



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org

Legislative File No: 2019-0318

TO: Mayor and City Council Members
FROM: Kevin Krajewski, Director Management Information Systems
DATE: July 15, 2019
SUBJECT: Purchase of Microsoft Server Licenses

REQUEST:

City Council is requested to authorize a blanket purchase order for Microsoft server licenses to SHI.com, Somerset, New Jersey in the amount not-to-exceed \$333,000.00 for a three year term to expire April 30, 2022.

REASON FOR PURCHASE:

The City of Rochester Hills utilizes various Microsoft software products. These products such as Microsoft Windows Server and Microsoft SQL Database Server run the core computerized business needs of the city. These products must be licensed properly for legal and security reasons. Software maintenance, called Software Assurance in Microsoft terms, must be kept up to date to allow the city to utilize tech support, necessary security and functionality updates and the newest versions of the software. The City purchases Microsoft product licensing utilizing the State of Michigan's MiDeal program. This program gives the City the greatest volume discount possible due to the state's high level of usage.

At this time it is necessary to update our licensing and begin a new contract term. The term of the contract is 3 years prorated to our contract anniversary date of April 1st. We will pay one third of the contract amount this year and each of the next two years. The first year payment is slightly smaller than year 2 and 3 because it is prorated for a partial year. In April of 2022, our contract will again need to be renewed. Each year on our anniversary date we will do a "True-Up" analysis. The city will be required to add to the contract, any additional software licensing that became necessary during the previous year. This may increase the cost of the contract in years 2 and 3. We are seeking a blanket purchase order approval of the entire budgeted amount for 2019, 2020 and 2021 of \$333,000 to account for these possible increases.

Future planned projects may increase our required licensing costs however we believe they will be within the budgeted amounts. The exact licensing costs of these future projects are unknown at this time creating a possibility of a required increase in the future.

PROCESS:

Vendor Name and Address:

SHI.com
290 Davidson Ave
Somerset, NJ 08873

Reason for Selection:

MiDeal Cooperative Contract

Method of Purchase:

Blanket Purchase Order

BUDGET:

Funding is included in the FY 2019 Adopted Budget and FY 2021 and 2022 Projected Budgets

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
MIS	636.934000	Maintenance: Software	\$333,000	\$333,000	\$0

RECOMMENDATION:

It is recommended that City Council authorize a blanket purchase order for Microsoft server licenses to SHI.com, Somerset, New Jersey in the amount not-to-exceed \$333,000.00 for a three year term to expire April 30, 2022.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		

Contract Reviewed by City Attorney Yes N/A