

# ACTION ITEM MEMO

Port of Tacoma Commission



Item No: 5C (Consent Agenda)

Meeting Date: 2/1/24

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**DATE:** January 24, 2024  
**TO:** Port of Tacoma Commission  
**FROM:** Eric Johnson, Executive Director  
Sponsor: Mark Miller, IT Director  
**SUBJECT:** Microsoft Azure Annual Contract Approval

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**A. ACTION REQUESTED**

Request Commission approval to issue a purchase order for Microsoft Azure Cloud Services of up to \$475,000 for 2024. This is a \$25,000 increase above the amount approved through consent agenda in February 2023 and was approved as part of the 2024 Budget.

**Strategic Plan Initiative:** OS-2.

**B. SYNOPSIS**

The Master Policy Resolution stipulates that any vendor contract which exceeds \$350,000 must be approved by the Commission. The Master Policy Resolution does not exempt personal services contracts.

The pricing for Microsoft Azure Cloud Services is based on the State of Washington Department of Enterprise Services NASPO ValuePoint Software VAR Contract#: 05116. The Microsoft Azure Cloud Services is for compute and Cybersecurity. Given the Port of Tacoma IT Strategy to leverage Cloud IT Services, the Microsoft Azure compute costs are continuing to increase and will be offset by reduced hardware capital and data center lease costs in the future.

The Port of Tacoma Contracts & Procurement along with IT negotiated a \$168,000 annual cost reduction for the Tacoma Data Center lease effective 6/1/2023. The Microsoft Azure Cloud Services costs are covered in the 2024 IT budget.

**C. BACKGROUND**

The Port of Tacoma has heavily invested in Microsoft technologies for over 15 years. Microsoft is the most strategic IT supplier to the Port of Tacoma. Microsoft services are industry leading and cost effective through the State of Washington Department of Enterprise Services NASPO ValuePoint Software VAR Contract#: 05116.

The Port has entered into a three-year Enterprise Agreement with Microsoft for IT Services including email, office, database, compute, and Cybersecurity services effective

05/01/2021. The Port of Tacoma Commission was provided a briefing memo on the Microsoft agreement on 02/01/2021. The Microsoft Azure Cloud Services is included in the Microsoft Enterprise Agreement to be billed monthly based on service consumption.

Over the last year, the Port has migrated the ESRI GIS IT Services from the Port Tacoma Data Center to Microsoft Azure at an annual cost of approximately \$30,000.

February 21, 2023 – Consent Agenda Approval for the Microsoft Annual Contract Approval.

March 17, 2022 – Consent Agenda Approval for the Microsoft Annual Contract Approval.

**D. FINANCIAL SUMMARY**

These costs were included in the 2024 operating budget. This request is to authorize the purchase of these budgeted expenditures.

**E. NEXT STEPS**

Once approved, IT will collaborate with Contracts & Purchasing to create the purchase order.

Attachment