



**City of Kingston  
Report to Council  
Report Number 25-045**

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<b>To:</b>	<b>Mayor and Members of Council</b>
<b>From:</b>	<b>Neil Carbone, Commissioner, Corporate Services</b>
<b>Resource Staff:</b>	<b>Scott Tulk, Acting Chief Information Officer</b>
<b>Date of Meeting:</b>	<b>December 17, 2024</b>
<b>Subject:</b>	<b>Renewal of Five-Year Enterprise Agreement with Microsoft</b>

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**Council Strategic Plan Alignment:**

Theme: Corporate business

Goal: See above

**Executive Summary:**

The Information Systems and Technology (IS&T) Department is seeking approval on a Single Source basis for the renewal of a five-year Enterprise Agreement (EA) that supplies Microsoft365 (M365) and Dynamics365 (D365) services to the City of Kingston, Utilities Kingston, and several other partner agencies. These organizations are operationally dependent on these services for essential functions including financial management, communications, document management and collaboration. Renewal of services will also enable the City to enhance cybersecurity and meet obligations for the management of digital records as required by the *Municipal Act, 2001*.

The five-year agreement provides predictable pricing and discounts, helping the City to manage costs effectively. This agreement aligns with our commitment to improving cybersecurity, operations, and developing predictable budgeting, which is critical to maintaining uninterrupted business operations for City departments and partner agencies.

As stated in By-Law Number 2022-154, A By-Law to Establish a Procurement Policy for the City of Kingston, Non-Standard Procurement (Single Source) values that exceed \$500,000 require Council approval.

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**Recommendation:**

**That** the Mayor and City Clerk be authorized to execute a renewal of the Microsoft Enterprise Agreement for another five-year term to supply Microsoft 365 and Dynamics 365 services, effective December 1, 2024, between The Corporation of the City of Kingston and Microsoft Canada, subject to the satisfaction of the Director of Legal Services and City Solicitor.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Neil Carbone, Commissioner,  
Corporate Services**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER  
**Lanie Hurdle, Chief  
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Growth & Development Services	Not required
Jennifer Campbell, Commissioner, Community Services	Not required
Neil Carbone, Commissioner, Corporate Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Brad Joyce, Commissioner, Infrastructure, Transportation & Emergency Services	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	

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**Options/Discussion:****Background**

Microsoft365 (M365) and Dynamics365 (D365) provide critical services to the City of Kingston, Utilities Kingston, and partner agencies. As of November 30, 2024, the term of the existing five-year "Enterprise Agreement" (EA) has ended. This renewal is crucial as City staff are operationally dependent on these services for financial management, email, document management, and video conferencing through Teams. These tools are integral to daily operations, ensuring seamless communication and collaboration across the organization and protection of data and information.

The renewed agreement offers enhanced cybersecurity features, analytics, and information governance capabilities that are essential for the City's compliance under the *Municipal Act, 2001*. These include advanced eDiscovery tools and legal hold functionalities on digital records. The improved cybersecurity measures will strengthen the City's defenses against evolving potential threats, safeguarding sensitive data and ensuring the integrity of operations.

Additionally, the five-year agreement will guarantee pricing at "Government Level D" for most products, providing substantial financial benefits. Dynamics365 and Microsoft365 "E5" subscriptions are receiving additional discounts averaging between 14%-17% annually. Securing these pricing terms is essential for the City's budget planning and cost management, allowing resources to be allocated more effectively and support strategic initiatives.

The IS&T Department is committed to improving security and controlling overall costs by consolidating new and existing services on the Microsoft platform. Renewal of this agreement will ensure continuity and stability in the City's IT infrastructure, enabling the City to continue delivering high-quality services to corporate stakeholders. Failing to renew this agreement would be highly disruptive to operations and detrimental to the City's records and information management requirements under the *Municipal Act, 2001*.

**Existing Policy/By-Law**

*Municipal Act, 2001*

By-Law Number 2022-154, A By-Law to Establish a Procurement Policy for the City of Kingston

**Financial Considerations**

The proposed Single-Sourced renewal of the EA with Microsoft will commence on or about December 1, 2024 at a cost of \$1,303,176.48 (plus applicable taxes) for the first year. Microsoft is the only organization that provides these online services.

Table 1 provides estimates for years 2-5 of the agreement. Actual annual totals will be determined based on factors such as total number of staff assigned to specific products, storage growth, etc.

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Table 1 - Estimated Annual Costs of the Microsoft EA 2026-2029

2026	2027	2028	2029
1,344,336	1,385,496	1,531,253	1,531,253

IS&T plans to offset Microsoft365 cost increases in later years through avoidance or consolidation of standalone cybersecurity, records management and telephony products (subject to a successful telephony pilot planned for 2025) that would otherwise be purchased from or renewed with other vendors during the term of the agreement. Such reductions include acquisition, implementation and support costs. Microsoft will also provide \$25,000 USD to support implementation and consolidation work under the agreement.

Sufficient funding for the current and subsequent years of this licensing agreement has been allocated in the annual capital budgets of the Information Systems & Technology (IS&T) Department.

**Contacts:**

Scott Tulk, Interim Chief Information Officer, IS&T, 613-561-5304

**Other City of Kingston Staff Consulted:**

Ahmed Ahmin, Manager, Information Technology & Information Systems (Utilities Kingston)

Blair Johnson, Manager, Corporate Records and Information

Stewart Waldron, Manager, Systems Development

Wayne Rice, Manager, Distributed Computing

Jason Reynolds, Acting Manager, Digital Transformation, Architecture and Planning

Sarah Collins, Supervisor, Digital Accessibility and Information Management

James van de Ven, Manager, Technology Infrastructure Services

Scott Van Luven, Cybersecurity Manager

Brent Funnell, Manager, Procurement Services

**Exhibits Attached:**

None