



November 13, 2024

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: Microsoft Enterprise Agreement Renewal

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2024-25 Budget, a renewal of its existing Microsoft Enterprise Agreement is planned. Responsive quotes were received by four Microsoft Licensing Solutions Providers that are approved vendors of the Microsoft Enterprise Agreement on the County of Riverside's Master Agreement. Board of Directors' approval is requested for the renewal of Orange County Transportation Authority's Microsoft Enterprise Agreement.

Recommendations

- A. Approve the selection of Crayon Software Experts, LLC to provide the Microsoft Enterprise renewal license for all of the Orange County Transportation Authority's Microsoft software.
- B. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C42565 between the Orange County Transportation Authority and Crayon Software Experts, LLC, in the amount of \$8,204,212, for the renewal of the Microsoft Enterprise Agreement for a three-year term.

Discussion

In October 2021, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved Purchase Order No. C-1-3676 between OCTA and Dell, Inc. for a Microsoft Enterprise Agreement (MEA). The term of that agreement is three years and is set to expire November 30, 2024.

The MEA has proven to be a highly cost-effective way for the OCTA to procure Microsoft software and services, addressing key organizational objectives. The current agreement for these services expires November 30, 2024. Through this

new agreement, OCTA will be able to transition from an on-premises data center to a scalable and secure cloud infrastructure by implementing an Azure landing zone, effectively replacing the traditional data center. This move ensures better scalability, security, and management of resources. The agreement also supports the maintenance of line-of-business applications using the Microsoft Windows Operating System and Structured Query Language Database Software, while standardizing on Microsoft's popular productivity software, Office Suite. With the addition of advanced products such as Microsoft 365 Copilot, Power Apps Premium, Power BI Premium, and Teams Premium, OCTA continues to leverage innovative solutions to improve productivity, data analysis, and team collaboration. Microsoft 365 Copilot brings artificial intelligence-powered assistance to everyday tasks, Power Apps Premium enables the creation of custom business applications, Power BI Premium enhances data analytics and reporting capabilities, and Teams Premium offers advanced features for effective communication and collaboration across the organization.

The MEA has provided OCTA with the best overall pricing based on various factors, which include but are not limited to, the organization's size, the benefits of Software Assurance, as well as simplified licensing management.

Software assurance, included in the MEA, is a core set of benefits that improves workforce productivity and streamlines software deployment. These benefits include access to new product demos, rights to new software versions, deployment planning days, 24/7 phone and web support, and training for both end-users and technical staff. Software assurance has allowed OCTA's Information Systems Department to maintain its strategic goal of always being on a supported release of its Microsoft software, whether on the back-end servers or on the business users' desktop workstations.

Renewal of the MEA will provide OCTA with continued flexibility. With the use of Microsoft Office 365, OCTA will be able to implement Microsoft line-of-business applications, such as Outlook, Word, and Excel, either on-site (on-premise) or in the cloud (hosted). This flexibility will allow OCTA to determine and provide for different departmental needs, to more efficiently manage its computing environment, and to optimize spending of its technology dollars.

Procurement Approach

The Board of Directors (Board)-approved procurement policies and procedures allow for two options to procure these services. OCTA can issue a competitive invitation for bids (IFB), or piggyback to purchase goods, information technology, rolling stock, or nonprofessional services from the State of California, the federal

government, or other appropriate California public agencies, when it is in the best interest of OCTA to do so.

Using the first option, OCTA would issue an IFB, whereby award is based on the lowest, responsive, responsible bid. Advantages of this procurement method include OCTA having full authority over the procurement, such as detailing the renewal requirements, selecting a Microsoft Licensing Solutions Provider (LSP) for award, and negotiating the contract terms. However, this procurement approach can take up to 90 days before the renewal is completely processed.

The second method to consider is an intergovernmental procurement or “piggybacking” and is supported by OCTA policy and procedures as it is in the best interest of OCTA to do so for agency procurements of property or services in order to obtain better pricing through larger purchases. OCTA would partner with another public agency that has an existing agreement with a Microsoft LSP for the renewal of the MEA. This procurement method can result in a shortened procurement time, as well as administrative cost savings. OCTA is agreeable to all the terms and conditions of the County of Riverside’s (County) MEA, Master Agreement No. 8084445. OCTA used a piggyback option when it renewed its previous MEA in 2009, 2012, 2015, 2018, and 2021.

Staff determined that the piggyback procurement method would be the most advantageous to OCTA. The County competitively bids the renewal of the MEA, which their procurement included terms that allow eligible agencies within the State of California to benefit from volume pricing, and a bench was created to include seven LSPs. This allows eligible agencies to receive competitive quotes based on their specific Microsoft needs. OCTA has been authorized to piggyback on the County’s agreement.

The Contracts Administration and Materials Management (CAMM) Department used a competitive procurement process to purchase Microsoft Enterprise renewal licenses by requesting quotes from the seven Microsoft LSPs on October 14, 2024. Upon receiving responsive quotes from four of the seven Microsoft LSPs by the submittal deadline, October 17, 2024, CAMM conducted a cost analysis and determined that the pricing from Crayon Software Experts, LLC (Crayon) was the lowest. Competing among the seven Microsoft LSPs with their discounted rates ensures fair and reasonable pricing. Additionally, CAMM confirmed Crayon’s quoted pricing with Microsoft to confirm it is within Level D pricing as per Crayon’s LSP Agreement for MEA, Master Agreement No. 8084445. Purchase Order No. C42565 will be issued at the budget amount of \$8,204,212 as the demand for the products will vary based on business needs.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2024-25 Budget, Finance and Administration/Information Systems Department, Account No. 1283-7669-A5352-7F3, and is funded through local funds.

Summary

Staff is recommending the Board of Directors authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C42565 between the Orange County Transportation Authority and Crayon Software Experts, LLC, in the amount of \$8,204,212, for the renewal of the Microsoft Enterprise Agreement for a three-year term effective December 1, 2024 through November 30, 2027.

Attachment

None.

Prepared by:



Josh Duke
Department Manager,
Information Systems
714-560-5527

Approved by:



Andrew Oftelie
Chief Financial Officer,
Finance and Administration
714-560-5649



Pia Veesapen
Director, Contracts Administration and
Materials Management
714-560-5619