



Linu Parappilly
Director of Technology Services

02/16/2023

BCC Agenda Date/Item: _____

Board of County Commissioners
Clackamas County

Approval of a Board Order authorizing an increase in Purchase Order authority under a cooperative contract with Dell Marketing L.P. for Microsoft Volume License Agreement Capacity Expansion. Amendment value is \$584,504.88, total contract value is increased to \$3,117,449.52 over 3 years. Funding is through departmental cost allocations and \$237,871 in budgeted County General Funds.

Previous Board Action/Review	02/14/23: BCC approval of the original contract with Dell for Microsoft Volume License Agreement		
Performance Clackamas	1. Which indicator of success does this item affect? Build a strong infrastructure. Build public trust through good government.		
Counsel Review	A. Naylor	Procurement Review	Yes
Contact Person	Casi Potter	Contact Phone	503-722-6651

EXECUTIVE SUMMARY: The purpose of this board order is to approve the increased licenses needed for County departments. The purchase is via a Governmental Cooperative through Dell Marketing L.P for Microsoft License Agreement. The approval of the board order will delegate authority for County Finance to issue a purchase order in the amount of \$584,504.88. This increase expands over a 3-year period, in partnership with CCSO to fulfill departments licensing needs due to growth. A separate document is included to provide further detail. TS will be paying for their portion of this increase with funds from allocation totaling \$338,899.00. CCSO is using County General Funds to cover their costs of \$237,871.00. Bringing the collective total to \$575,744.00. You will notice the requested amount is slightly higher than the actuals. This is based on rounding up our estimate to \$300,000.00 for year 3 true up due December 2023.

RECOMMENDATION: Staff respectfully recommends the Board of County Commissioners approve the Board Order to increase licensing count with Dell Marketing LP for Microsoft Volume License Agreement.

Regards,

Linu Parappilly
Director, Technology Services

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DELL/Microsoft Contract #3569 and True-Up Amendment Request Detail

Original contract (#3569) approved on 12/08/2020 was written for 3 years of annual payments, encumbered, and paid annually (\$844,314.88 x 3 = TCV of \$2,532,944.64)

Over the past 2 years, as departments needs increased and the County moved into a hybrid model utilizing the Microsoft cloud services (M365), TS and CCSO added Microsoft licensing and products throughout each year. These are billed separately from our annual invoices, as true ups based on Microsoft audits of our licensing, support and subscription requirements.

Year 1:

- 1-1-21
 - o \$844,314.88
 - o Annual payment 1 – 3-year contract begins.
- 12-30-21
 - o \$91,210.88
 - o Annual true up for added products/licensing during 2021
 - o Primarily increased server licenses for County/CCSO datacenters
- = \$935,525 Total \$818,902 by TS in budgeted allocations / \$116,623 by CCSO budgeted GF

Year 2:

- 1-1-22
 - o \$844,314.88
 - o Annual payment 2 – (pd. 02/18/2022)
- 12-30-22
 - o \$192,267.76
 - o Annual true up for added products/licensing during 2022 and 2021
 - Added \$101,056.88 in products/licenses during 2022
 - \$91,210.88 payment for server licenses added in 2021
 - New cost is primarily user license increases related to M365 onboarding
- = \$1,036,582 Total \$869,431 by TS in budgeted allocations / \$167,151 by CCSO budgeted GF

Year 3:

- 1-1-23
 - o \$845,341.12 (due 01/15/2023)
 - o *THIS INCREASED BY \$1,026.24 DUE TO ADDING (8) Microsoft Teams Room License.
 - 12-30-23
 - o ~\$300,000.00 (estimated)
 - o Annual true up for added products/licensing during 2023, 2022, and 2021
 - Estimated ~100k licenses increase for 2023 (M365 usage growth)
 - \$101,056.88 in products/licenses added during 2022
 - \$91,210.88 payment for server licenses added in 2021
 - = \$1,145,341 Total \$978,190 by TS in budgeted allocations / \$167,151 by CCSO budgeted GF
- o Contract closes.

Further background:

The 2 years of true up payments for 2021 and 2022 (totaling \$283,478.64) were applied towards purchase order (21178) that was intended **ONLY** for the 3 years of annual payments. Our current paid amount on that PO is \$1,972,108.40, leaving only \$560,836.24 remaining and we still have the year 3 annual payment and true up remaining. This requires an increase to the approved spending amount to accommodate our 3rd annual payment and estimated true up due at the end of the contract in FY 23-24

We are asking for permission to increase our approved spending for this contract by \$584,504.88 for a total contract value of \$3,117,449.52.

That amount covers the cost of the 3rd/final annual payment of \$845,341.12, as well as what we are projecting our final true up to be, which is appx. \$300,000.00 based on prior years numbers.

M365:

Microsoft365 (or M365) is a suite of cloud hosted software and services for business productivity, communication, collaboration, workflow, and data storage. It includes services such as Exchange (email), OneDrive, Teams, Sharepoint and the Office applications such as Word, Excel, PowerPoint, and Outlook. There are also services specifically for security, workflow, device management, and data lifecycle. The M365 product family combines the power of cloud computing with flexible mobile apps, making it easier for employees to conduct County business, collaborate, and innovate safely, whether on site or working remotely. Clackamas County started using M365 in production late 2021 with the initial focus on Microsoft Teams and Sharepoint. We will be migrating to additional services, such as Exchange Online, throughout 2023 and beyond.

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

In the Matter of Approving
Additional Purchase Order
Authority for Microsoft Products.



Board Order No. _____

Page 1 of 2

Whereas, the Clackamas County Board of County Commissioners (the “Board”) has authority to sign all contracts and any amendments or renewals of the same;

Whereas, Oregon Revised Statutes (“ORS”) 279A.200-220 and Local Contact Review Board Rules C-046-0400 through 0480 permit the purchase of goods and services using cooperative contracts;

Whereas, Clackamas County Technology Services Department (“TS”) maintains Microsoft products and licensing for the entire county;

Whereas, TS purchases these services through Dell Marketing, L.P. utilizing Midwestern Higher Education Commission Cooperative Contract, contract number #07012015;

Whereas, on or about December 17, 2020, the Board authorized the purchase of multiple Microsoft Windows, Office, M365, Exchange, Server, SOL and related products and licenses (collectively “Microsoft Products”). The Board permitted TS to purchase the Microsoft Products by issuance of purchase orders (“PO”s) in amounts not to exceed \$2,532,944.64 through December 31, 2023;

Whereas, use of the Microsoft Products requires annual support and/or license payments;

Whereas, because of increases in both the number of users, the scope of use of the Microsoft Products, and other factors, TS is required to “true up” the amounts owed to continue use of the Microsoft Products;

Whereas, the amounts needed to both true up existing obligations, and to pay for the remainder of the County’s 2023 obligations, exceeds the amount approved in the December 17, 2020 Board authorization;

Whereas, as a result, TS requests authority to increase the amount it may spend on the Microsoft Products by an additional \$584,504.88 to cover the existing true up costs as well as the third and final payment for the 2023 incurred costs; and

Whereas, if approved, payment will be made by issuance of a PO through the Department of Finance’s management software with no signature required or available.

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Page 2 of 2

NOW, THEREFORE, the Clackamas County Board of County Commissioners orders as follows:

1. The requested increased purchase authority for use of the Microsoft Products in an amount not to exceed \$584,504.88 is hereby approved.
2. The Clackamas County Department of Finance is hereby delegated authority to issue one or more POs to cover the remaining costs for the Microsoft Products in an amount not to exceed \$584,504.88

DATED this ____ day of _____, 2023

BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary