



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

Department Name: General Services
Department No.: 063
For Agenda Of: November 16, 2021
Placement: Administrative
Estimated Time: NA
Continued Item: No
If Yes, date from:
Vote Required: 4/5ths

TO: Board of Supervisors
FROM: General Services Janette Pell, Director (805) 560-1011
Contact Info: Andre Monostori, Interim Assistant Director (805) 568-2606
SUBJECT: Countywide Microsoft 365 Licensing with California Department of Technology;
All Districts.

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Purchasing

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Director of General Services to enter into an agreement with the California Department of Technology for the procurement of Microsoft 365 software license services beginning January 1, 2022 and running through March 31, 2026, in the amount of \$9,000,000.00 subject to the terms and conditions included in Attachments 1-5; and
- b) Authorize the Director of General Services to issue amendments to the above agreement to increase the contract amount to an amount not to exceed an additional 5% or \$450,000.00; and
- c) Approve Budget Revision Request 0008016 (4/5 vote required); and
- d) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(5) of the CEQA guidelines because they consist of administrative activities of government that will not result in direct or indirect physical changes in the environment.

Summary Text:

In alignment with County Code Sec. 2-38.1 and 2-38.2 (Cooperative Purchasing), the County of Santa Barbara will procure Microsoft 365 (M365) licensing through a California Department of Technology (CDT) negotiated, competitively bid contract with Crayon Software. Crayon is one of a handful of Microsoft Licensing Solutions Providers (LSPs) that are authorized to transact software/subscriptions via a Microsoft Enterprise Agreement licensing program. Crayon is the LSP that was selected by California Department of Technology, after a competitively bid Request for Offer Process, to manage the CDT M365 G5 Agreement. The CDT contract with Crayon began on April 1, 2021 and runs through March 31, 2026. The terms of this agreement will apply to the County's purchase here, which will run from January 1, 2022 until March 31, 2026. (Attachments 1 and 2)

The recommended actions will allow the County to reserve the required licenses by using an online application process through CDT. As party to CDT's "cooperative agreement," the County's will purchase software services subject to the terms set forth in Attachments 1-5. Attachment 3 - CDT-General Terms and Conditions 2021 will govern the agreement between the State and the County. This contract offers volume licensing discounts, with projected annual savings up to \$500,000.00 for the County of Santa Barbara compared to our current Microsoft Enterprise Agreement. The County of Santa Barbara will utilize the contract starting on January 1, 2022 and participate for the remaining 4 ¼ years of the contract which ends on March 31, 2026. In procuring M365 licensing through CDT the County will be accepting CDT's Terms and Conditions. The County will retain the option of terminating services upon notice.

Background:

The County of Santa Barbara has improved business productivity by modernizing office information technology through the implementation of Microsoft's cloud-based Office 365 (M365) platform.

The County Board of Supervisors previously approved Phase A (Assessment) of the project on July 14, 2020 and Phase B (Implementation) of the project on December 15, 2020. Implementation is in progress and will be complete in March 2022.

Microsoft M365 licensing to date has been obtained leveraging an existing Microsoft Enterprise Agreement (based on Riverside County negotiated pricing) which expires December 31, 2021. The County will procure future licensing through a California Department of Technology (CDT) negotiated statewide contract with Crayon Software. CDT's M365 contract was bid during Q1 of 2021 and began on April 1, 2021.

CDT has negotiated M365 licensing through a competitive bid process which starts at a 25% discount off of current pricing in year-one with discounts that decrease in % over the five years. CDT will charge administrative fees of approximately 3.5% to broker/manage the statewide Enterprise Licensing Agreement (ELA).

Performance Measure: none

Contract Renewals and Performance Outcomes: none

Fiscal and Facilities Impacts:

Budgeted: Costs for M365 licensing are included in departmental budgets; BRR 0008016 is attached for approval and will transfer the EITC Innovation Fund portion of the licensing costs to Fund 1915.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY 2021- 22 Cost:</u>	<u>Annualized Avg. On-going Cost:</u>	<u>Total One-Time Project Cost</u>
Fund 1915: ISF		\$ 2,195,051.81	
General Fund Departments	\$ 872,640.14		
Special Revenue Fund Departments	\$ 873,234.27		
Other Funds	\$ 52,932.48		
Other: EITC Innovation Fund	\$ 599,944.48		
Total	\$ 2,398,751.38	\$ 2,195,051.81	\$ -

Narrative: The County of Santa Barbara is joining a five-year agreement in the 10th month of the first year. In January 2022 the licensing payment for three months is projected to be \$462,975.59. In April 2022 the year two payment (April 2022-March 2023) is due and projected to be \$1,935,775.79. The year-three payment of \$1,935,775.79 will be due in April 2023 (FY 2022-23). The year-four payment of \$2,219,714.77 will be due in April 2024 (FY 2023-24) and the fifth-year payment of \$2,429,664.87 will be due in April 2025 (FY 2024-25) and will license the County through March 2026. The annualized on-going cost in the Fiscal Analysis table above is the average projected cost for the four years.

General Services Information and Communications Technology division is an internal service fund (Fund 1915). On-going M365 licensing costs will be allocated to County departments based on their individual consumption of the M365 service as line item 7892 - Information Technology Service.

This agreement includes M365 licensing for all County departments with the exception of the Department of Child Support Services (DCSS); licensing for DCSS is provided directly by the State of California DCSS.

Key Contract Risks:

Staffing Impacts:

Legal Positions:

FTEs:

Special Instructions:

Clerk of the Board: please return two (2) copies of the minute order of the actions to the General Services Department, attention: Andre Monostori, Interim Assistant Director.

Attachments:

- a) Attachment 1 - CDT Statewide Contract with Crayon Software CON 20-0000202 A1
- b) Attachment 2 - Exhibit G of CDT Statewide Contract with Crayon Software CON 20-0000202 A1
- c) Attachment 3 - CDT-General Terms and Conditions 2021

- d) Attachment 4 - Microsoft Certificate of Insurance
- e) Attachment 5 - License Quote from Crayon Software & Fee Schedule from CDT
- f) Attachment 6 - BRR 0008016

Authored by:

Virginia Butterfield

cc: