



Staff Report

File #: 22-0164

REQUEST FOR CITY COUNCIL ACTION

DATE: 02/16/2022

TO: Honorable Mayor and City Council Members

FROM: Information Technology Department

SUBJECT:

Information Technology Service Agreement with Dell to renew Microsoft Azure Government Cloud Services.

EXECUTIVE SUMMARY:

The Information Technology Department operates and maintains the City's physical and virtual infrastructure. The City currently utilizes the Microsoft Azure Government Cloud for most of its infrastructure due to its regulation compliance, security, scalability, and redundancy that it provides to City infrastructure. The City historically partners for these services under the County of Riverside Master Cooperative Agreement 8084445 to obtain the best pricing available to government agencies. In using this contract, the City can utilize discount pricing, which is usually only available to government entities with an excess of 15,000 licenses. The City Council will consider approving the continued use of the Cooperative Agreement through the County for these services.

RECOMMENDED ACTION:

That the City Council:

- a. Approve the Agreement with Dell for the renewal of Microsoft Azure Government Cloud Services at an amount not to exceed \$750,000 each fiscal year for the initial contact term ending June 30, 2025.
- b. Authorize the City Manager, or his designee, to negotiate and execute non-substantive extensions, change orders, and amendments up to \$100,000 or 10% of the original purchase order amount as authorized in Corona Municipal Code Section [3.08.080\(I\)](#).
- c. Under Corona Municipal Code Section [3.08.140\(C\)](#), make a determination that competitive bidding has been otherwise accomplished as provided for in the "Basis for Determination of Competitive Bidding" section of this agenda report.

BACKGROUND & HISTORY:

The City has participated in the County of Riverside Master Cooperative Agreement 8084445 ("Microsoft Master Enterprise Agreement" or "Agreement") for the purchase of Microsoft enterprise products since 2005. There are over 388 governmental agencies in California that utilize this agreement for the purchase of Microsoft software licenses and software assurance products. This negotiation process has obtained the deepest discounts offered to any governmental agency. By utilizing this contract, the City of Corona will continue to participate in this agreement providing discounts not otherwise obtainable to the City of Corona. The City currently uses the agreement to license standard desktop software (Microsoft Office, Windows, and back-office products), email messaging (Exchange), Enterprise Platform products, and Microsoft Azure cloud services.

The City of Corona uses Microsoft Azure cloud services to replace and supplement the City's on-premises servers. The use of Microsoft Azure eliminates large capital expenditures for oversized physical servers, which would be underutilized and quickly depreciate. Microsoft Azure provides low-cost operating expenditures for properly sized cloud resources based on demand. Microsoft Azure is a public and government cloud computing platform at its core. Azure offers a variety of solutions, including infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Software as a Service (SaaS) that can be used for services such as security, business operations, continuity, website hosting, virtual servers and desktops, storage, and networking.

Ninety percent of Fortune 500 companies use the Microsoft Cloud for business operations. Security and privacy are built into the Azure platform. Microsoft conforms to regulatory compliance with the most comprehensive set of compliance offerings of any cloud service provider. The City started using the Microsoft Azure Cloud in 2017, which was the only government cloud service provider which was Criminal Justice Information Services (CJIS)-compliant as required to contain Corona Police data. Other competitors such as Amazon Web Services (AWS) are starting to make headway into the government market that the City continues to investigate, but is not quite at the level of advantages provided under Microsoft.

The City has utilized the cloud to provide high availability of its services which was not possible on-premise. The cloud has provided the City with an additional layer of continuity of its services as all resources are geo-redundant across multiple states, internet providers, and physical hardware in the case of a disaster.

ANALYSIS:

The Microsoft Azure cloud is a subscription model, which means the City only pays for the resources and services it consumes at that minute, which allows the City to scale up or down on demand without significant capital expenditures. For this reason, the City has chosen to deploy new servers into the Microsoft Azure cloud, which decreases the need for continual capital expenditures on physical infrastructure. The current request is based on forecasting usage and services the City consumes from the cloud. Currently, the City utilizes the Azure cloud for a variety of services, a small subset of which are: hosted servers; hosted Desktops; primary infrastructure services; complete disaster recovery of servers, data, and networking in Microsoft Azure; archiving of Police

vehicle/body-worn cameras footage due to increasing legal retention requirements; City's financial accounting, permitting, and geographic information system software; police analytic reporting, PulsePoint application for Citizen/Fire response, customer utility billing software for the Utilities Department, and document management repository for police records. The Police department alone utilizes 50 terabytes of storage in camera footage which continues to grow daily. The type of growth the City requires in storage, memory, and computing would not have been sustainable on-premise.

Microsoft does not sell enterprise agreements directly to businesses. The City of Corona currently utilizes the reseller Dell for all Microsoft purchases as an authorized reseller through the County of Riverside Master Agreement 8084445 ("Microsoft Master Enterprise Agreement" or "Agreement"). Utilizing this agreement grants the City of Corona pricing, which would otherwise not be obtainable.

Basis for Determination of Competitive Bidding:

Staff believes that competitive bidding is already accomplished for this purchase under Corona Municipal Code ("CMC") Section 3.08.140(C), which states as follows:

(C) **Competitive bidding already completed.** When the purchasing agent and the authorized contracting party, with the approval of the City Manager, determines that:

- (1) A competitive bid procedure has been conducted by another public agency including, but not limited to, another local agency, the state through the California Multiple Award Schedule (CMAS), the federal government through the General Services Administration (GSA), the U.S. Communities Government Purchasing Alliance, or the Western States Contracting Alliance (WSCA); and
- (2) The price to the city is equal to or better than the price to that public agency.

The City historically partners for these services under the County of Riverside Master Cooperative Agreement 8084445 to obtain the best pricing available to government agencies. In using this contract, the City can utilize discount pricing, which is usually only available to government entities with an excess of 15,000 licenses. Staff recommends approval of a purchase order with Dell in the amount of \$750,000 for fiscal years 2022, 2023, and 2024. IT staff believes awarding this contract is in the City's best interest because the City is receiving prices that have been competitively bid consistent with the City's purchasing policies and there would be no competitive advantage gained from conducting a bid in house.

FINANCIAL IMPACT:

The Information Technology Department's Fiscal Year 2022 Operating Budget includes funding for the recommended action. Funding in future fiscal years will be requested through the annual budget process.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential

for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely approves an agreement for the purchase of software licenses that allows virtual access to the City's computer systems, and there is no possibility that this project will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: KYLE EDGEWORTH, DEPUTY CHIEF INFORMATION OFFICER

REVIEWED BY: CHRIS MCMASTERS, CHIEF INFORMATION OFFICER

Attachments:

1. EXHIBIT 1 - Microsoft Azure Cloud Renewal Quote
2. EXHIBIT 2 - Microsoft EA Agreement