



Agenda Report

Fullerton City Council

MEETING DATE: MARCH 17, 2026

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: EDDIE MANFRO, CITY MANAGER

PREPARED BY: KIM CHAUDHRY, SENIOR ADMINISTRATIVE ANALYST

SUBJECT: MICROSOFT LICENSE AND SUBSCRIPTION RENEWALS

SUMMARY

Staff requests approval to renew Microsoft licenses and subscription services through cooperative purchasing agreements to ensure continued availability of essential software, cybersecurity protections and server infrastructure supporting City operations. The current Microsoft licensing agreements expire March 31, 2026.

PROPOSED MOTION

1. Approve renewing Microsoft licenses and subscription services and entering into new Enterprise and Licensing Agreements through authorized resellers utilizing approved cooperative purchasing agreements from the County of Riverside and California Multiple Award Schedule (CMAS) with the State.
2. Authorize City Manager, or designee, to execute Agreements and administer related documents, in a form approved by the City Attorney.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Do not renew Microsoft licenses and subscription services
- Explore other Microsoft licenses and subscription services
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

FISCAL IMPACT

The annual cost for Microsoft license and subscription renewals totals \$534,608.45. Staff included funding in the Information Technology Internal Service Fund (Fund 68) for the Fiscal Year 2025-26 Adopted Budget. Staff will incorporate Year Two and Three costs in future budgets as needed.

BACKGROUND AND DISCUSSION

The City maintains Microsoft licensing and subscription services to support essential technology infrastructure and daily operations across all departments. The current Microsoft licensing agreements expire March 31, 2026. The City must renew licenses to maintain uninterrupted access to critical software and services.

Staff recommends renewing Microsoft licenses through two cooperative purchasing agreements providing competitively priced and compliant procurement options. Per the Fullerton Municipal Code Section 2.64 and the City Procurement Policy 4.1.2, cooperative purchasing agreements for the procurement of products and services, including licenses, are permitted in lieu of formal bidding when another public agency competitively solicited the contract. Cooperative purchasing streamlines purchases and used widely by public agencies as best practice.

Server Products: Three-Year Enterprise Agreement (EA)

Staff proposes renewing server infrastructure licensing under a three-year Microsoft Enterprise Agreement (EA) through the Riverside County cooperative purchasing agreement. The new agreement term would begin April 1, 2026 and end March 31, 2029. This agreement provides pre-negotiated pricing for Microsoft server products and supports on-premise server infrastructure and related systems.

The annual cost for server licensing totals \$97,751.36, with a \$293,254.08 three-year total.

End-User Products: One-Year Cloud Solution Agreement (CSA) via CMAS

Staff proposes renewing end-user licensing through a one-year Cloud Solution Agreement (CSA) utilizing the California Multiple Award Schedule (CMAS). The agreement term begins April 1, 2026 and ends March 31, 2027. These licenses support Microsoft 365 productivity tools and cloud services used by staff across all City departments.

The one-year agreement provides flexibility to audit and evaluate current licensing levels and usage across departments. Information Technology staff would review licenses assignment and utilization and determine if the City can adjust to better align

licensing with operational needs. This evaluation may allow the City to optimize licensing levels, eliminate unused or unnecessary licenses and potentially reduce future licensing costs.

The CSA agreement includes licenses for services such as:

- Microsoft 365 G3 and F3
- Exchange Online
- Microsoft Defender for Endpoint and Defender Suite
- Microsoft Purview compliance tools
- Project Plan 1
- Office 365 services and additional file storage.

The annual cost for end-user licensing totals \$436,857.09. The combined annual cost for Microsoft licensing and subscriptions totals \$534,608.45.

Microsoft licenses and subscriptions remain critical to the City technology environment. These services support:

- the Windows operating system used on City desktops and laptops
- Microsoft 365 productivity applications including Word, Excel, PowerPoint and Outlook
- cybersecurity and identity management tools required for cyber insurance compliance
- on-premises server infrastructure licensing
- source code repositories and development tools
- project management and collaboration software used.

These services ensure the City maintains secure, reliable and modern technology systems while supporting department operational needs.

Attachments:

- Attachment 1 – Microsoft Server Products Quote (three-year Enterprise Agreement)
- Attachment 2 – Microsoft End-User Products Quote (one-year / CMAS)