

1 [Agreement - Retroactive - Zones, LLC. - Microsoft 0365 Subscription and Enterprise  
2 Products - Not to Exceed \$40,000,000]

3 **Resolution retroactively authorizing the Department of Technology and the Office of**  
4 **Contract Administration to enter an agreement between the City and County of San**  
5 **Francisco and Zones, LLC., for Microsoft Cloud Software and Enterprise Products, for**  
6 **a 39-month term from June 1, 2020, through August 31, 2023, in an amount not to**  
7 **exceed \$40,000,000.**

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9 WHEREAS, The City seeks to procure certain products and cloud software  
10 subscriptions related to the City's information technology needs; and

11 WHEREAS, The City has transitioned to the Microsoft Office 365 [0365] and is  
12 currently purchasing cloud computing solutions by subscribing software as a service  
13 [SAAS] and enterprise software products through reseller agreements, because  
14 Microsoft will only sell these cloud computing solutions and products in the quantities  
15 and pricing required by the City through an authorized large account reseller known as  
16 a Licensed Solution Provider; and

17 WHEREAS, The Department of Technology has assessed City departments' projected  
18 needs for 0365 and related products through 2023. This is based on gathering product and  
19 licensing requirements from 26 City departments; and

20 WHEREAS, The 0365 services consist of the following: secure email, administrative  
21 tools, server space/capacity, and licenses required to operate the email system; the Microsoft  
22 Office Suite (including Word, PowerPoint and Excel), Teams, accessibility tools and trial or  
23 development-scale access to new products and features otherwise not attainable on the open  
24 market at prices affordable to the City; and

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1           WHEREAS, The enterprise products consist of Windows server licenses required  
2 to operate various software applications, SharePoint Online, Access Pro, Visio Pro,  
3 Project; and

4           WHEREAS, The not-to-exceed amount is \$40,000,000 with a minimum commitment of  
5 \$32,000,000, the minimum commitment is based on current consumption, the not to exceed  
6 amount allows for approximately \$4,000,000 in growth and \$4,000,000 in either optional  
7 enhanced security features to the City's over 30,000 e-mail accounts or a citywide Unified  
8 maintenance and support for all Microsoft products; and

9           WHEREAS, The City negotiated terms with Microsoft directly to ensure the City's  
10 security and liability needs were addressed by including the following terms:

- 11           • All of the City's data is processed and stored in the continental United States;
- 12           • The venue for any disputes arising out of the agreement is San Francisco;
- 13           • City approval is required for any assignment of the agreement;
- 14           • Microsoft's standard limitation of liability is increased to provide additional  
15 protection for the City; and

16           WHEREAS, Microsoft usually requires the customer will be "responsible for any claims  
17 against Microsoft and its Affiliates" for violation of intellectual property rights, but here has  
18 limited the indemnification to instances where there is a legal action arising out of the City's  
19 infringement of third party's patents, copyrights, or trademarks or the use of an online service  
20 in violation of law; and

21           WHEREAS, The Reseller will be required to meet the requirements established in the  
22 agreement negotiated with Microsoft; and

23           WHEREAS, On February 20, 2020, the City requested quotes from authorized resellers  
24 and after receiving quotes has selected the lowest qualified bidder, Zones LLC; and

25           WHEREAS, Charter, Section 9.118, "Contract and Lease Limitations," subsection (b),

1 requires Board of Supervisors approval of any contract estimated to exceed \$10,000,000 in  
2 expenditures; now, therefore, be it

3           RESOLVED, That the Board of Supervisors retroactively authorizes the Department of  
4 Technology and the Office of Contract Administration to execute the Agreement with the  
5 lowest bidding qualified reseller, Zones, LLC., for a thirty-nine month term from June 1, 2020,  
6 through August 31, 2023, for an amount not to exceed \$40,000,000, substantially in the form  
7 of the agreement on file with the Clerk of the Board of Supervisors, in File No. \_\_\_\_\_, with  
8 such changes or modifications, as may be acceptable to the Director of the Department of  
9 Technology and the City Attorney and which do not materially increase the obligations and  
10 liabilities of the City or reduce the products and services to the City; and, be it

11           FURTHER RESOLVED, That upon execution of the Agreement, the Director of the  
12 Department of Technology shall transmit to the Clerk of the Board of Supervisors a copy of  
13 the Agreement, for inclusion in File No. \_\_\_\_\_; and, be it

14           FURTHER RESOLVED, That this resolution shall take effect immediately upon its  
15 adoption.

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