



STAFF REPORT

Meeting Type: Operations Committee/Board of Directors
Title: Microsoft Enterprise Agreement
From: Bret Uppendahl, Finance Director
Through: Ben Horenstein, General Manager
Meeting Date: May 17, 2024

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TYPE OF ACTION: Action Information X Review and Refer

RECOMMENDATION: Receive an update on Microsoft 365 services and refer to a future regularly scheduled Board meeting for contract award for a three year enterprise agreement

SUMMARY: This Staff Report outlines the proposed Enterprise Agreement between the Marin Municipal Water District and Microsoft for the utilization of Microsoft's M365 services. The proposed agreement is structured as a three-year commitment with annual payments due on the anniversary date of the agreement each year. The M365 services will be delivered through Microsoft's Commercial Azure public cloud, specifically under the Enterprise Level 3 subscription (E3) and will include license entitlements for up to a total of 250 users. Additionally, the agreement includes subscriptions to the Microsoft Teams collaboration tools, the Microsoft Defender cybersecurity platform and server operating system licensing to support data center operations.

DISCUSSION: The proposed Enterprise Agreement with Microsoft marks a significant step forward in modernizing the District's IT infrastructure. The benefits of transitioning to M365 cloud services include reduced reliance on 'on-premise' hardware, the ability to access files from any location through the cloud, seamless integration between business applications and email, increased security, and the ability to scale up or down based on future needs.

The District is able to "piggyback" on an Enterprise Agreement originally adopted by Riverside County which is leveraged by most public agencies in California due to the favorable terms. The subscription includes M365 cloud services provided through Microsoft's Commercial Azure public cloud platform and is categorized under the Enterprise Level 3 (E3) subscription, tailored for 250 users. The E3 subscription includes the Microsoft Office Suite, hosted exchange for email and calendaring, cloud storage solutions through OneDrive for Business, internal collaboration solutions through Teams and SharePoint Online and a comprehensive suite of mobility and security solutions.

The annual cost of the agreement is subject to potential increases due to a "true-up" process, which accounts for increased usage or the addition of services not included in the initial agreement. This flexibility ensures that the District can adapt to changing needs and scale services accordingly. As outlined below, the current estimate for a total 3 year contract cost is \$434,351, which includes an estimated 20% 'true-up' in years two and three of the contract.

Table 1
Payment Estimates

Agreement Year	Summary	Annual Payment
2024-2025	Windows Server OS, SQL Server, Visual Studio, M365 E3 (250 users), Teams Enterprise, Defender	\$119,328
2025-2026	20% True-Up	\$143,193 (Projected)
2026-2027	20% True-Up	\$171,831 (Projected)

The District's IT Department is actively planning and projecting a complete migration to the M365 cloud services by the end of the current calendar year. This transition is expected to streamline District operations, reduce dependency on outdated software, and provide staff with modern tools to enhance productivity and collaboration.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: Transitioning to M365 services will ultimately allow the District to phase out many of its current legacy software solutions, reducing overall cost and complexity in terms of software maintenance and support. The total three year contract cost is estimated at \$434,351 but will ultimately depend on the District's utilization rate of Microsoft services. Funding for the annual contract is included in the IT Department Budget for FY 2024-25 and FY 2025-26.

ATTACHMENT(S):

1. Dell Customer Quotation – Microsoft Enterprise Agreement Master #8084445
2. Riverside County Microsoft Enterprise Agreement (Sample)