

City of Spring Lake Park Staff Report



Agenda Date	Status
July 20, 2026	Action
Requestor	Agenda Section
Buchholtz	New Business
Agenda Item:	
Authorization to Transition Server Virtualization Platform from VMware to Microsoft Hyper-V	
Executive Summary	
Staff is requesting City Council authorization to approve a one-time quotation from CIT in the amount of \$23,356 to transition the City's server environment away from VMware and onto Microsoft Hyper-V. In layman's terms, this project changes the software platform the City uses to run its internal servers. The City currently uses virtualization software, which allows several servers to operate on shared physical hardware rather than requiring a separate physical machine for each server function. This is a common and cost-effective way to manage municipal technology systems. The City has historically used VMware for this purpose. VMware previously offered a free version that met the City's needs. However, following Broadcom's acquisition of VMware, that free version is no longer available. CIT has advised that the new minimum licensing cost for VMware would exceed \$25,000 per year. By comparison, the proposed transition to Microsoft Hyper-V is a one-time cost of \$23,356, which is less than one year of VMware licensing moving forward.	
Background	
The City's computer network relies on several virtual servers to support City operations. These servers perform important functions such as file access, applications, network management, monitoring, and other internal technology needs. Rather than operating each server on its own separate piece of physical hardware, the City uses virtualization software. Virtualization allows several servers to run on shared physical equipment. This reduces hardware costs, simplifies management, and helps with backup and recovery.	

The City's current virtualization platform is VMware. Due to VMware licensing changes, continuing with VMware would create a significant new recurring annual software expense. CIT has recommended transitioning the City's virtual servers to Microsoft Hyper-V, which is Microsoft's virtualization platform and a practical replacement for VMware for the City's needs.

The work proposed by CIT includes verifying that the City's servers are properly backed up, using temporary CIT hardware to stage the transition, moving the City's virtual servers from VMware to Hyper-V, installing and configuring updated Microsoft server software, updating firmware and security software, and confirming that the City's servers, network connections, and backups are functioning properly after the migration. Some downtime will be required, and CIT will coordinate the work with staff to minimize disruption to City operations.

The Microsoft Server licensing included in the quotation is listed as a one-time cost, not an annual subscription. The quotation includes three Windows Server 2025 Standard 16-core license packs totaling \$3,528.

Board/Commission Review

N/A

Financial Impact

The total quotation from CIT is \$23,356, consisting of:

<u>Item</u>	<u>Cost</u>
CIT Services	\$19,328
Microsoft Licensing	\$ 3,528
CIT Loaner Hardware	<u>\$ 500</u>
Total	\$23,356

This is a one-time project cost. The cost is significantly less than the projected \$25,000-plus annual cost to continue licensing VMware.

From a financial standpoint, this is a practical cost-avoidance measure. Rather than paying more than \$25,000 each year to continue using VMware, the City can make a one-time transition to a supported Microsoft platform that better fits the City's size, budget, and operational needs.

Staff Recommendation

Staff recommends the City Council authorize the City Administrator to approve the CIT quotation in the amount of \$23,356 for the transition from VMware to Microsoft Hyper-V.

This approach avoids a significant new annual software licensing cost, keeps the City's server environment supported, and provides a more sustainable long-term technology solution for the City.

Attachments

1. CIT Quotation



Date: 6/4/2026

Prepared For:

City of Spring Lake Park
1301 81st Ave NE
Spring Lake Park, MN 55432
dbuchholtz@springlakeparkmn.gov
763-792-7219

Prepared By:

CIT
Colton Jesse
Account Manager
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(651) 255-5732
<https://www.citsolutions.net>

Executive Summary

The City of Spring Lake Park is currently virtualized on their physical hosts using VMWARE. This was the free version, since the Broadcom acquisition of VMWARE there is no longer a free version and new minimums for the licensing is over \$25k a year.

Due to this, CIT is providing professional services to move to HyperV by Microsoft and will also update the Microsoft OS during the migration. This will avoid annual costs for VMWARE.

