



Midpeninsula Regional
Open Space District

PROCUREMENT AGENDA ITEM

R-26-16
Meeting 26-05
February 11, 2026

AGENDA ITEM 5

AGENDA ITEM

Award of Contract for Microsoft Corporation Enterprise Agreement

GENERAL MANAGER'S RECOMMENDATION

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Authorize the General Manager to enter into a 5-year Microsoft Enterprise Agreement with Microsoft Corporation via license service provider SHI International Corp through a cooperative purchasing agreement with the California Department of Technology to renew Microsoft licenses for an amount not-to-exceed \$871,919.

DISCUSSION

The current Microsoft Enterprise Agreement expires March 2026. Midpeninsula Regional Open Space District (District) depends on the following Microsoft products to meet daily operational needs:

- Windows 11 Enterprise
- Microsoft Office 365 Suite (e.g. Outlook, Word, Excel)
- Exchange Online (email)
- SharePoint/OneDrive (document management and cloud storage)
- Microsoft Teams (online/remote enterprise communication platform)
- Microsoft Teams Phone System (Office phone & Conference Calling)
- Microsoft Intune device management platform
- Numerous Microsoft security features

In addition to the core office tools and security features, Microsoft SQL Server Database software provides the backbone to the District's enterprise systems (i.e., Cityworks and Enterprise GIS) and to maintaining the on-premises servers. The contract includes a limited number (30) of Microsoft Copilot licenses to introduce this productivity-enhancing AI (Artificial Intelligence) tool at the District. If additional licenses are deemed beneficial, staff would return to the Board for their approval. Renewing the Microsoft Enterprise Agreement will allow the District to meet critical computing needs, support business continuity, provide organizational efficiencies and prepare for future needs.

BUDGET / FISCAL IMPACT

The tables below illustrate the historical costs of the prior agreement compared to the new

agreement. The cost increase reflects growth in staffing levels, expanded functionality, enhanced security features, and the introduction of Microsoft Copilot licenses. Staffing levels have increased by 26% since the beginning of the prior agreement, with an average growth rate of 6% annually. This trend aligns closely with the 5% annual escalation in the new Microsoft Enterprise Agreement.

Prior Agreement Year	Cost
Year 1	\$15,000 (two months only)
Year 2	\$118,000
Year 3	\$118,000
Year 4	\$133,000
Year 5	\$142,000
\$526,000	

New Five-Year Agreement	Base Licenses Cost	Copilot Licenses (30)	
Year 1	\$151,390		\$151,390
Year 2	\$158,959	\$8,850	\$167,809
Year 3	\$166,906	\$8,850	\$175,756
Year 4	\$175,251	\$8,850	\$184,101
Year 5	\$184,013	\$8,850	\$192,863
	\$ 836,519	\$35,400	\$871,919

The current fiscal year budget contains:

- ☒ sufficient funds.
- ☐ insufficient funds; the next quarterly budget update will include a reallocation of unspent funds from other budgets to cover for this expenditure.
- ☐ insufficient funds; approval of this item requires a fiscal year budget augmentation.
- ☐ future fiscal year budgets will include additional funds to complete the contracted work.

Measure AA

- ☒ No, this contract is not part of a Measure AA project.
- ☐ Yes, this contract is part of a Measure AA project.

PROCUREMENT PROCESS AND SELECTION

The Microsoft Enterprise Agreement is a volume licensing agreement that allows the District to streamline the software ordering process. California Department of Technology (CDT) conducted a full procurement through a Request for Offer (RFO) process and awarded the contract for Microsoft Enterprise Agreement to software reseller SHI International Corp, negotiating pricing for five years. This contract and negotiated pricing are available to state and local agencies within California. Section IV.C of Board Purchasing Policy 3.03, *Public Contract*

Bidding, Vendor and Professional Consultant Selection, and Purchasing Policy provides that the District may "join in cooperative purchasing agreements with other public agencies (e.g., the State of California, counties, cities, schools, or other special districts) to purchase goods or services at a price established by that agency through a competitive bidding process."

PRIOR BOARD ACTION SUPPORTING THE PROJECT

On February 9, 2022, the Board of Directors approved the General Manager's recommendation to enter into a four-year and two-month agreement with Microsoft via a license service provider Crayon Software Experts LLC through a cooperative purchasing agreement with California Department of Technology for Microsoft products for a not-to-exceed amount of \$526,000. ([R-22-18](#), [Meeting Minutes](#)). This prior agreement ends in March 2026.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act.

CEQA COMPLIANCE

This item is not a project subject to the California Environmental Quality Act.

NEXT STEPS

Pending board approval, the General Manager will enter into a contract with SHI International Corp and CDT for a 5-year enterprise agreement for Microsoft services.

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