



File #: 17-0880, Version: 1

REPORT TO COUNCIL

SUBJECT

Award a Contract to Provide a Colocation Facility for City Data Centers (F17-104)

REPORT IN BRIEF

Approval is requested to award a 5-year contract in the amount of \$2,837,303 to Zayo Group LLC of Boulder, Colorado, to provide a colocation facility for the City's data centers, including private Ethernet network connectivity, maintenance, and customer support. Approval is also requested for an 8% contract contingency in the amount of \$226,984 and to delegate authority to the City Manager to extend the contract for four additional one-year periods provided pricing and service remain acceptable to the City. A separate contract for relocation of the data center hardware and destruction of obsolete hard drives will be awarded to Curvature, Inc. of Hudson, Massachusetts, under the City Manager's award authority.

EXISTING POLICY

Pursuant to Chapter 2.08 of the Sunnyvale Municipal Code, City Council approval is required for contracts exceeding \$100,000.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15378(b)(5) in that it is governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

BACKGROUND AND DISCUSSION

The City currently hosts two data centers that support the City's data storage and computing systems: one in the City Hall Annex basement on Olive Avenue and the other in the Department of Public Safety building on All America Way. Neither data center has been maintained adequately for reliability or to guard against threats from environmental issues (cooling and fire suppression), earthquake prevention, flooding (at City Hall Annex), and location security (site access and video surveillance). Furthermore, neither data center has disaster recovery capability to enable a full recovery in the cloud, or connections to cloud providers built into their design. This places the City's storage and computing systems at risk from a security and a reliability standpoint.

The cost to maintain a City-hosted data center that satisfies facility, infrastructure and security requirements is significant and would require approximately 1.5 additional FTEs, training and resources to operate properly. The approximate cost to retrofit/renovate both data centers is \$2.0 million, not including disaster recovery. The approximate cost to build a data center in the new Civic Center is \$3.4 million, which will vary depending on real estate costs and does not include disaster recovery. Including an on-site data center in the new Civic Center might also require moving the

hardware twice, depending on the phases of the Civic Center, and with the current unstable condition of the data centers continue to keep these at risk until the Civic Center is built. In consideration of its options, Staff decided to issue an RFP for an off-site colocation facility.

A competitive Request for Proposals (RFP) was issued in March 2017 and was posted to the City's public procurement network. Five proposals were received on April 12, 2017, from Microsoft, CyrusOne, Equinix, QTS Data Centers, and Zayo Group. The proposals were evaluated by Information Technology Department (IT) staff based on overall functionality of the proposed solution, implementation plan, and proposal quality. Zayo Group was the highest rated proposer, based on the rack space provided, migration services, and private connectivity to the colocation facility. Zayo Group will work with Curvature, Inc. to coordinate relocation of the data center hardware from the City to the colocation facility.

FISCAL IMPACT

Funds for replacement of various existing IT equipment is contained within the Information Technology and Communications Internal Services Fund. Equipment replacement in this fund is paid for through contributions from the City's various operating funds. For example, replacement of the computer aided dispatch system in Public Safety is funded through amortized contributions made by the General Fund.

The cost of this contract over five years is approximately \$2.84 million. Of that total, only approximately \$30,000 is one time, the remainder is ongoing. Services (detailed in Exhibit B to the contract) include the ongoing cost for space and power, costs for security and network services, point to point connections from City facilities to the data center, and disaster recovery services. The total cost of these services is approximately \$340,000 per year over the five year agreement.

The total twenty-year impact of this change, assuming it remains the City's strategy over the long run, is estimated to be \$8.6 million. As part of the analysis for this contract, Staff has determined through removing equipment that is no longer needed and defunding some other un-needed replacements, this contract can be funded for approximately ten years without impacting the budget. Beyond that, increases in contributions from other funds will be needed. It is important to note that while funding for this contract is insufficient over the long run, there are also insufficient funds budgeted for a full replacement of the City's current data center and with this contract the City will follow best practices regarding security and reliability of its IT systems. Furthermore, colocation allows the flexibility to leave a data center out of the Civic Center project, avoiding the additional expense and complexity.

Staff will make the adjustments to the replacement budget and build in the full twenty year impact with the FY 2018/19 Recommended Budget and long term financial plan.

Funding Source

Funds are currently budgeted in the General Services Fund/Technology and Communications Services Subfund.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

1) Award a five year contract in the amount of \$2,837,303 to Zayo Group LLC to provide a colocation facility, in substantially the same form as Attachment 1 to the report and authorize the City Manager to execute the contract when all necessary conditions have been met; 2) approve an 8% contract contingency in the amount of \$226,984; and 3) delegate authority to the City Manager to award a contract for four additional one-year periods provided pricing and service remain acceptable to the City.

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Reviewed by: Timothy J. Kirby, Director of Finance
Reviewed by: Kathleen Boutté Foster, Chief Information Officer
Reviewed by: Walter C. Rossmann, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENT

1. Draft Services Agreement