



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Enter into an Agreement with Dell Marketing LP (or the Next Lowest Bidder) to Renew Microsoft Software Licensing for Three Years for an Amount Not to Exceed \$1,520,000, and Increase the Amount Authorized with Dell Marketing LP for the Existing Microsoft Software Licensing Agreement by \$80,000; and Find that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Technology & Innovation)**

Submitted By: Kyle Mobley, Director of Technology & Innovation; Kristi McKenney, Executive Director

Parties Involved: Dell Marketing LP, Pasadena, CA

Amount: \$1,520,000 for new agreement; \$80,000 for existing agreement (operating expense).

EXECUTIVE SUMMARY: The Port of Oakland (Port) is licensed to use various Microsoft products including Windows, Office Suite, and Microsoft 365. The current Microsoft licensing agreement is set to expire on May 30, 2025. Dell Marketing LP (Dell) submitted the lowest responsive and responsible bid to renew for three years via the County of Riverside Microsoft Licensing Agreement, which is the method by which Microsoft has authorized the lowest available pricing for California State and local government agencies. Additionally, over the last three years, the expense of Microsoft licensing has increased to more than what was previously authorized because of higher Port usage, so additional funding is required for the existing licensing agreement to pay for overages.

BACKGROUND & ANALYSIS

The Port relies heavily on Microsoft products. Microsoft products used at the Port include Microsoft 365 (email, calendaring, file sharing, collaboration), Office Suite (Word, Excel, PowerPoint, Outlook), database servers, Windows (both desktop and server versions), cybersecurity, virtual cloud-based computers, cloud storage, and individual programs (Project, Visio, Visual Studio). Port Staff anticipates continued and increased usage of Microsoft products for the term of the agreement as they are industry standard, and few truly viable alternatives exist.

It is essential that the Port renew licensing for the Microsoft products currently being used. Without the renewal, the Port would no longer be licensed to add new servers or computers. Moreover, Port Staff would no longer have access to Microsoft 365 which provides email, calendaring, file sharing, collaboration, and other functions.

Microsoft licensing agreements also provides the Port with the following benefits:

- Security and functional patches, enhancements, updates, and new versions
- Flexibility to respond to changing business priorities
- A cost-effective method to acquire Microsoft software licenses and cloud services
- Improved manageability of our Microsoft licensing

Renewal is best done via the County of Riverside Microsoft Licensing Agreement which is the vehicle by which Microsoft has authorized the lowest available pricing for California State and local government agencies.

Section 5.12.070.D.4 of the Port of Oakland Administrative Code (POAC) allows the Port to leverage the competitive procurements conducted by other governmental agencies provided the award of the contract was based on the agency's published competitive procurement or bidding procedures and not based on the waiver of competition. Port Staff is requesting authorization to use the County of Riverside cooperative purchasing agreement for Microsoft licensing in lieu of a separate formal bid process.

Port Staff conducted an informal solicitation (March 2025) and directly solicited quotes from six Microsoft recommended resellers authorized under the County of Riverside Microsoft Licensing Agreement, which was competitively bid by the County. The authorized resellers have discretion to determine the final cost for the requested licenses within the ranges committed to in the County of Riverside Microsoft Licensing Agreement. Soliciting quotes from each of the authorized resellers ensures the Port receives the lowest pricing. The results of the solicitation for the three-year renewal are as follows (four firms did not submit a quote):

<u>Bidder</u>	<u>Location</u>	<u>Bid Amount</u>
Dell Marketing LP	Pasadena, CA	\$1,099,564.86
SHI International Corp.	Somerset, NJ	\$1,161,415.14

Dell was determined to be the lowest responsive and responsible bidder and is approved by Microsoft as an authorized reseller. The Port has used Dell previously for technology purchases. Should for some reason Dell not accept the Port's Terms and Condition, Port staff recommends going to the next lowest responsible bidder.

Additionally, Microsoft requires all companies to perform an annual licensing and usage 'true-up.' During this 'true-up' process, the Port reports and pays for licensing added throughout the year and cloud related services used. With the increases in cloud-based services, the true-up will be significant, but Port Staff does not expect true-up related payments to be more than \$420,000 over the next three years. With the true-up, the requested amount is \$1,520,000.

Finally, over the last three years, the cost of true-up increased as the amount of Windows licensing and cloud storage dramatically increased with additional projects and Port Staff. As a result, the \$1,211,384 previously authorized by via Board Resolution 22-23 for Microsoft licensing will need to be increased by \$80,000.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

☐ Categorically exempt under the following CEQA Guidelines Section:

Choose an item.

☒ "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).

☐ Other/Notes:

BUDGET

☐ Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR

☒ Operating

☐ Non-Operating

☐ Capital

Analysis: Costs for the first year will be charged to the fiscal 2024-2025 operating budget. Future costs will be included in future budgets. Costs for the \$80,000 true-up will be charged to the fiscal 2024-2025 operating budget. No budget impact is anticipated as overages from prior year's true up will be absorbed by underspending in other areas.

STAFFING

☒ No Anticipated Staffing Impact.

☐ Anticipated Change to Budgeted Headcount.

Reason:

☐ Other Anticipated Staffing Impact (e.g., Temp Help).

Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

☐ Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (Goods) – proposed action entails an agreement for goods, commodities, supplies, or equipment with incidental service provisions (if any) that are not covered by the Living Wage requirements.

☐ Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? Yes.

GENERAL PLAN (City Charter § 727):

Conformity Determination:

<p><u>Reason:</u> Microsoft 365 reduces need for additional servers thus reducing energy needs.</p>	<p>No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility, or create a new facility.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port’s Strategic Plan:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Capture Our Market and Grow the Economic Base <input checked="" type="checkbox"/> Modernize and Upgrade Infrastructure <input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience <input type="checkbox"/> Maximize Land Use Value and Revenues <input type="checkbox"/> Workforce Training and Jobs Development <input type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development 	