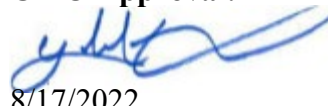


**CITY COUNCIL ACTION REQUEST**

<b>Department(s):</b> Finance	<b>CEQA:</b> Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment	<b>Coordination:</b> ITD, CAO, and CMO - Budget Office	<b>Dept. Approval:</b> /s/ Julia H. Cooper
<b>Council District(s):</b> Citywide			<b>CMO Approval:</b>  8/17/2022

**SUBJECT: ACTIONS RELATED TO MICROSOFT UNIFIED ENTERPRISE SUPPORT SERVICES ENROLLMENT AND PURCHASE ORDERS**

**RECOMMENDATION:**

Adopt a resolution authorizing the City Manager to:

- (a) Negotiate and execute enrollment documentation with and issue annual purchase orders to Microsoft Corporation (Redmond, WA) for Unified Enterprise Support Services for a three-year term beginning September 7, 2022 and ending September 6, 2025 with a maximum compensation of \$114,426 for the first year of the three-year term, subject to the appropriation of funds; and
- (b) Negotiate and execute amendments, change orders, and enrollment documents as required to cover any unanticipated changes, including additional fees as required for the purchase of additional Microsoft products and related professional services, subject to the appropriation of funds.

**Desired Outcome:** Authorizing the City Manager to take this action will provide the City with ongoing, unlimited live support for its Microsoft environment, as well as access to additional support services such as proactive engineering implementation services, user training materials, and technical auditing services.

**BASIS FOR RECOMMENDATION:**

In February 2022, the City of San José (City) entered into discussions with Microsoft regarding its new Unified Enterprise Support Services offering. Microsoft's Unified Enterprise Support Services program replaced its legacy product, Microsoft Premier Support, that was discontinued two years ago. Due to City budgetary constraints, Microsoft allowed the City to extend Microsoft Premier Support for the past three years and provided a limited number of reactive support hours. In April 2021, Microsoft notified the City that they would no longer extend the legacy support program after that year. Since that time, Microsoft provided the City with 1,200 dedicated support engineer hours to assist the City with bringing its Microsoft ecosystem up to recommended standards while addressing Microsoft usability complaints and issues. Microsoft agreed to one final six-month extension for the legacy Premier Support program to allow time to negotiate a transitional contract with the City to assist with the significantly higher costs of the new Unified Enterprise Support Services program. Through negotiations, Microsoft agreed to pay for portions of the Unified Enterprise Support Services program on a tiered basis each year provided the City agrees to a three-year contract.

Unified Enterprise Support Services will be contracted through a work order that leverages the Microsoft Master Services Agreement executed between the City and Microsoft effective June 10, 2013. Current projected cost for the three-year term is \$550,278, but after the initial fixed-price term, costs will be subject to increase based on the City's actual Microsoft product spend. If the City's total Microsoft product spend increases by more than five percent over the preceding annual period, additional costs for support will apply based on a fixed percent of the additional products' purchase price.

Approval of this recommendation will authorize staff to negotiate and execute enrollment documents with Microsoft as required, subject to the appropriation of funds, to provide the City with ongoing support for Microsoft products through the Microsoft Unified Enterprise Support Services program. Unified Enterprise Support Services will include a fully bundled, holistic support package to provide the City with unlimited reactive support engagements with Microsoft technical professionals, limited proactive support, and resources, including training courses, videos, and reference materials, for the Information Technology Department and City staff to improve system performance, user experience, and productivity.

Climate Smart San José: The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals.

Commission Recommendation/Input: There is no commission recommendation or input associated with this action.

This action is consistent with the Information Technology Department's budget strategy for the effective use of technology support services to maintain service level standards and service delivery metrics.

**COST AND FUNDING SOURCE:**

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. for Recommendation	2022-2023 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No)
001	0432	Non-Personal / Equipment	\$12,237,560	\$114,426	583	06/21/2022, 30790

**FOR QUESTIONS CONTACT:** For program-related questions, please contact Ed Kim, Deputy Chief Information Office, [ed.kim@sanjoseca.gov](mailto:ed.kim@sanjoseca.gov). For procurement- and contract-related questions, please contact Julia H. Cooper, Director of Finance, [julia.cooper@sanjoseca.gov](mailto:julia.cooper@sanjoseca.gov).