

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

38261

Agenda Number

86.

Meeting Date:

December 11, 2014

Department:

Purchasing

Subject

Authorize award and execution of Amendment No. 1 to a 24-month requirements contract through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES cooperative purchasing program with SHI, for a citywide Microsoft Enterprise License Agreement and software assurance to increase the current contract amount in an amount not to exceed \$2,500,000 for a revised total contract amount not to exceed \$9,808,943.

Amount and Source of Funding

Funding is available in the Fiscal Year 2014-2015 Operating Budgets of various City departments.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing
Language:

Contract Amendment

Prior Council
Action:

December 12, 2013 – Approved original contract award, item # 48.

For More
Information:

Shawn Willett, Corp. Contract Compliance Manager, 512-974-2274

Boards and
Commission
Action:

MBE / WBE:

This contract will be awarded in compliance with City Code Chapter 2-9C (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this contract.

Related Items:



Additional Backup Information

The initial contract for the Citywide Microsoft Enterprise License Agreement (MSELA), was approved and awarded to Dell in September 2010 for 60 months. This contract was cancelled after only 36 months in 2013 due to the discontinuation of Dell's contract with the State of Texas Department of Information Resources (DIR) cooperative purchasing program for this service. To prevent disruption to City services, a new contract was approved in December 2013 with SHI through the Texas DIR to provide the products and services for the remaining two years of the initial contract award.

The MSELA is based on two pieces; the annual payment and an annual true-up for that year's purchases. The annual payment is based on the count of Microsoft products on desktops, servers, laptops; from when the contract began in FY2011. It was amortized over five years based on a set count of desktop licenses.

The annual true-up includes anything purchased in the previous year, including Office Project Professional, server licenses, new MS development tools, Office Visio, Office for MAC, etc. Increases in Microsoft licenses are captured through the annual PC and laptop count. All other purchases are captured using CTM's purchase requisitioning system, Magic.

The annual payment is a set amount for a static number of licenses, thus it is easy to budget and project for contractual spending authority for these costs. The true-up is less predictable and more difficult to project each year. The true-up changes every year are based on technology project needs, increases in desktops/FTEs or new services.

When the current contract with SHI was awarded, the funding for annual true-ups was estimated at 20% of the 24-month annual payment amount. Unfortunately, that contingency was not adequate to fund the three annual true-ups for FY 2013 through FY 2015 needed through this contract.

This request is to approve an increase to the contract authority to allow for these true-up payments.

CONTRACT SUMMARY:

Description	Action	Amount
Original Contract Awarded December 2013	Original 24 month contract Awarded including annual payments for 2 years and a 20% contingency for true-ups	\$7,308,943
Proposed Amendment	Increase contract to allow for the payment of true-up charges for FY14-FY15	\$2,500,000