

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

RCA# 2014LS10

Subject: Approve an Ordinance to Appropriate Funds from the Equipment Acquisition Consolidated Fund (1800) and Approve a Motion to Authorize Payment for the Enterprise Agreement with Dell Financial Services, LLC for Microsoft Software Licenses for the Fleet of City Desktops	Category #	Page 1 of 2	Agenda Item
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FROM (Department or other point of origin): Charles T. Thompson Chief Information Officer Houston Information Technology Services	Origination Date July 22, 2014	Agenda Date
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DIRECTOR'S SIGNATURE 	Council District(s) affected All
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For additional information contact: Somayya Scott Phone: (832) 393-0082	Date and Identification of prior authorizing Council Action: Ordinances: 2013-724: 08/14/13, 2012-1053: 12/12/12, 2012-621: 07/03/12, 2012-607: 06/27/12 Motions: 2012-858: 12/19/12
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RECOMMENDATION: (Summary)
 Approve an ordinance authorizing the appropriation of \$1,563,000.00 out of the Equipment Acquisition Consolidated Fund (1800) and approve a motion to authorize the FY15 payment of \$4,302,829.05 for Microsoft software and license maintenance services for the fleet of city desktops awarded to Dell Financial Services LLC.

AMOUNT & SOURCE OF FUNDING: \$1,563,000.00 - FY15 Equipment Acquisition Consolidated Fund (1800) \$2,595,801.79 - FY15 Central Services Chargeback Fund (1002) <u>\$ 144,027.26 - FY15 General Fund (1000)</u> \$4,302,829.05 - FY15 TOTAL	Finance Budget
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SPECIFIC EXPLANATION:
 The Chief Information Officer (CIO) recommends that City Council approve an ordinance authorizing the appropriation of \$1,563,000.00 out of the Equipment Acquisition Consolidated Fund (1800) and approve a motion authorizing HITS to issue a purchase order for the FY15 payment of \$4,302,829.05 for Microsoft license compliance costs for the fleet of City desktops.

BACKGROUND:
 In 2009, HITS on behalf of the City of Houston, negotiated and entered into a tiered, multi-year Microsoft Enterprise License Agreement to purchase licenses and software maintenance services for a fleet PCs. The purpose of this agreement was to continue the process of updating the City's technology to current software standards and ensure that the City remains in compliance with stringent software licensing requirements. This master agreement was divided into 5 separate annual tiered agreements (implemented 1 agreement per year over a 5 year period), which would be consolidated into a master maintenance agreement once all of the tiered agreements have been fully purchased. This is the 5th and final tier.

The City was able to procure the 0% financing package through Dell Financial Services, LLC in order to remain in compliance with Microsoft licensing and continue the use of both the Windows operating system and Microsoft Office suite products.

The original agreement was awarded on January 25, 2012 by Ordinance No. 2012-68 to replace the existing 2009 commitment with Dell Financial Services, LLC. On June 26, 2012, after a license count revealed a compliance issue, an amending agreement was awarded by Ordinance No. 2012-607.

REQUIRED AUTHORIZATION

Finance Department:	Other Authorization:	Other Authorization:
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Date: 07/22/2014	Subject: Approve an Ordinance to Appropriate Funds from the Equipment Acquisition Consolidated Fund (1800) and Approve a Motion to Authorize Payment for the Enterprise Agreement with Dell Financial Services, LLC for Microsoft Software Licenses for the Fleet of City Desktops	Originator's Initials LS	Page 2 of 2
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Payments have come from a combination of Central Services Chargeback Fund (1002) and Capital Funds (1800), which required annual Council approval. The payment schedule is as follows:

Fiscal Year	Payment Date	Opening Balance	Payment	Balance
2012	11/01/2011	\$ 12,934,902.22	\$ 518,617.20	\$ 12,416,285.02
2012	12/01/2011	\$ 12,416,285.02	\$ 1,036,793.00	\$ 11,379,492.02
2013	12/01/2012 **	\$ 11,379,492.02	\$ (3,054,425.26)**	\$ 8,325,066.76
2014	12/01/2013 ***	\$ 8,325,066.76	\$ 4,022,237.71	\$ 4,302,829.05
2015	12/01/2014 ***	\$ 4,302,829.05	\$ 4,302,829.05	\$ -

** One-time Payment reduction of \$75,530.20.

*** Payments come from EAF (1800) approved in the CIP plan and Central Service Chargeback Fund (1002). Each payment requires Council approval.

PROJECTED COSTS:

Beginning in FY16, we will only be required to make payments for software assurance (maintenance). The annual maintenance cost will be budgeted on a yearly basis in the Central Services Chargeback Fund.

PAY OR PLAY:

This procurement is exempt from the City's Pay or Play Ordinance. Bids/proposals were not solicited because an Interlocal/Cooperative Purchasing Agreement is being utilized for this purchase.

HIRE HOUSTON FIRST:

This procurement is exempt from the City's Hire Houston First Ordinance. Bids/Proposals were not solicited because an Interlocal/Cooperative Purchasing Agreement is being utilized for this purchase.

Attachment: M/WBE Zero-Percent Goal Document Approved by the Office of Business Opportunity

WBS # X-688000