DATE: February 19, 2019

TO: Ronald L. Olson, City Manager

FROM: Colen Wilson, Interim Director of Information Technology Services

SUBJECT: City Exchange (Email) Upgrade

BACKGROUND AND FINDINGS:

In 2011 the City of Killeen purchased Microsoft (MS) Exchange 2010. MS Exchange 2010 is currently used by all City employees to send/receive emails and manage calendars. The end of lifecycle for MS Exchange is January 14, 2020. At that point it will no longer be supported and security patches will not be provided.

Microsoft has developed a new business model for software, referred to as "Software as a Service" (SaaS). All enterprise level software purchases are being migrated to the Microsoft 365 family of applications.

THE ALTERNATIVES CONSIDERED:

Changing from a Microsoft solution is not considered practical due to the cost of implementation, data conversion, and training required. Two Microsoft products were considered for the email upgrade: Exchange 2019 and Exchange 365 Hosted. The Exchange 2019 option requires new servers, operating systems, and Client Access Licenses. Exchange 2019 is an upgrade to our current email architecture which does not provide a service or maintenance agreement. Exchange 365 is a hosted solution that does not require any new hardware or software purchases. Maintenance and service level agreements are included in Exchange 365 hosted.

Which alternative is recommended? Why?

Staff recommends the Exchange 365 Hosted solution because of the dependability of the email service, added features, and the reduction of in-house resources required to manage an in-house system.

CONFORMITY TO CITY POLICY:

The City of Killeen is a member of several purchasing cooperatives that are in compliance with the Texas Local Government Code section 271.102. Purchases made through a cooperative satisfy the competitive bid requirement. Quotes were solicited from vendors that participate in

cooperative agreements. PCM-G is considered the best value for the City. Although they were not the lowest quote, the evaluation was based on cost and customer support provided.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

Cooperative quote received for Exchange 2019:

Vendor	Co-op	Cost
PCM-G (Exchange 2019)	BuyBoard	$171,353.40
SHI (Operating Systems)	DIR	$1,270.00
Dell (Servers)	DIR	$18,000.00
Total		$190,623.80

Cooperative quotes received for Exchange 365 Hosted:

Vendor	Co-op	Cost
PCM-G	BuyBoard	$126,991.50
SHI	DIR	$126,480.00
SoftwareOne	DIR	$127,968.00

The FY19 cost for Exchange 2019 is $190,623.80. This will reach end of life in 2025.

The FY19 cost for Exchange 365 Hosted is $126,991.50. The industry standard cost for software support increases approximately 5% each year. The cost is also dependent on the number of mailboxes utilized. An annual review is conducted for the number of mailboxes for which support is necessary. If the number of mailboxes increases or decreases the cost too will increase or decrease respectively. If nothing changes in the modules or support for FY20, the projected cost will increase by 5%.

Is this a one-time or recurring expenditure?

The MS Exchange 365 Hosting is a recurring expense.

Is this expenditure budgeted?

Yes

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes, funds are available in account 627-2705-419.61-40.

RECOMMENDATION:

Staff recommends the City Council authorize the City Manager or designee to execute a contract for the procurement of MS Exchange 365 Hosting from PCM-G using the TASB BuyBoard Cooperative, and further that the City Manager or designee be expressly authorized to execute any and all change orders or supplemental agreements within the amounts set by state and local law.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Quote
Agreement
Certificate of Interested Parties