



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Submitted on:
(COB Stamp)

Department Name: Information
Technology
Department No.: 067
For Agenda Of: December 3,
2024
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director(s): Chris Chirgwin, Chief Information Officer (CIO)
Contact Info: Andre Monostori, Deputy CIO

SUBJECT: Countywide Licensing Services Agreement with SHI International Corp., for
Microsoft Products and Services Agreement (MPSA) and Server Cloud Enrollment
(SCE) Licensing; All Districts.

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Risk Management Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chief Information Officer or his designee to execute a cooperative agreement with Microsoft Corporation, including a Microsoft Product and Service Agreement and Microsoft Server Cloud Enrollment, leveraging the County of Riverside's Licensed Support Provider (LSP) Agreement ITARC-00929 with SHI International Corp., for Microsoft licenses and services for a 36-month period beginning January 1, 2025, in a maximum aggregate amount not to exceed \$4,206,396.36 (Agreement); and
- b) Approve and authorize the Chief Information Officer or his designee to execute amendments to the Agreement to increase the amount payable thereunder by an aggregate amount not to exceed \$210,319.82 in order to request additional licenses and services thereunder as needed; and

- c) Determine that the above recommended actions do not constitute a project subject to environmental review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(2)&(5), finding that the actions consist of continuing administrative or maintenance activities, such as purchases for supplies and general policy and procedure making and organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

Summary:

The Information Technology Department requests, on behalf of all County departments (except Sheriff), the Board approve procurement of Microsoft products and services in accordance with the County of Riverside's cooperative agreement with SHI International Corp. (ITARC-00929 for a 36-month term beginning January 1, 2025). These licensing and support services are critical to maintaining the County's operational efficiency, risk mitigation through improved cybersecurity, and access to the latest Microsoft solutions. The base contract includes services such as licensing for Windows server infrastructure and M365 for frontline workers; licensing for desktop services such as Visio, Visual Studio, Project, Planner, and Teams for room systems; licensing for on-premises kiosk machines that do not connect to M365; and Windows remote desktop services. In addition to the services under the base contract, this procurement also includes licensing for Copilot and Azure Cloud Services, which were not included as part of the current agreement.

Microsoft Copilot is an Artificial Intelligence (AI) powered digital assistant that helps with a variety of tasks. Microsoft Azure Cloud Services is a cloud computing platform that offers services to help build, run, and manage applications.

The Agreement is attached as Attachment A.

Background:

The County has been utilizing Microsoft software for many years, seamlessly integrating their products and services into daily operations. Microsoft's suite of tools has become an indispensable part of our IT infrastructure, supporting our growth and innovation at every step. We have consistently found their solutions to be reliable, secure, and adaptable to our evolving needs. Our longstanding relationship with Microsoft has enabled the County to better leverage technology, ensuring we remain competitive, secure, and scalable. This is essential for maintaining access to critical Microsoft software updates, cybersecurity enhancements, and Microsoft systems support; thereby safeguarding the County's operations and driving efficiency, productivity, and innovation.

In September 2024, the Riverside County Board of Supervisors approved a Licensing Solution Provider (LSP) Agreements with SHI International Corp. to provide Microsoft products and services using the County of Riverside's Enterprise Agreement no. 8084445 (the "Master Agreement") from November 1, 2024, through October 31, 2027. Enrollment thereunder is available to all governmental entities within the State of California. Approval of such enrollment via the Agreement will support the recent Board-approved Countywide IT Strategic Plan, enabling the County to harness Microsoft technologies to modernize our IT systems, drive innovation, and improve efficiency across the organization. Current Microsoft licensing for the County was similarly obtained by leveraging the County of Riverside's LSP agreement PSA-0001524, which expires October 31, 2024.

Contract Risk, Renewals and Performance Outcomes:

Microsoft will not negotiate its standard terms and conditions which increases the County's liability exposure. The matter has been reviewed by County Counsel and Risk Management in collaboration with ITD. Risk Management determined that the benefit of this contract offsets the additional exposure.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

Funding Source (Fund 1915: ISF)	FY 24-25 Cost	FY 25-26 Cost	FY 26-27 Cost	Total
Base Contract	\$ 587,972	\$ 587,972	\$ 587,972	\$ 1,763,916
Azure Cloud Services	\$ 308,880	\$ 328,880	\$ 348,880	\$ 986,640
Copilot	\$ 363,960	\$ 545,940	\$ 545,940	\$ 1,455,840
Total	\$ 1,260,812	\$ 1,462,792	\$ 1,482,792	\$ 4,206,396

Narrative:

Total annual costs are projected as \$1,260,812 for FY 2024-25, \$1,462,792 for FY 2025-26, and \$1,482,792 for FY 2026-27. Although the service term of the agreement runs January 1 through December 31, the costs are largely recognized upfront, which is why the costs are represented in the fiscal year.

The newly negotiated 3-year base service agreement is set at \$587,978 per year, totaling \$1,763,934 over the term, which represents a 6.82% increase in the base cost compared to the prior contract (\$1,651,365 between FY 2021-22 to FY 2023-24).

This agreement also includes additional services, such as Copilot and Azure cloud solutions. These additional services account for \$1,455,840 and \$986,640 of the contract value, respectively.

In FY 2024-25, the base package, including Azure, is funded through the internal service fund rates. A portion of Copilot licensing will be paid for by Innovation Technology Funds. The remaining balance will be funded through a re-prioritization of Microsoft projects included in the departmental operating budget. Costs for future years will be distributed to County departments through ITD’s annual rate methodology.

Special Instructions to Clerk of the Board:

Clerk of the Board: please return one (1) duplicate original of the executed agreement and a copy of the minute order of the actions to the Information Technology Department, attention: Onelia Rodriguez, Finance Manager.

Attachments:

Attachment A—County of Riverside Licensed Support Provider (LSP) Agreement No. ITARC-00929, County of Santa Barbara Server and Cloud Enrollment 70002076, County of Santa Barbara Microsoft Products and Services Agreement

Authored by:

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