



Board Agenda Item 39

DATE: October 7, 2025

TO: Board of Supervisors

SUBMITTED BY: Mike Kerr, Director of Information Technology/Chief Information Officer

SUBJECT: Agreement with Microsoft Corporation

RECOMMENDED ACTION(S):

- 1. Under Administrative Policy No. 34 for competitive bids or requests for proposals (AP 34) determine that an exception to the competitive bidding requirement under AP 34 is satisfied and a Sole Source-Suspension of Competition is warranted, and that the best interests of the County would be served by entering into an agreement with Microsoft Corporation as Microsoft Corporation is the sole provider of unified support services for their proprietary software and products; and**
- 2. Approve and authorize the Chairman to execute a sole source Agreement with Microsoft Corporation for unified support services, effective October 12, 2025, not to exceed one year, total not to exceed \$276,711.**

There is no additional Net County Cost associated with the recommended actions, which will allow the County to suspend the competitive bidding process under AP34 and to enter into a sole source Agreement with Microsoft Corporation (Microsoft) for unified support services. This item is countywide.

ALTERNATIVE ACTION(S):

There is no viable alternative action. Should your Board not approve the recommended actions, the County will not have maintenance and technical support for Microsoft products as its products contain proprietary software, such that there is no other entity able to provide support.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

It is requested that the County find under AP 34 that an exception to the competitive bidding requirement is satisfied, and a Sole Source-Suspension of Competition is warranted as Microsoft is the sole provider of unified support services for their proprietary software and products. Based on this, a letter of interest was not necessary. The General Services Department - Purchasing Division concurs that this satisfies the exception to the competitive bidding process under AP 34.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The maximum compensation for the one-year recommended Agreement is \$276,711. Costs for these services are recovered through charges to user departments. Sufficient appropriations and estimated revenues are included in the Information Technology Services Department (ITSD) Org 8905 FY 2025-26 Adopted Budget and will be included in the FY 2026-27 Recommended Budget request.

DISCUSSION:

On September 11, 2012, the Board approved Master Services Agreement No. A-12-457 with Microsoft for Microsoft products for several of its server, workstation, and database software components, including workstation office products and email services.

The recommended Agreement is for Microsoft's Unified Support Service, which provides ongoing technical services via phone and on-site support to reinforce and maintain Microsoft software products currently used by the County under the Master Services Agreement. Diagnostics and problem resolution, software updates, critical fixes, and configuration assistance/reviews are all part of the Microsoft Unified Support Service.

The County is currently receiving Unified Support Services through Purchasing Agreement No. P-24-508, which is set to expire on October 11, 2025. As the cost of these services have now surpassed the Purchasing Manager's \$200,000 authority, ITSD will bring a sole source agreement for Unified Support Services before the Board on an annual basis.

The Human Resources Department - Risk Management Division reviewed the recommended Agreement and advised against including the following provisions:

- The recommended Agreement allows ITSD to contact Microsoft Unified Support for expert technical assistance and services 24 hours a day, seven days a week. Proactive support hours are pre-paid annually and used for training and planned configuration implementation. The pre-determined hours must be used within the term year and cannot be carried forward. Additionally, Microsoft is not required to refund any amounts that have been pre-paid if the contract is terminated.
- The recommended Agreement requires that the County pay Microsoft within 30 days of receiving an invoice, which deviates from the 45-day standard County payment term.
- The recommended Agreement also allows Microsoft to notify the County about new ways to use modern technologies, especially platform technologies. In such cases, the County must assess whether its use is safe. It also states that that Microsoft's online services (i.e., a Microsoft-hosted service to which the County subscribes under a Microsoft volume licensing agreement) are not meant for situations where a failure could cause death, serious injury, or damage; collectively, "High-Risk Use". Therefore, the County must ensure its applications are designed so that any service failure does not compromise safety. If the County uses the services for "High-Risk Use," it does so at its own risk.
 - The recommended Agreement further provides that the County agrees to defend, indemnify and hold Microsoft harmless from and against all damages, costs and attorneys' fees in connection with any claims arising from a "High-Risk Use" associated with the online services, including any claims based in strict liability or for Microsoft's negligence in the design or provision of the online service(s) to the County.
- Microsoft will only indemnify the County for Intellectual Property Claims.
- The recommended Agreement does not include insurance provisions.

ITSD believes that the risks associated with the above language are acceptable business risks, in light of the services offered by Microsoft.

REFERENCE MATERIAL:

BAI #27, September 11, 2012

ATTACHMENTS INCLUDED AND/OR ON FILE:

Sole Source Acquisition Request
On file with Clerk - Agreement with Microsoft

CAO ANALYST:

Amy Ryals