

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	14167	Agenda Number	29.
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Meeting Date:	April 26, 2012
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Department:	Purchasing
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Subject

Authorize Amendment No. 6 to a contract with SUMMUS INDUSTRIES, INC., (MBE/MB) for a Microsoft Enterprise License Agreement to add \$203,079 for a Department of Information Resources (DIR) contract increase, \$506,840 for additional requested Microsoft products for the current fiscal year, and \$2,557,979 in contingency spending authority for annual license true up for the remaining four years of the contract period, for a total amendment amount not to exceed \$3,267,898, for a total contract amount not to exceed \$18,865,334.

Amount and Source of Funding

Funding in the amount of \$263,556 is available in the Fiscal Year 2011-2012 Operating Budgets of various departments. Funding in the amount of \$205,649 is available in the Fiscal Year 2011-2012 Capital Budgets of various departments. Funding in the amount of \$37,635 is available from Grant funds. Funding for the annual contract cost increase and contingency will be dependent upon availability in budgets throughout the remaining contract period.

Fiscal Note

Fiscal notes are attached.

Purchasing Language:	Contract Amendment.
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Prior Council Action:	8/25/2011 – Approved Amendment No.5, 06/23/2011 – Approved Amendment No. 4, 04/07/2011 – Approved Amendment No. 2, 9/23/2010 – Approved 60-month contract
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For More Information:	Kenneth Ming, Contract Compliance Manager/974-6557
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Boards and Commission Action:	Recommended by the Electric Utility Commission.
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Related Items:	
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MBE / WBE:	This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting
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opportunities were identified; therefore, no goals were established for this solicitation.

Additional Backup Information

The initial Microsoft enterprise license agreement which was approved in September, 2010 included the basic software needed to run the business of the City and any subsequent upgrades. Five subsequent amendments have been issued to add additional spending authority and other Microsoft products to the ELA.

The amount of the initial contract was based on the number of computers that were determined to have accessed the network during a 60-day period in September, 2010. The contract allowed for additional licenses to be added as required, with the additional costs to be billed upon an annual "true up" at the end of each contract year. The initial contract amount included 2% for contingency to cover license true up. True up is the industry standard process for reconciling the number of licenses billed at the beginning of the year with the number of additional licenses utilized throughout the year.

The cost for the first year true up exceeded the 2% contingency of \$58,153 (if annualized). Based on the first year experience, the initially approved 2% contingency will be insufficient for the subsequent years of the contract. Therefore, additional spending authority is now being requested for true up expenses for the remaining contract period. This RCA requests an increase in the contingency from 2% to 22.5% of the remaining contract amount for 2012 through 2015 to add sufficient spending authority to cover the estimated "true up" for any and all Microsoft products added during subsequent years of the contract.

This request also includes a price increase of 2.27% beginning in February, 2012 due to an increase in the DIR pricing for Microsoft products. The price increase will apply to annual payments as well as end of year "true-up". The contract includes client access licenses for City computers as well as all Microsoft products that were not included in the cost estimate for the initial contract such as Microsoft Project and Microsoft Visio.

This amendment also includes a request for contract spending authority in the amount of \$506,840 for citywide budgeted Microsoft requests already identified for 2012 through the end of the first quarter of FY 2012. Some of the larger requests include: \$98,726 for requirements of the Digital Vehicular Video Project, \$37,635 for the Austin Regional Intelligence Center and \$54,112 for core client access licenses for replacement MDCs for Public Safety departments. It also includes \$7006 for Win Standard Server for Austin Water, \$13,607 for Microsoft TechNetPlus subscriptions and Datacenter server conversions for ABIA and \$295,754 for Microsoft Project Professional, Visio Pro, Visio Premium, SQL Server Standard and additional client access licenses for computers.

The additional contingency has been requested to cover estimated Microsoft product purchases for the remaining contract period. Any future large Microsoft product requests which may be required for a specific project and which meet the threshold requiring Council authority will be requested via separate a RCA.

Contract Summary		
Contract History	Description	Amount
Original Contract	60-month contract for Microsoft enterprise license agreement	\$14,538,229
Amendment No. 1	Administrative amendment to add training classes	\$ 28,000
Amendment No. 2	Purchase of additional licenses	\$ 410,328

Amendment No. 3	Administrative amendment to add licenses	\$ 27,674
Amendment No. 4	Purchase of additional licenses	\$ 157,355
Amendment No.5	Purchase of additional licenses	\$ 435,850
Proposed Amendment No. 6	Additional contingency for Microsoft CAL “true-up”, identified 2012 requirements, and increase in all costs due to 2.27% increase in DIR pricing.	\$ 3,267,898
	Total revised contract amount	\$18,865,334