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2016 APR 28 PM 2:06

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Katano Kasaine
Interim CIO

SUBJECT: Data Center Migration Project

DATE: April 20, 2016

City Administrator Approval

Date:

4/27/16

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator Or Designee To:

- 1) **Enter Into Lease Agreement, Purchase Agreements And Professional Services Agreements For Phase One Of The Data Center Modernization Project (“Project”) For A Total Estimated Five Year Cost Of Three Million Fifty Thousand Dollars (\$3,050,000) Of Which The:**
 - a. **Lease Agreement To House The Data Center With Digital Realty Trust Is Estimated To Be One Million Two-Hundred Thousand Dollars (\$1,200,000) Over Five Years (\$50,000 Upfront And \$230,000 Per Annum),**
 - b. **Support, Maintenance, Licensing Is Estimated To Be One Million One Hundred Thousand Dollars (\$1,100,000) Over Five Years (\$220,000 Per Annum), and**
 - c. **Purchase Agreements For Software, Hardware and/or Licensing, And Professional Service Agreements Are Estimated To Be A One-Time Upfront Cost Of Seven Hundred Fifty Thousand Dollars (\$750,000), All The Above Without Return To Council; And**
- 2) **Waive The Advertising, Bidding and Request For Proposal/Qualifications (“RFP/Q”) Competitive Selection Requirements For All Of The Above Agreements.**

EXECUTIVE SUMMARY

The Information Technology Department (ITD) is proposing a Data Center Modernization Project (“Project”) to mitigate a possible catastrophe to the City’s technology infrastructure. The City’s aging data centers are currently vulnerable to a number of factors (*i.e.*, power outages, overheating, water damage, natural disasters, vandalism/terrorist acts, etc.) – any one of which has the potential to cause irreparable harm to the City’s core business operations. In addition,

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the auditors, dating back to the FY2010 audit, cited the City's inadequate back-up recovery systems.

This Project, as currently envisioned, will be a major multi-year effort, requiring the engagement of a large number of both IT and business stakeholders, and would result in upgraded hardware, superimposed with data center best practices, to ensure business continuity of the City through reliable infrastructure for IT operations. Given the complexities tied to this Project, it will need to be phased in order to curb any operational risks. Currently, Staff expects that the Project will be two pronged:

- **Phase I.** Phase I will serve as a smaller scope initiative for a potentially much larger physical migration of the City's technology assets. During Phase I, the intent is to move the Oracle and Point of Sale ("POS") computing infrastructure, including hardware servers, software, storage, security, and networking equipment, to a secure offsite private data center. During this Phase, Staff would also undertake the necessary due diligence (e.g., RFP for large scale data migration, RFP for assessment of current technology hardware, RFP for Phase II project manager, etc.) in order to consolidate and modernize the City's data infrastructure and to resolve the audit finding concerns.
- **Phase II.** Phase II will build upon the successes of Phase I and execute the appropriate actions based upon the findings of Phase I's assessment. Phase II will result in a more comprehensive review of all IT assets owned by the City, in which a long term data center modernization strategy, development of private and public cloud implementation roadmap, balancing operational efficiencies, and cost considerations, will be developed and executed.

Staff recommends that Council approve a resolution to facilitate Phase I of the Project, while waiving the competitive bidding requirements.

After the completion of Phase I, Staff intends to come back to Council to provide an update of Phase I and request the appropriate authorization to enter into Phase II of the Project upon completion of RFP and vendor selection process.

BACKGROUND/LEGISLATIVE HISTORY

The City has multiple data centers that house mission-critical computer systems – public safety radio infrastructure, enterprise solutions, and associated components, such as database servers, storage servers, and telecommunications systems – to support the City's 24 by 7 business operations. These decentralized data centers are located in various City buildings and are rapidly aging, and face increasing vulnerabilities such as power and environmental failures and/or data security breaches, which would compromise the operational and financial health of the City.

The following is a select list of major incidents at the Frank Ogawa Plaza (FOP) and Emergency Operations Center (EOC) data centers in the past three years. These incidents caused major issues to the City's ability to run payroll, enter time cards, collect cash, access the internet, as well as irreversible damage to high value IT hardware such as the Oracle engineered systems.

Table 1: Description of Recent Data Center Incidents & Impacts

Date	Failure Description	Operational Impact / Cost
November 21, 2012	Police Administration Building (PAB) Data Center – HVAC failure caused overheating	Impact on many of the OPD mission-critical applications/databases as well as basic business connectivity to the enterprise applications. Telestaff, Field-based Reporting, Body Worn Camera, and Records Management System were inaccessible due to PAB Data Center overheating issues.
May 21, 2013	150 Frank Ogawa Plaza Data Center - HVAC system malfunction caused overheating issues inside the Server room	Severe impact on ITD staffing resources to respond, and monitor various IT systems. Any significant change in environmental conditions can harm the effective life-cycle of various hardware, networking, and storage components.
December 10, 2013	150 Frank Ogawa Plaza Data Center - HVAC system malfunction caused overheating issues inside the Server room	Severe impact on ITD staffing resources to respond, and monitor various IT systems. Any significant change in environmental conditions can harm the effective life-cycle of various hardware, networking, and storage components. Many enterprise systems and public safety applications were down with equipment hardware failures. Heating issues extended over several days.
August 19, 2014	150 Frank Ogawa Plaza Data Center – HVAC air gap eliminator on the chilled water line broke caused water leak	Severe impact on ITD staffing resources to respond, and monitor various IT systems. However, timely detection and response averted major outage as water leaked directly onto Data Center power supplies. This could have caused damage to the environmentally sensitive electronics and computer systems.
September 6, 2014	150 Frank Ogawa Plaza Data Center - HVAC system malfunction caused overheating issues inside the Server room	Severe impact on ITD staffing resources to respond, and monitor various IT systems. Any significant change in environmental conditions can harm the effective life-cycle of various hardware, networking, and storage components.

Date	Failure Description	Operational Impact / Cost
January 10, 2015	150 Frank Ogawa Plaza Data Center - HVAC system malfunction caused overheating issues inside the Server room	<p>Severe impact on ITD staffing resources to respond, and monitor various IT systems. Any significant change in environmental conditions can harm the effective life-cycle of various hardware, networking, and storage components.</p> <p>Many enterprise systems and public safety applications were down with equipment hardware failures. Heating issues extended over several days.</p>
February 1, 2015	150 Frank Ogawa Plaza Data Center - HVAC system malfunction caused overheating issues inside the Server room	<p>Severe impact on ITD staffing resources to respond, and monitor various IT systems. Any significant change in environmental conditions can harm the effective life-cycle of various hardware, networking, and storage components.</p> <p>Many enterprise systems and public safety applications were down with equipment hardware failures. Heating issues extended over several days.</p>
June 6, 2015	EOC Data Center – Primary and Backup Power failure	<p>Power failure impacted many of the OPD and OFD mission-critical applications, 911 dispatching capability, as well as basic business connectivity to the enterprise applications. Many of OFD business-essential databases and applications (<i>i.e.</i>, 911 CAD dispatching, Telestaff, e-Patient Care Reporting, and Records Management System) were inaccessible due to EOC Data Center power issues.</p> <p>All dispatch workstations went offline due to this power outage.</p>
August 14, 2015	EOC Data Center - HVAC system malfunction caused overheating issues inside the Server room	<p>This HVAC failure impacts many of the OPD and OFD mission-critical applications, as well as enterprise business applications.</p> <p>Overheating may have left potential residual damage impacting useful life of equipment in Data Center.</p>
August 16, 2015	150 Frank Ogawa Plaza Data Center - HVAC system	<p>Severe impact on ITD staffing resources to respond, and monitor various IT systems. Any</p>

Date	Failure Description	Operational Impact / Cost
	malfunction caused overheating issues inside the Server room	<p>significant change in environmental conditions can harm the effective life-cycle of various hardware, networking, and storage components.</p> <p>Many enterprise systems and public safety applications were down with equipment hardware failures. Heating issues extended over several days.</p>
August 27, 2015	EOC Data Center - HVAC system malfunction caused overheating issues inside the Server room	<p>This HVAC failure impacted many of the OPD and OFD mission-critical applications, as well as enterprise business applications.</p> <p>Overheating may have left potential residual damage impacting useful life of millions of dollars' worth equipment in Data Center.</p>
October 1, 2015	AT&T Internet connection failure feeding 150 Data Center	<p>City wide internet service outage impacted all public facing applications and email communications.</p> <p>The City was cut off from rest of the world by not having a backup communications path for Internet access.</p>

In addition to the above, on numerous occasions in the past several years, the former Community and Economic Development Agency (CEDA) 250 FOP server room has repeatedly overheated and lost power.

The above incidents were addressed with temporary solutions given the time-critical need to bring the servers back online as well as the lack of funding to permanently address the core problems. Similar incidents are expected to reoccur due to the age, capacity, and staffing of these data centers. The Project is necessary in order to start addressing these inherent deficiencies.

ANALYSIS AND POLICY ALTERNATIVES

According to Gartner, a global technology research company, data centers older than seven (7) years are considered obsolete. The City’s data centers are approximately 20 years old on average, and pose major risks to the City’s operations and data security. The following are some of the problems facing the City’s data centers:

- Inadequate data center power management causing unforeseen power outages that bring down critical information systems during high traffic timeslots;
- Inadequate cooling configurations causing high value machines to frequently overheat and shutdown;
- Improper data center setup, such as inclusion of overhead water sprinklers, imposing significant risk to City including potential loss of millions of dollars of IT assets and critical City data;
- Lack of centralized IT infrastructure management team, strategy, and process causing uncoordinated hardware purchases and installations without proper documentation and maintenance; and
- Lack of Disaster Recovery strategy and plan to protect City IT infrastructure and data in events of major disasters such as earthquakes, fires, and floods. This was cited as a significant deficiency during the FY2010 CAFR audit findings.

