

1 [Contract Agreement - Zones, LLC. - Department of Technology - Microsoft Enterprise
2 Products - Not to Exceed \$115,000,000]

3 **Resolution authorizing the Department of Technology and the Office of Contract**
4 **Administration to enter into the First Amendment to the Agreement between the City**
5 **and County of San Francisco and Zones, LLC for Microsoft Enterprise Products, to**
6 **increase the contract amount by \$60,000,000 for a new total not to exceed amount of**
7 **\$115,000,000; and to extend the term by 36 months from September 1, 2026, for a total**
8 **term of September 1, 2023, through August 31, 2029, with the option of three one-year**
9 **extensions.**

10
11 WHEREAS, Charter, Section 9.118(b), requires the Board of Supervisors to
12 approve by Resolution contracts estimated to cost the City \$10,000,000 or more; and

13 WHEREAS, The City issued an Invitation for Bids in 2023 seeking an Enterprise
14 Agreement (EA) to procure all Microsoft software products and cloud computing solutions;
15 and

16 WHEREAS, The procurement consist of the following: secure email, administrative
17 tools, server space/capacity, and licenses required to operate the email system; the Microsoft
18 Office Suite (including Word, PowerPoint and Excel), Teams, accessibility tools and trial or
19 development scale access to new products and features otherwise not attainable on the open
20 market at prices affordable to the City.

21 WHEREAS, The EA products consist of Windows server licenses required to operate
22 various software applications, SharePoint Online, Access Pro, Visio Pro, Project Pro and
23 training credits and technical support credits usable during the agreement term to provide
24 knowledge and expertise to City employees regarding how to use, and to a limited extent,
25 troubleshoot the software programs and applications; and

1 WHEREAS, Microsoft only sells its products through resellers known as “Licensed
2 Solution Providers” (LSPs), and

3 WHEREAS, Zones, LLC submitted the lowest bid with the lowest reseller mark-up; and

4 WHEREAS, on July 18, 2023, the Board of Supervisors pursuant to Charter,
5 Section 9.188(b), under Resolution No. 374-23, approved the Agreement with Zones, LLC to
6 provide these Microsoft products for three years, from September 1, 2023, through August 31,
7 2026, for an amount not to exceed \$55,000,000 with six one-year options to extend; and

8 WHEREAS, The Department of Technology has assessed City departments' projected
9 requirements for Microsoft products through 2029, and this amendment is based on the
10 anticipated product and licensing needs of all City departments, excluding the Municipal
11 Transportation Agency (MTA); and

12 WHEREAS, The estimated cost of the contract includes a \$6,000,000 contingency for
13 potential true-ups and additional products required on an as-needed basis; and

14 WHEREAS, The Reseller will be required to meet the requirements established in the
15 agreement negotiated with Microsoft; now, therefore, be it

16 RESOLVED, That the Board of Supervisors authorizes the Department of Technology
17 and the Office of Contract Administration to execute the First Amendment to the agreement
18 with Zones, LLC Agreement for an additional 36 months with a maximum amount to
19 \$115,000,000, substantially in the form of the agreement on file with the Clerk of the Board of
20 Supervisors, in File No. 260728, with such changes or modifications, including without
21 limitation modifications to the exhibits, as may be acceptable to the Director of the Department
22 of Technology and the City Attorney and which do not materially increase the obligations and
23 liabilities of the City; and be it

1 FURTHER RESOLVED, That upon execution of the First Amendment to the
2 agreement, the Director of the Department of Technology shall transmit to the Clerk of the
3 Board of Supervisors a copy of the final contracts, for inclusion in File No. 260728 and, be it

4 FURTHER RESOLVED, That this Resolution shall take effect immediately upon its
5 adoption.