



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/21/2022

ITEM NO: 5

DATE: June 2, 2022
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Execute a Three-Year Agreement with Microsoft to Purchase Software Licensing Through Dell Technologies in an Amount Not to Exceed \$250,000.

RECOMMENDATION:

Authorize the Town Manager to execute a three-year agreement with Microsoft to purchase software licensing through Dell Technologies in an amount not to exceed \$250,000.

BACKGROUND:

In June 2019, the Town executed a three-year Microsoft software licensing agreement which expires on June 30, 2022. A new agreement is required for the Town's continued use of Microsoft products and secures pricing for the next three years. Payments are made annually after a license true-up assessment is made each year.

DISCUSSION:

The Microsoft software licensing agreement covers licensing for server operating systems, server management, server applications, Office 365 services, and security software on both staff accounts and in the cloud.

In accordance with the Town Purchasing Policy Section XVII regarding Cooperative Purchasing Agreements, the prices for Microsoft software license renewals are negotiated by the County of Riverside and sold by volume licensing partner Dell Technologies. Most California agencies,

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IT Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

DISCUSSION (continued):

from large ones such as the Department of Motor Vehicles to small cities and special districts, use this cooperative purchasing arrangement to obtain the best prices.

The Town's current Microsoft software licensing agreement is valid through June 30, 2022. The new agreement is a means of securing pricing for the next three years through June 30, 2025. The annual payments may fluctuate from year to year since our license count may change over the course of a given year. The annual license true-up assessment will help determine the annual payment for the given year. Our anticipated annual payment for the first year will be \$78,017.33. Dell Technologies is the vendor the Town would purchase the license through, and the agreement is with Microsoft.

An interruption in Microsoft licensing software would halt the daily computer operations of Town staff.

CONCLUSION:

Staff recommends that the Town Manager execute the new three-year Microsoft software licensing agreement through Dell Technologies in an amount not to exceed \$250,000.

COORDINATION:

The Finance Department, IT, Town Attorney, and Town Manager's Office coordinated this report.

FISCAL IMPACT:

The fiscal impact is \$78,017.33 and the first year's payment is included in the Fiscal Year (FY) 2022/23 budget. The FY 2022/23 Operating Budget anticipated the annual fees of Microsoft software licensing in the Town's Information Technology Budget Operating Expenditures line. Annual payments for years two and three have been sufficiently forecasted in the IT budget.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Microsoft Volume Licensing Agreement
2. Dell Technologies Estimated Quote