareONE in the amount of \$279,050.60.

**BACKGROUND:**

As part of its information technology practices, the City upgrades and deploys core City software in a timeframe that keeps City software versions at, or near, current commercial release versions. This practice helps to ensure that critical City software is current with security-related improvements and product enhancements.

In August 2012, the City entered into the initial three-year Enterprise Agreement with Microsoft ® through CompuCom. In August 2015, the City renewed the agreement for an additional three years, which expired on August 1, 2018. In August 2018, the City renewed the agreement for another three-year term, which expired on August 31, 2021. SoftwareONE acquired the CompuCom agreement in 2015.

On July 20, 2021, the City Council approved a three-year renewal of the Enterprise Agreement with Microsoft ® through SoftwareONE, Agreement Number: 8084445, Enrollment Number: 60026000 (Attachment Number 1) in the amount of not-to-exceed \$289,729.80, payable in three annual payments of \$96,576.60. The term of the agreement is from September 1, 2021, to August 31, 2024.

During the life of the agreement, the City has saved money through volume purchasing, and greatly simplifying licensing management and compliance. Software pricing is obtained through the County of Riverside Master Microsoft ® Enterprise Agreement Number 8084445, Select Plus Agreement Number 7756479, Microsoft ® Premier, Unified, and MCS Support Services (Licensing Solution Provider Agreement Number PSA-0001530).

**ANALYSIS:**

Microsoft ® Enterprise Agreement is a volume perpetual licensing program that enables organizations with 250+ users the flexibility to purchase cloud services, software licenses, and updates under one agreement at a lower price than when purchased separately. The City currently has an agreement through SoftwareONE for the following products:

- CoreCAL - Client Access Licenses
- Exchange Server Enterprise
- Office Professional Plus
- Microsoft ® Project
- SQL Server Standard Core
- Visio Professional
- Visual Studio Professional with MSDN
- Windows Server Datacenter Core 2-Processor
- Windows Server Standard Core 2-Processor

The agreement states the City is required to submit an annual true-up to account for new additions in its software usage since the anniversary date of the City's enrollment in the agreement. If there are no changes, an update statement must be submitted. This submittal is due 30 - 60 days prior to the City's Enrollment Anniversary.

The true-up option is designed for customers with a significant number of licenses and a growing user base to seamlessly accommodate new users without the need to initiate individual transactions for each request.

A software asset management review (SAM) conducted in August 2022, determined the City has increased software usage. The Department worked with SoftwareONE to complete the review. With the addition of new employees and servers into the environment, the Department needs to align the Enterprise Agreement with the total number of licenses that the Department had added previously. This true-up process was conducted by an inventory of all the qualified devices, users, and processors additions:

- 455 Core CAL ALng LSA UCAL
- 40 Exchange Ent CAL ALng LSA User CAL with Services
- 195 Office Professional Plus ALng LSA
- 118 Win Server DC Core ALng LSA 2L
- 29 Win Server Standard Core ALng LSA 2L

On March 23, 2023, the vendor submitted quote number 45008 (Attachment Number 2) in the amount of \$279,050.60. This amount paid will bring the City into compliance with the terms of the Enterprise Agreement.

**ALTERNATIVES:**

If the City does not true-up to match the current license usage, the City would be out of compliance of the Microsoft ® Enterprise Agreement.

**FISCAL REVIEW:**

The \$279,050.60 true-up is a one-time cost included in the Information Technology Department's Fiscal Year 2022-23 Adopted Budget.

**LEGAL REVIEW:**

The City Attorney's Office has reviewed the documents and approved them as to form.

**CITY COUNCIL GOALS AND PRIORITIES:**

This item supports the following City Council's goal:

- Maintain and Enhance the City's Infrastructure, Facilities, and Equipment

**CONCLUSION:**

Staff recommends the City Council approve the true-up of the Microsoft ® Enterprise Agreement with SoftwareONE in the amount of \$279,050.60.