Statement of Work

- Kickoff/Meeting Call

City Host

- Datto Backup Verification
 - Check and verify status of all backups
 - Verify all VMs running on ESXi host are properly backed up to Datto BDR appliance.
- Hyper-V Host Re-Configuration (Downtime Required)
 - Prepare CIT rental hardware for Hyper-V conversions and staging.
 - Perform V2V migrations of virtual server workload from customers ESXi host to CIT rental staging host.
 - Shutdown existing virtual machines.
 - Complete final Datto backups per VM.
 - Restore VMs from Datto BDR to Hyper-V server.
 - Create Hyper-V VM Objects with proper VM configurations.
 - Power on VMs and install Hyper-V tools and drivers.
 - Verify network configurations on VMs.
 - Verify VM connectivity and functionality.
 - *Note- The CIT engineer may utilize an alternative conversion method if deemed appropriate.
 - Reconfigure customer's ESXi host to Hyper-V
 - Shutdown ESXi host and boot into BIOS.
 - Install latest Service Packs and BIOS firmware.
 - Install Server 2025 to local boot media.
 - Configure Static IP and install latest windows updates.
 - Install security software but do NOT join to customer domain.
 - Install Hyper-V roles and features.
 - Configure RAID5 disk array with 1 hot spare for VM storage drive.
 - Configure guest VM networking.
 - Transfer converted virtual machines from CIT staging host to customers converted Hyper-V host
 - Shut down each VM
 - Export VM from staging host and import onto customers host.
 - Verify network configurations on VMs.
 - Power on VM. verify connectivity and functionality.
 - Verify Datto backups running correctly on Hyper-V system.

- Virtual Machine Migration List:
 - APP01
 - DC01
 - Auvik-VA
 - TG-CN01

PD Host

- Datto Backup Verification
 - Check and verify status of all backups
 - Verify all VMs running on ESXi host are properly backed up to Datto BDR appliance.
- Hyper-V Host Re-Configuration (Downtime Required)
 - Prepare CIT rental hardware for Hyper-V conversions and staging.
 - Perform V2V migrations of virtual server workload from customers ESXi host to CIT rental staging host.
 - Shutdown existing virtual machines.
 - Complete final Datto backups per VM.
 - Restore VMs from Datto BDR to Hyper-V server.
 - Create Hyper-V VM Objects with proper VM configurations.
 - Power on VMs and install Hyper-V tools and drivers.
 - Verify network configurations on VMs.
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 - Reconfigure customer's ESXi host to Hyper-V
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 - Configure RAID5 disk array with 1 hot spare for VM storage drive.
 - Configure guest VM networking.
 - Transfer converted virtual machines from CIT staging host to customers converted Hyper-V host
 - Shut down each VM
 - Export VM from staging host and import onto customers host.
 - Verify network configurations on VMs.
 - Power on VM. verify connectivity and functionality.
 - Verify Datto backups running correctly on Hyper-V system.
 - Virtual Machine Migration List:
 - SLPPDDC1
 - TG-CN03
 - Auvik
 - SLPPDFS1
 - SLPPDAPP
 - SLPPDSQL
 - TEST-W10

- Post project QA checklist

Project Management

- CIT will assign a dedicated resource to serve as the Project Manager ("Project Manager"). The Project Manager will be responsible for overseeing the project, coordinating CIT resources, and serving as the primary point of contact for the Customer. Responsibilities will include.
 - Managing project scope, including facilitating and documenting formal change requests.
 - Developing and maintaining the project schedule.
 - Leading regular status meetings with stakeholders, in accordance with the frequency agreed in the Project Plan.
 - Maintaining live project status updates within the Customer Portal, where the Customer may view reports at any time.
 - Performing additional project management activities as defined in this Statement of Work
 - Facilitate a formal project closure, which may include a Project Closure meeting.

CIT Change Orders

- CIT establishes change management procedures to initiate changes to the services identified in the SOW. A change typically occurs when either party encounters any of the following situations during service delivery:
 - Either party identifies new requirements not included in the original service's scope
 - Either party changes the direction and intent of this Service, which requires CIT to rework the services.
- Small Changes
 - Changes less than 20% of the original scope will be managed informally with email verification by the PM.
- Large Changes
 - Changes greater than 20% of the original scope will be managed with a formal approval process.



Proposal Summary

Prepared for:
City of Spring Lake Park
1301 81st Ave NE Spring Lake Park MN 55432

Ship to:
City of Spring Lake Park
1301 81st Ave NE
Spring Lake Park, MN 55432

One-time costs

Optional	Description	Qty	Unit Price	Price Including Tax
	CIT Services Fixed			\$19,328.00
	Microsoft Licensing			\$3,528.00
N	Windows Server 2025 Standard - 16 Core License Pack	3	\$1,176.00	\$3,528.00
	CIT Loaner Hardware			\$500.00
N	CIT Rental/Loaner Hardware	1	\$500.00	\$500.00

Subtotal: \$23,356.00
Tax: \$0.00
Total: \$23,356.00

Notes:

Please note: Items marked with "Y" (Yes) in the optional column are not included in the subtotal, tax, or total calculations.

