



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: AUGUST 4, 2026

DEPARTMENT: FINANCE DEPARTMENT

FROM: SELINA ANDREWS, FINANCE DIRECTOR

BY: CARLOS ORTEGA, DEPUTY DIRECTOR OF INFORMATION TECHNOLOGY

TITLE: 3-YEAR LICENSE RENEWAL FOR MICROSOFT OFFICE 365 GOVERNMENT G3 AND ADDITIONAL SOFTWARE

RECOMMENDED MOTION:

A motion to approve a Resolution authorizing the City Manager and Purchasing Agent to complete the purchase of Microsoft Office 365 Government G3 and additional software from SHI International Corporation, in an amount not to exceed \$1,371,675.42; and approve a software contingency of \$68,583.77 for a total amount not to exceed \$1,440,259.19 from September 1, 2026 to August 31, 2029.

EXECUTIVE SUMMARY:

Approval of the Resolution will allow the City to continue to provide, maintain, and support various technology programs and platforms for City departments. This Agreement is a three-year Agreement with SHI International Corporation. Microsoft 365 Government G3 is for government agencies like the City that use Microsoft Windows, Microsoft Office, and other desktop applications. The software licenses provide City staff access to required applications such as Word, Excel, PowerPoint, SharePoint, and Outlook email via the cloud and/or desktop environments.

BACKGROUND:

In 2011, the City of Salinas began using Microsoft 365 Government G3. Prior to 2011 the City used Microsoft 365 Enterprise. The change to Microsoft 365 Government G3 was more cost effective and offered government security and compliance capability.

On September 1, 2023, the City entered into a three-year Agreement to renew Microsoft Office 365 G3 licenses through Dell Marketing, LP. The Microsoft Enterprise Licensing Agreement was negotiated by the County of Riverside and SHI International Corporation, as part of a competitive bidding process. Many organizations in the State of California have referenced the Agreement to secure the best pricing option available. The enterprise Agreement allows the City to pay a flat

annual fee and subscribe to the needed software and licensing platforms without paying additional fees for releases and updates. The three-year Agreement ends on August 31, 2026.

Included in Microsoft 365 Government G3 are the core applications including Microsoft Word, Excel, PowerPoint, SharePoint, and Outlook email via the cloud and/or desktop environments. Microsoft Word is used to create documents including memos, reports, internal and public correspondence. Excel is used to create spreadsheets to track budgets, inventory, and other data relevant to City business. PowerPoint is used for creating visual presentations. SharePoint is one of the main platforms used to create, collaborate, share, and manage files and workflows within the City environment. Additionally, two software products, Microsoft Purview and Microsoft Defender, will be added to the Agreement. Microsoft Purview provides a unified platform for managing data security, governance, and compliance. Microsoft Defender provides integrated, multi-layered security for Office 365 software applications such as Outlook and OneDrive.

A software contingency is requested to cover additional licensing needs for potential staffing increases over the three-year Agreement period. This includes additional licensing for Microsoft 365 G3 and productivity tools such as Microsoft Copilot, Visio, and Planner.

Maintaining software licenses is necessary for the maintenance and operations of multiple staff activities and collaboration tools. The current resolution will authorize the continuation of maintaining core Microsoft applications in cloud and virtual desktop environments. Similar to the 2023 Microsoft 365 Government G3 renewal, the City utilized the County of Riverside Agreement to obtain quotes from pre-approved vendors. Multiple quotes were solicited from the pre-approved vendors listed in the County of Riverside Agreement. SHI International Corporation was selected based on lowest price and vendor qualifications.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

STRATEGIC PLAN INITIATIVE:

The renewal of Microsoft 365 and license supports the City Council's Goal of Effective and Culturally Responsive Government by ensuring that the information systems can support city programs, projects can City services for the community.

DEPARTMENTAL COORDINATION:

This staff report has been coordinated with City Manager's Office, City Attorney's Office, Public Works, Community Development, Library & Community Services, Human Resources, Police, and Fire.

FISCAL AND SUSTAINABILITY IMPACT:

Funding for Microsoft Office 365 Government G3 and additional software is available and appropriated in the FY 26-27 & 27-28 two-year operating budget.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
1000	20.2033-62.8550	Outside services-Software	\$610,516	\$ 474,075 (Year 1)

ATTACHMENTS:

1. Resolution
2. SHI International Corp Quote
3. Riverside County MSFT EA Agreement