

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 21, 2017

Item 4, Report No. 3, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on March 21, 2017.

4 MICROSOFT ENTERPRISE AGREEMENT – MICROSOFT SOFTWARE VOLUME LICENSING AND SUBSCRIPTIONS

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Chief Information Officer, dated March 6, 2017, be approved; and
- 2) That the following be approved in accordance with Communication C6 from the Director of Financial Planning and Development Finance, Deputy City Treasurer, dated March 3, 2017:
 1. The Director of Financial Planning and Development Finance, Deputy City Treasurer, recommends that recommendation #2 in the report be replaced with the following new recommendation #2:
 - “2. That a contingency for growth totalling \$89,770 plus applicable taxes be approved within which the Chief Information Officer or his delegate is authorized to approve amendments to the contract.”

Recommendation

The Chief Information Officer, in consultation with the Director of Financial Planning & Development Finance, Deputy City Treasurer and Director of Procurement Services recommends:

1. That the contract to directly purchase all Microsoft Licenses and Software Assurance be awarded to Microsoft Canada for a period of 3 years at a yearly cost of \$646,471 CDN plus applicable taxes commencing May 1, 2017.
2. That a contingency for growth totaling \$90,505 plus applicable taxes be approved within which the Chief Information Officer or his delegate is authorized to approve amendments to the contract.
3. That the Mayor and City Clerk be authorized to sign the necessary documents.

Contribution to Sustainability

The Office of the Chief Information Officer (OCIO) works to ensure that the City of Vaughan's computing environment is appropriately maintained and licensed for all Microsoft (MS) licenses and software, such as; Operating Systems, Office Productivity Suite and Back-End Servers. The OCIO also serves to accomplish the priorities set out in the Term of Council Service Excellence Strategy Map in support of the PC Asset Renewal and Central Computing Infrastructure Renewal Capital Projects.

Economic Impact

The City currently has an agreement for approximately 1,600 desktop-based licenses and 400 back-end server licenses from Microsoft. This agreement is due to expire on April 30th, 2017.

The Sole Source award of Microsoft Licenses and Software will have base operating costs of \$646,471 plus applicable taxes for the first year of the contract effective May 1st, 2017. Costs for

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future years may increase depending on growth of infrastructure and software/licenses, and has been accounted for with an appropriate level of contingency.

Sufficient funds for this award have been approved through capital project IT-3011-16 Central Computing Infrastructure Renewal and the 2017 operating budget account 7531-Service Contracts. Funds for future years will be allocated in their respective budget years.

Communications Plan

Not applicable

Purpose

The purpose of this report is to request approval to award the Sole Source contract to Microsoft Canada, in order to acquire Licenses and Software products directly from Microsoft. In doing so, the City is well positioned to maintain and support the PC Assets Renewal and Central Computing Infrastructure Renewal Capital projects.

Background - Analysis and Options

As the OCIO under goes the PC Assets Renewal and the Central Computing Infrastructure Renewal Capital Projects, serving all staff and locations, it seeks to maintain licenses and software appropriately. This ensures that the City is compliant with license agreements and continuously operates City business without interruption.

Microsoft Canada has offered the City the ability to purchase Microsoft's licenses and software products directly from them. The anticipated benefit from the offer will achieve a savings that ranges between 1 – 5 % per year under this new agreement. Further to the new agreement staff will maintain a close relationship with Microsoft fostering better services, supply and maintenance.

The purchases will be funded from the following areas:

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Capital Financial Summary - Renewal & Maintenance Program		
Budget for IT-3011-16- Central Computing Infrastructure Renewal	\$2,001,740	
Less: Expenses/Commitment to Date	\$332,414	
Current Funds Available		\$1,669,326
Back-end costs (e.g. data center, servers, IT infrastructure, etc.)	\$167,485	
25% contingency	\$41,871	
Non-refundable portion of HST (1.76%)	\$3,685	
Administration Recovery (3%)	\$6,391	
Total commitment		\$219,432
Balance remaining (rounded)		\$1,449,894

Operating Financial Summary		
Budget - Service Contracts - 7531	\$790,581	
Less: Expenses/Commitment to Date	\$0	
Current Funds Available		\$790,581
Front-end costs (e.g. user licenses and software)	\$478,986	
10% contingency	\$47,899	
Non-refundable portion of HST (1.76%)	\$9,273	
Total commitment		\$536,158
Balance remaining (rounded)		\$254,423

A contingency of 25% is required for back-end costs (e.g. data center, servers, IT infrastructure, etc.) as the OCIO has identified several data centre projects related to growth and work required to ensure best practices for systems architecture are achieved.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

Term of Council Priority:

- Invest, Renew and Manage Infrastructure and Assets

Service Excellence Strategic Initiatives:

- Operational Performance, Continuous Improvement

Regional Implications

Not applicable

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Conclusion

A Sole Source is undertaken for the purchase of Microsoft Licenses and Software products for the Office of the Chief Information Officer. Staff recommends awarding the contract to Microsoft Canada as they are the manufacturer of these products and the City will continue to foster better service and incur savings.

Attachments

Not applicable

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