



Agenda Item No. 5

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of July 13, 2006

From: Robert A. Haar, Director of Information Systems  
Teri W. Mantony, Deputy General Manager, Administration & Development  
Celia G. Kupersmith, General Manager

Subject: **RATIFY AWARD OF A CONTRACT TO COMPUCOM SYSTEMS, INC.  
FOR MICROSOFT LICENSES AND UPGRADES FOR MICROSOFT  
OFFICE, WINDOWS, AND WINDOWS SERVERS**

**Recommendation**

The Finance-Auditing Committee recommends that the Board of Directors ratify award of a five-year contract to CompuCom Systems, Inc. (CompuCom) for Microsoft Enterprise licenses and upgrades for Microsoft Office, Windows, and Windows servers for a contract total of \$352,384.30 based upon a yearly cost of \$70,476.86 for five years.

This matter will be presented to the Board of Directors at its July 14, 2006, meeting for appropriate action.

**Summary**

In the past, District staff purchased individual Microsoft licenses as the need arose. This resulted in a series of small agreements with a variety of vendors. In reviewing this strategy, staff determined that a consolidated approach would have several advantages, including projected savings of at least 13 percent, better and less expensive training, and easier administration.

Because these licenses have routinely been purchased on an individual basis, the total dollar value fell within the General Manager's approval limits and these procurements were not brought to the Board for approval. This year, based on the analysis showing that we would ultimately save substantial money and improve the efficiency of managing our software licenses, staff undertook a five-year procurement. Unfortunately, in the process of finding the best deal for the District, an Information Systems staff person inadvertently signed a purchase agreement for the full five-year set of licenses. He thought he was signing a confirmation of what we would ultimately purchase related to this technology upgrade. When the mistake was found, it was quickly determined that the purchase agreement exceeded not only the staff person's purchasing authority limits, but also that of the General Manager and that Board action to ratify the

procurement would be needed. Appropriate steps have been taken to ensure that similar mistakes do not happen in the future.

Early on in the procurement process, staff determined that procuring these software licenses and upgrades through direct competitive bidding process would not be in the District's best interest. This software is not available to the general public and there are only a small number of Large Account Resellers. Staff also determined that a direct purchase would not be advantageous as the best price could be obtained through a cooperative procurement strategy involving other agencies in an effort to use the larger buying quantity as leverage for a lower price.

Staff researched different cooperative contracts for the Enterprise software and determined that the lowest price could be achieved by "piggybacking," onto a procurement led by Riverside County in conjunction with the California County Information Services Directors' Association. Selection of the successful proposer was based 70 percent on price and 30 percent on the quality of web services, ability to customize, and references. The RFP was distributed to all Large Account Resellers that offer this product, and Staff has determined that the price is less than what is offered through the California Multiple Award Schedule Program.

As part of the contracting process, Staff has entered into an Enrollment Agreement with CompuCom and Microsoft, entitling it to receive licenses and upgrades for a five-year period.

### **Fiscal Impact**

The total cost of this contract is \$352,384.30 over five years for an annual cost of \$70,476.86. The first year's cost of this project, \$70,476.86, will be expended from the Fiscal Year 2006/2007 Information Systems Department Computer Maintenance Software Operating Budget and is funded with 100 percent District funds. The contract contains provisions for termination if future funds are not appropriated by the District.