



County of Monterey

Item No.24

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: A 24-433

September 10, 2024

Introduced: 8/26/2024

Current Status: Natividad Medical Center -
Consent

Version: 1

Matter Type: BoS Agreement

- a. Authorize the Chief Executive Officer for Natividad Medical Center (NMC) or his designee to execute a State and Local Agency Server and Cloud Enrollment Agreement with Software House International (SHI), a Microsoft licensing reseller, for Microsoft Office 365 government services, data backup software, subscriptions, and associated maintenance/support, for a retroactive term of September 1, 2024 through August 31, 2027, for an amount not to exceed \$2,700,000.
- b. Approve the NMC's Chief Executive Officer's recommendation to accept non-standard contract provisions within the agreement.
- c. Authorize the Chief Executive Officer for Natividad Medical Center or his designee to sign order confirmations on an as-needed basis pursuant to this Agreement for a retroactive term of September 1, 2024 through August 31, 2027.

RECOMMENDATION:

It is recommended the Board of Supervisors:

- a. Authorize the Chief Executive Officer for Natividad Medical Center (NMC) or his designee to execute a State and Local Agency Server and Cloud Enrollment Agreement with Software House International (SHI), a Microsoft licensing reseller, for Microsoft Office 365 government services, data backup software, subscriptions, and associated maintenance/support, for a retroactive term of September 1, 2024 through August 31, 2027, for an amount not to exceed \$2,700,000.
- b. Approve the NMC's Chief Executive Officer's recommendation to accept non-standard contract provisions within the agreement.
- c. Authorize the Chief Executive Officer for Natividad Medical Center or his designee to sign order confirmations on an as-needed basis pursuant to this Agreement for a retroactive term of September 1, 2024 through August 31, 2027.

SUMMARY/DISCUSSION:

Natividad Medical Center (NMC) relies on Microsoft software and online services to operate its computers, servers, IT applications, and other digital capabilities. This encompasses Microsoft Windows (computers and servers), Microsoft Office Suite (word processing, spreadsheets and presentations), Microsoft Exchange (email), SQL Server (databases), Microsoft SharePoint Online (collaboration) and remote access, amongst others. Over the last decade, NMC has made significant investments in these product licenses. Maintaining our agreements with Microsoft are essential to

preserving our software investments and supporting hospital computing operations. Approval to execute both enrollment agreements will allow NMC to maintain licensing and online services for 1968 workforce members (staff, contractors).

NMC, in consultation with Gartner Research, sought the most aggressive pricing our three-year renewal. The County of Riverside (CA) has negotiated an agreement with Microsoft that over 600 State and local agencies are currently leveraging. It entitles NMC to join the lowest cost tier (D) typically reserved for large organizations with an additional discount averaging 7%. It ranks as one of the most favorably discounted Microsoft agreement in the U.S.

Microsoft licenses are commonly purchased through an authorized reseller, not through Microsoft directly. At this time NMC seeks to procure the licenses associated with both Microsoft Enrollment agreements through the reseller Software House International (SHI). This request includes that authorization along with the quotes to cover the costs which are based on current counts of licenses in use.

Per the terms and conditions within the agreements, Natividad is allowed to install additional product licenses, including cloud (online) licenses, for new users as they come on board, but is required to perform an annual “True-Up” to identify the number of licenses actually in use at the end of each year and to pay any difference which may have been incurred for that year. This capability is in the best interest of the County as it mitigates the potential of over purchasing costly licenses up front. The cost of the annual True-Up is variable and based on the type and quantity of licensing and services consumed but the amount requested for future True-ups is based on past costs for True-ups.

Due to the annual fluctuation of the number of Natividad employees, it is recommended that the Chief Information Officer for NMC have the authority to increase the number of licenses and storage capacity, as-needed, over the term of the agreement to accommodate any staff increases that may occur.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has reviewed and approved this agreement as to form, and the Auditor-Controller’s Office reviewed the contract, but does not agree to the non-standard payment provisions. The agreement has also been reviewed and approved by NMC’s Finance Committee and by its Board of Trustees on August 9, 2024.

FINANCING:

The cost for this agreement is \$2,700,000, of which \$900,000 is included in the FY 2024-25 Adopted Budget. Amounts for remaining years of the agreement will be included in those budgets as appropriate. Funding will be provided from NMC’s Enterprise Fund 451-9600-6408

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This payment facilitates the maintenance and support of NMC’s Microsoft systems and applications

that support NMC's patient care systems and hospital computing operations.

- ☐ Economic Development
- ☒ Administration
- ☐ Health and Human Services
- ☐ Infrastructure
- ☐ Public Safety

Prepared by: Ari Entin, Chief Information Officer, 831-783-2564

Approved by: Charles R. Harris, Chief Executive Officer, 783-2553

Attachments:

Microsoft Enterprise Enrollment Program Agreement

Microsoft HIPAA Business Associate Agreement

Microsoft Server Cloud Enrollment Program Agreement

SHI Quote #24814234 (Online, Project, Visio Licenses)

SHI Quote #24814269 (SQL Licenses)

Attachments on file with the Clerk of the Board

Charles R Harris
Charles R. Harris, M.D., Chief Executive Officer

09/04/2024
Date