

ACTION ITEM MEMO

Port of Tacoma Commission



Item No: 5D
Meeting Date: 1/22/25

DATE: January 8, 2025
TO: Port of Tacoma Commission
FROM: Eric Johnson, Executive Director
Sponsor: Mark Miller, Sr. Director, Information Technology
SUBJECT: Microsoft Azure Cloud Service Contract Approval

A. ACTION REQUESTED

Request Commission approval to issue a purchase order for Microsoft Azure Cloud Services of up to \$500,000 for 2025. This is a \$25,000 increase above the amount approved through consent agenda in February 2024 and was approved as part of the 2025 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.

In 2024, we continued to reduce our IT infrastructure spend (servers and network) by \$300,000 to offset our increased spend with Software as a Service (SaaS) and Azure Cloud Services.

The Microsoft Azure Cloud Services costs are covered in the 2025 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 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 05/01/2024. The Port of Tacoma Commission was provided a briefing memo on the

Microsoft agreement on 04/22/2024. The Microsoft Azure Cloud Services is included in the Microsoft Enterprise Agreement to be billed monthly based on service consumption.

D. **FINANCIAL SUMMARY** (*Determine when financial charts are appropriate*)

These costs were included in the 2025 operating budget. This request is to authorize the purchase of these budgeted expenditures.

E. **ATTACHMENTS TO THIS REQUEST**

- 2024 Memo - Microsoft Azure Annual Contract Approval.docx

F. **NEXT STEPS**

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