Acceptance and Incorporation by Reference

This Proposal, together with the terms and conditions set forth in the Master Services Agreement, Service Attachments and all other agreements identified on Exhibit A (the agreements identified on Exhibit A are hereafter collectively referred to as the "Ancillary Agreements") is between Computer Integration Technologies, a Minnesota corporation (sometimes referred to as "we," "us," "our," or "Provider"), and the customer identified on the signature block at the end of this Proposal (sometimes referred to as "You," "Your," or "Client").

PRIORITY OF NEGOTIATED AGREEMENTS: Notwithstanding anything to the contrary herein, if Client and Provider have previously entered into a separately negotiated and mutually executed Master Services Agreement or a formal Amendment to the MSA ("Negotiated Agreement") with an effective date of 10/01/2025 or later, the terms of that Negotiated Agreement shall supersede any conflicting terms in the online Ancillary Agreements referenced on Exhibit A. If no such Negotiated Agreement exists, the following incorporation terms shall apply:

Client and Provider expressly agree that the terms and conditions set forth in the Ancillary Agreements are hereby incorporated into this Proposal by reference as if fully set forth herein, regardless of whether Client separately executed any of the Ancillary Agreements. Notwithstanding that certain provisions of the Ancillary Agreements may not facially appear applicable to every transaction or circumstance governed by this Proposal, each such provision shall be interpreted broadly and in context, and shall apply and control to the extent such provision can reasonably be construed to apply to the rights, obligations, or subject matter hereof.

This Proposal shall be effective and shall automatically become a legally binding agreement as of the first date upon which both Provider and Client have signed below (the "Effective Date"). Provider and Client are sometimes referred to separately as a "Party", or collectively as the "Parties." Any capitalized terms in this Proposal not defined herein shall have the meaning provided in any Ancillary Agreement(s) defining such capitalized term. If there is a direct conflict between this Proposal and any term or condition set forth in any of the Ancillary Agreements, the conflicting term or condition in this Proposal shall control. By signing or accepting this Proposal, Client acknowledges, represents, and warrants to Provider that Client has read and agrees to all terms and conditions set forth in the Ancillary Agreements on the Effective Date. The Parties agree that electronic signatures on this Proposal shall be relied upon and shall bind the Parties to the terms and conditions stated or incorporated by reference herein. Each Party hereby warrants and represents that such Party is authorized to execute this Proposal and perform the undertakings set forth or incorporated herein. This Proposal supersedes all prior negotiations, proposals, orders, agreements and communications between the Parties regarding all matters expressly addressed or within the reasonable scope of this Proposal or the Ancillary Agreements.

Client acknowledges and agrees that Provider may, from time to time, revise the terms and conditions of the Ancillary Agreements, provided that any such revision shall be effective only in accordance with applicable law, including prevailing legal standards for enforceable "clickwrap" or equivalent electronic consent mechanisms. Revised terms or conditions shall become binding and effective upon the earlier of: (a) Client's continued use of the applicable products or services following reasonably conspicuous notice and opportunity for Client to review the revised term(s) or condition(s); or (b) Client's affirmative acceptance of the revised term(s) via a click-through or similar method reasonably designed to confirm assent. Provider shall make revised terms reasonably available for Client review which shall indicate the date of last revision. If Client does not agree to any revised term(s), Client must discontinue use of the affected products or services and may terminate this Proposal only in accordance with termination provisions set forth in the Ancillary Agreements. Any revision(s) to the terms or conditions of the Ancillary Agreements by Provider shall apply only prospectively, unless otherwise required by applicable law or expressly stated in the revised terms.

Client further agrees that the terms of the Ancillary Agreements shall apply not only to the specific transaction described in this Proposal, but also to all other current and future transactions between Client and Provider unless and until such terms are superseded by a subsequently executed Proposal or Ancillary Agreement.

Both of the Parties, acting through their respectively authorized officers, agents, or representatives hereby execute this Proposal with the intention of being bound hereby.

Exhibit A

Click the buttons below to view the linked documents.

Master Services Agreement

Services Attachment for Managed Services

Service Attachment for Access Control Services

Service Attachment for Managed Video Surveillance

Schedule of Services

Data Processing Agreement

Schedule of Third-Party Services

IN WITNESS WHEREOF, this Order Form is agreed to by the parties below and entered into as of the Order Effective Date.

CIT

Signature:



Name : Colton Jesse

City of Spring Lake Park

Signature:

Name:

Date: