



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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File #: 18-0125, Version: 1

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Authorize the Issuance of Three Purchase Orders for Networking Equipment for Colocation Facility and Additional IT Security Tools (F18-203, F18-204, F18-205)

#### **REPORT IN BRIEF**

Approval is requested to authorize the issuance of three purchase orders to: 1) Integrated Archive Systems, Inc. (IAS) of Palo Alto in the amount of \$757,789.84 for Cisco networking equipment (connectivity/communications), 2) Palo Alto Networks in the amount of \$513,590.30 for networking equipment (firewalls/IT security subscription services), and 3) NetApp Networks in the amount of \$339,630.73 for networking equipment (enterprise storage), three years of maintenance and support, and implementation of required IT security subscription services. Approval is also requested to delegate authority to the City Manager to renew the maintenance and support up to two additional years, subject to available funding and acceptable pricing and services.

#### **EXISTING POLICY**

Pursuant to 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(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

#### **BACKGROUND AND DISCUSSION**

On September 26, 2017, Council approved a contract with Zayo Group LLC (RTC No. 17-0880) to provide a colocation facility (Co-Lo) for city data centers (F17-104). As such, the City will be moving server and data storage equipment from two current data centers into the Co-Lo. In support of this, the City needed to upgrade the current network and storage infrastructure while at the same time increasing the IT security functions. The new network equipment will provide connectivity to the Co-Lo and redundancy between the City and the Co-Lo in addition to the disaster recovery site in Denver, Colorado. The new enterprise storage equipment will support the data and systems moving into the Co-Lo. The Next-Gen (next generation) firewalls and new IT security subscription services will provide new IT security functions such as: Intrusion Detection System (IDS) and Intrusion Prevention System (IPS), web filtering, malware analysis, advanced endpoint protection, mobile security and a more secure Virtual Private Network (VPN) solution.

Bid specifications were prepared by the Information Technology Department (ITD). Purchasing staff issued three Invitation for Bids (IFB) No. F18-203 (Cisco), F18-204 (Palo Alto Networks), F18-205

(NetApp), which were directly emailed to four vendors and advertised to potential suppliers through the City's DemandStar public procurement network. The NetApp bid specification included a trade-in for existing equipment scheduled for replacement. Four (4) sealed bids were received for Cisco, three (3) sealed bids were received for Palo Alto Networks, and one (1) sealed bid was received for NetApp. These bids were publicly opened on February 7, 2018.

The apparent low bidder for Cisco equipment was deemed non-responsive because the bidder (CenturyLink) did not submit their bid on the "revised" bid form. The "revised" bid form contained bid item specification changes that materially impact the bid. The second low bidder, IAS, was determined to be the next lowest responsive and responsible bidder. The bid tabulation (Attachment 1) for Cisco summarizes the bid specifications, irregularities and the total base bids.

The apparent low bidder for Palo Alto Networks equipment (Futurenet Group) bid contained a discrepancy in their bid form for bid item number 15. The total bid amount for bid item number 15 (product of the unit price and the quantity listed) was incorrect. As allowed under the terms of the Invitation to Bid, in such an incident the "unit price shall govern" and staff adjusted the total bid amount. The adjustment resulted in an increase to the total bid amount of \$816,944. This discrepancy was acknowledged by Futurenet Group and the adjustment resulted in Futurenet Group being determined not to be the low bidder. Because of this discrepancy, the apparent second low bidder, IAS, was determined to be the lowest responsive and responsible bidder. The bid tabulation (Attachment 2) for Palo Alto Networks summarizes the total base bids.

The sole bidder for NetApp, IAS, was determined to be responsive and responsible. The bid tabulation (Attachment 3) for NetApp summarizes the total base bid and trade-in value.

### **FISCAL IMPACT**

The total cost for the three purchase orders will be \$1,611,010.87. This includes a one-time payment of \$1,106,146.96 for hardware purchases and a one-time payment of \$504,863.91 for three years of maintenance, support and new IT security subscription services. These costs will be paid for by the Information Processing Hardware allocation (Account 021600) where \$865,636 has already been allocated for the replacement of network equipment. The remainder will be paid by carryover funds related to the Police CAD project that is not scheduled to begin until FY2018/19 and has funds allocated within the FY2017/18 projects budget. Despite the shift in funds, the CAD project will retain over \$950,000 for FY 2017/18 Recommended Budget. A refinement of CAD project costs and the hardware costs recommended as part of this report will need to be programmed as part of the City's technology replacement cycle in the FY 2018/19 budget process.

Beginning in FY2020/21, the City will be responsible for ongoing annual costs totaling \$168,288. This includes \$106,918 for maintenance and support and \$61,370 for new IT security subscription services. These ongoing costs will be offset by \$106,718 in annual expenses currently allocated to the IT Operating Budget (Program 746). A total ongoing annual cost of \$168,288 will need to be added to the IT Operating Budget (Program 746) beginning in FY2020/21, of which \$61,570 is net new ongoing cost above the current budget allocation. Over the 20-Year Financial Plan, these additional costs are estimated at approximately \$1.35 million.

### **Funding Source**

Funding for this project is from the General Services Fund/Technology and Communications Services Sub-Fund.

### **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) Authorize the City Manager to issue three purchase orders, excluding sales tax, to: IAS, Inc. in the amount of \$757,789.84 for Cisco networking equipment (connectivity/communications), Palo Alto Networks in the amount of \$513,590.30 for networking equipment (firewalls/IT security subscription services), and NetApp Networks in the amount of \$339,630.73 for networking equipment (enterprise storage), in substantially the same form as the Attachment 4 and 2) Authorize the City Manager to renew the maintenance and support for up to two additional years subject to available funding and acceptable pricing and services

Prepared by: Gregory S. Card, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Kathleen Boutte Foster, Chief Information Officer

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

### **ATTACHMENTS**

1. Bid Summary F18-203
2. Bid Summary F18-204
3. Bid Summary F18-205
4. Draft Purchase Orders