



CITY COUNCIL AGENDA ITEM

Date: 8/16/2016

To: Brian Kischnick, City Manager

From: Tom Darling, Financial Services Director
MaryBeth Murz, Purchasing Manager
Gert Paraskevin, Information Technology Director

Subject: Standard Purchasing Resolution 4 – Cooperative Contract Award - Microsoft Windows Server 2016

History

The city has been utilizing the Microsoft Windows Server Operating System Platform since the establishment of the citywide network. Periodically Microsoft releases a new version and ends support for older versions. When support ends they will no longer provide added features, fixes or security updates for the operating system. In addition, our software vendors eventually migrate to the newer versions and require us to keep pace.

The city's current operating system platform is Windows Server 2008 R2 which was released October 22, 2009. Mainstream support for Windows Server 2008 R2 ended January 13, 2015. Service pack support ended April 9, 2013. Extended support which includes security updates ends January 14, 2020.

Windows Server 2012 was released October 30, 2012. We opted not to upgrade at that time as not all software vendors supported it yet and we were able to continue to function on our current version. As support for 2008 has come to an end other than security releases, vendors are starting to require us to migrate to 2012. However, Microsoft is expected to release Windows Server 2016 in the fourth quarter of this year. Since versions are typically downgradeable, we can purchase 2016 and install an earlier version if required.

Microsoft has changed the pricing structure for Windows Server 2016. They will now require all cores to be licensed. Previously it was licensed per physical processor. Each license covered two processors. Some of our servers have a very high core count. For example we have two servers that contain a majority of our virtual server environment that have two processors with 18 cores each for a total of 36 cores. We did this to maximize our processing power. Microsoft's new pricing now requires an initial license which only covers 16 cores. You must then purchase additional core licensing, which in our case would be another 20 cores effectively more than doubling the cost.

In our analysis it would be less expensive for the city to purchase some licenses now before 2016 is released under the old licensing model, which only requires licensing of the two physical processors, but adding Software Assurance (SA) which allows you to upgrade your license to the newest release for 3 years. It is a little more expensive than the base license, but potentially cheaper than the 2016 licensing model. Unfortunately 2016 pricing has not been officially released yet, so we had to assume pricing based on Microsoft documentation and our past experience. Appendix A outlines the proposed licenses and estimated costs.



CITY COUNCIL AGENDA ITEM

Purchasing

- The city is proposing to purchase Windows Server 2016 licensing as outlined in Appendix A.
- The purchase will happen in two phases:
 - The first phase will be the purchase of Windows Server 2012 R2 with Software Assurance for the three higher core count servers to take advantage of the old licensing model.
 - The second phase will be the purchase of all other licenses once Windows Server 2016 is released later this year, without Software Assurance.
- In 2002, City Council approved a blanket resolution for the use of the REMC purchasing program (Resolution #2002-10-548-E-12). REMC Association of Michigan prequalifies vendors, software and equipment through a competitive bid process directed by the REMC Association SAVE Committee; is managed through a fiscal agent agreement with Ingham ISD. CDW-G of Chicago, IL is one of the awarded low bidders for Microsoft Software on the current REMC contract.
- In 2008, City Council approved a blanket resolution for the use of the NIPA; National Intergovernmental Purchasing Alliance, (Resolution #2008-03-086-F-4c). CDW-G is also an awarded vendor on the NIPA cooperative contract #130733.

Financial

Funds are available in the Information Technology Capital budget.

Recommendation

City Management requests the authorization to purchase Windows Server licensing from CDW-G of Chicago, IL utilizing both the REMC Association of Michigan Program and the NIPA Cooperative contract as outlined in Appendix A for an estimated total cost of \$57,080.20.



CITY COUNCIL AGENDA ITEM

Appendix A

Microsoft Server 2016 Licensing Costs

Servers		CPU	Cores	Total	Windows Server License	QTY	Price	Extended
Phase 1								
Bell	City Hall	2	18	36	Datacenter 2012 R2 with SA	1	\$7,441.40	\$7,441.40
Wright	City Hall	2	18	36	Datacenter 2012 R2 with SA	1	7,441.40	7,441.40
Archimedes	Test/DR	2	10	20	Datacenter 2012 R2 with SA	1	7,441.40	7,441.40
Phase 2								
Morris	Polaris Communication Server	1	4	4	Standard 2016 no SA (REMC)	1	300.00	300.00
Plato	Community Center	1	8	8	Standard 2016 no SA	2	882.00	1,764.00
Hero	DPW	1	8	8	Standard 2016 no SA	1	882.00	882.00
Bentham	PD	2	6	12	Datacenter 2016 no SA	1	6,155.00	6,155.00
Newsham	PD	2	6	12	Datacenter 2016 no SA	1	6,155.00	6,155.00
	Library Users				2016 User Client Access (CAL) (REMC)	90	10.00	900.00
	City Users				2016 User Client Access (CAL)	620	30.00	18,600.00
Total								\$57,080.20

Items marked as **REMC** indicate Library licenses that qualify to be purchased under the REMC Association of Michigan contract.

All other licenses would be purchased under the NIPA contract.

2016 prices are estimated.

License definitions:

Standard – One license allows for 2 virtual servers.

Datacenter – Required for servers that serve as a virtualized host. This license allows for an unlimited number of virtual servers.

User Client Access License – Required per user to allow access to all licensed servers. Allows for multiple device access per user.

Software Assurance (SA) – An optional license fee that provides rights to new versions for up to 3 years from purchase.