



CITY COUNCIL AGENDA REPORT

MEETING DATE: FEBRUARY 22, 2005

ITEM NUMBER:

SUBJECT: APPROVE THE PURCHASE OF WINDOWS SERVER AND EXCHANGE LICENSES THROUGH THE CAL-STORE MASTER PURCHASE AGREEMENT

DATE: FEBRUARY 4, 2005

FROM: FINANCE DEPARTMENT- FINANCIAL PLANNING DIVISION

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: DEBBIE DOBROTT AT 714/754-5212

RECOMMENDATION:

Staff recommends the purchase of Microsoft Windows 2003 server and exchange licensing for eleven servers and 375 computers from CompuCom Systems Inc., 10415 Old Placerville Road Suite 235, Sacramento, California, 95827, for \$32,152.75. The purchase of these licenses is to comply with the rules and guidelines from Microsoft and the Software Protection Agency. The City is purchasing these items through a State of California contract and is required to pay a 1.21% California Multiple Award Schedule (CMAS) fee of \$744.84 to the State of California for use of this contract. The fee is included in the total above.

BACKGROUND:

In 1996, the City migrated from a mainframe environment to a client server environment. The City currently has approximately a dozen servers within its domain. These servers were last upgraded in 1999 to use NT 4.0 as an operating system and Exchange 5.5 for E-mail. Both NT 4.0 and Exchange 5.5 are at the end of the support life provided by the vendors.

On September 20, 2004, City Council approved the sole source purchase of the server and e-mail upgrade from Hewlett Packard.

On November 15, 2004, City Council approved the purchase of ten new Hewlett Packard servers. This purchase provided the necessary hardware to upgrade the new software applications. The software licensing is required to install Microsoft Windows 2003 server and exchange on the servers and on the computers using the City's network.

ANALYSIS:

The City Council approved participation in other public agencies' (such as CMAS) purchasing bids and contracts with the adoption of Resolution 94-11 on March 7, 1994. The CMAS program enables California State agencies and local governments, through the Department of General Services (DGS), to streamline purchases by removing repetitive, costly and time-consuming bid processes. The City's Purchasing Policies & Procedures Manual Section 3.3 I. states: "City Council will be advised by the Purchasing Officer or City

Manager of procurements over \$25,000 which were exempt from the formal bid process". Section 3.3 D. also states that a purchase may be exempt from the bidding process when the City is participating in an established governmental cooperative purchasing agreement.

The State of California, Department of General Services, established an innovative method of providing Information Technology (IT) solutions to California government through the CAL-Store Master Purchase Agreement. CAL-Store is a statewide agreement that has been price-analyzed, competitively bid and legally executed by the State of California. The bidding process has been completed so that each individual government entity does not need to repeat the process for the same products and services. Cal-Store offers pre-negotiated Department of General Services discounted software license pricing. The State of California, Department of General Services, established a Master Purchase Agreement 1-01-70-01 with CompuCom Systems, Inc., effective October 1, 2001 through March 31, 2005 for the purchase of software licensing.

ALTERNATIVES CONSIDERED:

Purchasing staff could send out a formal bid for the purchase of the Microsoft licensing; however, staff anticipates that with CMAS receiving volume discounted pricing, the result may be that the City will end up paying more for the licensing. In addition, the time involved in a formal bid process would slow the down the process of upgrading the computer equipment. Staff does not recommend this alternative.

FISCAL REVIEW:

The total cost for Microsoft Windows and Exchange server licensing is \$32,152.75. The FY 04-05 budget provides funding for this licensing in the General Fund.

LEGAL REVIEW:

There is no legal review required on this item.

CONCLUSION:

Staff recommends that the City Council approve the purchase of Microsoft Windows 2003 server and exchange licensing from CompuCom Systems Inc. through the State of California CAL-Store Master Purchase Agreement.

MARC R. PUCKETT
Director of Finance

RICHARD D. KIRKBRIDE
M.I.S. Manager

DEBBIE DOBROTT
Buyer

Distribution: MIS Manager
Deputy City Clerk