



CITY COUNCIL AGENDA REPORT

MEETING DATE: Tuesday, February 24, 2026
TO: CITY COUNCIL
RECOMMENDED BY: INNOVATION & TECHNOLOGY DIRECTOR GILL
APPROVED BY: TAMARA VIDES, CITY MANAGER
SUBJECT: ANNUAL MICROSOFT 365 LICENSE RENEWAL

RECOMMENDATION:

Staff recommends Council approve the purchase of Microsoft 365 Licenses, in an amount not to exceed \$256,167.

BACKGROUND:

March 2023 - The City migrated from Google to Microsoft for email and document editing.

March 2024 - The City migrated from a failing phone system to Teams phones.

DISCUSSION:

The California Department of Technology (CDT) negotiated a contract with Microsoft to provide the best pricing for the Microsoft 365 product licenses. CDT then purchases licenses, and customers, including the City, pay CDT for the licenses. Microsoft does not sell licenses directly to cities, and the City receives better pricing by purchasing the licenses from CDT rather than a private vendor.

STRATEGIC PLAN:

Efficient and Well-performing Government

Using the CDT contract for the consolidation of all licenses to Microsoft and the addition of replacing a phone system, has provided the City with a single platform to support which will reduce confusion about where data is located.

FINANCIAL IMPACT:

Cost of the licenses is not to exceed \$256,167. This is budgeted as part of the FY25 budget in account 285-7360.

ALTERNATIVE ACTION:

Council can opt not to approve the license renewal. This option is not recommended, as it will leave city operations without email or phone service until an alternative can be identified.

ATTACHMENTS AND/OR REFERENCES (IF ANY):

- 1) CDT Invoice via SHI