



AGENDA REPORT

PROPOSED ACTION: **Resolution:** Approve and Authorize the Executive Director to Waive Formal Competitive Procurement Procedures and Execute an Agreement with Microsoft Corp. to Renew Microsoft Unified Enterprise Support for a Three-Year Term in an Amount Not to Exceed \$652,057 and Finding 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: Microsoft Corp.,
Redmond, WA

Amount: \$652,057 Operating Expense

EXECUTIVE SUMMARY: The Port of Oakland (Port) licenses a wide range of products by Microsoft Corp. (Microsoft) to run its computers, servers, and cloud services. The Port also subscribes to Microsoft's Unified Enterprise Support services to receive advanced technical support, technical training, proactive services and more. The Port's subscription to Unified Enterprise Support is expiring July 27, 2025. Microsoft is the only provider of these services, and renewing directly with them will result in the lowest possible price.

BACKGROUND & ANALYSIS

Microsoft is a global leader for a wide range of software and services for computers, servers, security, and cloud systems. The Port licenses many Microsoft products to run its Information Technology (IT) systems. Additionally, the Port subscribes to Microsoft's Unified Enterprise Support service so that when Microsoft related issues occur, Port staff can receive timely expert technical support 24 hours a day, 365 days per year. Furthermore, the service provides IT health monitoring, technical training, advisory support, and proactive services that assesses and fortifies cybersecurity protection.

In previous years, resellers were reluctant to provide a bid for these services as Microsoft has consistently offered the lowest price directly. Microsoft informed the Port this year that procurement of Microsoft Unified Enterprise Support is a single source-type procurement as they will always provide the lowest pricing since they are the provider. Accordingly, the Port seeks to waive formal competitive procurement procedures and renew directly through Microsoft.

On April 15, 2025, the Port received an official quotation of \$592,779 from Microsoft to renew Unified Enterprise Support services for three years. This includes an \$8,000 multiyear discount. Part of the cost is based upon the level of the Port's Microsoft-related licensing. As the Port increases the number of servers and usage of cloud storage over the next three years, the cost of Unified Enterprise Support could increase, so a 10% contingency is requested.

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: Cost for fiscal year 2025-2026 has been budgeted in the Port's operating budget and will be included in later fiscal years respectively.

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 (No Covered Agreement) – proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage requirements.

☐ Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? **Yes.**

Reason: Services rendered will be delivered online which reduces pollution caused by travelling.

GENERAL PLAN (City Charter § 727):

Conformity Determination:

	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><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 	