

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 08.10.2018

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Microsoft Enterprise Agreement

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input checked="" type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Years (2-3) (July 1, 2019 to June 30, 2021)
Operating Budget	Expenditure	(54,221.00)	100,981.00
	Revenue	0.00	0.00
	Net Cost	(54,221.00)	100,981.00
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.

The approval of the requested action will allow Milwaukee County to execute a three-year Enterprise Agreement for a total fees not exceeding \$3,346,760 with Microsoft Corporation through its Large Account Reseller, Crayon Software Experts, LLC. This contract will allow Milwaukee County users and information technology systems to continue using Microsoft products for the daily business operations of the County.

- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.

The overall cost under this three-year Microsoft Enterprise Agreement will be up to \$3,346,760. The total fees is expected to be approximately \$1,045,779 in Fiscal Year 2018; approximately \$1,122,521 in Fiscal Year 2019; and approximately \$1,178,460 in Fiscal Year 2020.

DAS-IMSD has negotiated the license fees for the all Microsoft products under this Enterprise Agreement with Crayon and Microsoft. As a result of these negotiations, Milwaukee County is saving \$218,000 (compared to the amount originally quoted by Crayon) over the three (3) year term of this contract.

This total amount of \$3,346,760 is expected to be paid from the DAS-IMSD operating budget for the Fiscal Years 2018 - 2020.

- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.

DAS - IMSD, low org 1173, has \$1,045,779 to pay for Year 1 fees under this Enterprise Agreement in its Fiscal Year 2018 operating budget. These funds are sufficient to fully pay year 1 fee under the Enterprise Agreement. DAS-IMSD will request additional funds in Fiscal Years 2019-20 operating budgets for the remaining fees for year 2-3 of this Enterprise Agreement.

This Enterprise Agreement provides an excellent pricing, simplified licensing management; and, flexibility needed to meet the day to day technology needs for Milwaukee County.

The following table provides a breakdown of the anticipated total fees to be paid to Crayon each twelve-month period of the Enterprise Agreement and the funding availability/ request plan for the same:

Microsoft Enterprise Agreement		
Period	Not to Exceed Fees Under the Contract	Fund Availability
Year One 07/01/18 – 06/30/19*	\$1,045,779	DAS - IMSD has adequate funds in its 2018 adopted operating budget to pay for Year 1 fees under this Enterprise Agreement.
Year Two 07/01/19 – 06/30/20	\$1,122,521	Fund request has been made in DAS-IMSD 2019 operating budget request
Year Three 07/01/20 – 06/30/21	\$1,178,460	Funds to be requested in DAS-IMSD 2020 operating budget request
TOTAL FEES	\$3,346,760	

* Refer to the attached board report. Microsoft has allowed County to continue using the Microsoft products from July 1, 2018 till the Enterprise Agreement is approved by the County Board of Supervisors. Payment for Year 1 fees will be made in September 2018 and will be retroactive to licenses used by County since July 1, 2018.

D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

The only assumption or interpretations used by DAS-IMSD is for license quantities of the software products to be licensed under the Microsoft Enterprise Agreement based on Milwaukee County's historical data on usage and identified needs of these products by existing users and information technology systems; expansion, added services and advanced technical needs for new technology projects by various County departments and divisions.

Department/Prepared By Amu Bhargoo

Authorized Signature P.P. Amu Bhargoo (Laurie Panella)

Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?? Yes No Not Required