This Project is necessary in order to start addressing the above to ensure that valuable City IT assets running/storing key City business processes and data are adequately protected. Staff estimates that the total replacement value of all IT assets situated in FOP and EOC data centers alone is well over \$10 million. The Oracle Engineered Systems and POS system in scope for Phase I migration have a total replacement value of around \$4 million.

Given the complexities tied to this Project, it will need to be phased in order to curb any operational risks. Currently, Staff expects that the Project will be two pronged. The following *Table 2* is an overview of Phase I and Phase II of the Project:

Table 2: Description of Phase I and Phase II of Project

Phase:	Phase I	Phase II
Timing:	May 2016 – September 2016	October 2016 – June 2017
Goals/ Activities:	<ul style="list-style-type: none"> ✓ Design & establish network presence at Digital Realty colocation site at 720 2nd Street, Oakland ✓ Physically migrate all Oracle and POS machines from FOP and EOC data centers to Digital Realty colocation site ✓ Setup Oracle system Disaster 	<ul style="list-style-type: none"> ✓ Comprehensive IT asset inventory assessment across all Oakland data centers, including end-to-end applications rationalization and dependencies mapping ✓ Creation of future data center hardware, software, network design

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	<p>Recovery hosting with Disaster Recovery vendor</p> <ul style="list-style-type: none"> ✓ Conduct assessment of all City IT infrastructure to support RFP creation for Phase II vendor selection process ✓ Create RFP and select vendor(s) for Phase II 	<p>and roadmap based on industry best practices, with recommendations on consolidation, data center retrofit and colocation site utilization</p> <ul style="list-style-type: none"> ✓ Creation of future data center management processes and organization structures, with recommendations on formal IT portfolio management process/procedures and implementation roadmap ✓ Creation of future Disaster Recovery strategy and plan encompassing all critical City systems and data
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As the likelihood of on-going data center failures increases, Phase I is designed to address some immediate concerns by migrating the core financial operations of the City (Oracle & POS systems) to a secure facility outside of City buildings, as well as providing a roadmap to Phase II, which upon completion, would modernize the City’s data center as a whole.

The IT Department has identified several contractors as the most suitable for Phase I of the Project (see Table 3 below). Staff recommends that the Council give the City Administrator authority to award the various contracts for Phase I without a competitive selection process.

Waiver of RFP/Q Competitive Selection Requirements

Oakland Municipal Code “OMC” Section 2.04.050 requires advertising and competitive bidding for contracts for the purchase of supplies, equipment, and computer software and the award to the lowest responsible, responsive bidder if award is made. OMC Section 2.04.050 I.5 provides an exception to the advertising and competitive bidding requirement of the OMC upon a finding and determination by the City Council that it is in the best interests of the City to do so. Additionally, OMC section 2.04.051 requires a RFP/Q selection process for award of contracts that exceed \$25,000 for professional service contracts and which are exempt from bidding under Section 2.04.050.1.1. However, OMC sections 2.04.050.I. and 2.04.051.B permit the City Council to waive advertising, competitive bidding and the request for proposals/qualifications processes upon finding that it is in the City’s best interest to do so.

Staff recommends that the Council find and determine that it is in the best interest of the City to waive the advertising and competitive selection requirements for Phase I of the Project. We make this recommendation based on the following factors:

- **Timing/Urgency.** It is becoming increasingly obvious that time is of the essence in addressing some of the City’s data center problems as Staff expects these problems to compound with time. By waiving the competitive bidding requirement, it would allow Staff to start mitigating some of the City’s data center risks immediately.

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- **RFPs in Phase II.** Phase I’s scope is modest relative to the Project overall, and one of the key goals during Phase I will be to conduct an RFP process for the contractors who will work on Phase II, which Staff expects will be the larger, more involved portion of the Project.
- **Efficiencies.** Moreover, the Oracle R12 reimplementation provides the ideal platform to start addressing the modernization for the City’s data center, as it provides unique efficiencies for the City given that many of the consultants necessary for a data center migration are already on site, and are well-versed in the City’s technology infrastructure. As is the case of BIAS Corporation (“BIAS”) and Horizon Projects Consulting Corp (“Horizon”), their qualifications have recently been vetted by the City through an RFP process for the R12 reimplementation.

The contractors listed in *Table 3* below are recommended based upon an extensive vetting process taking into account each contractor’s qualifications, knowledge of the City, and pricing considerations:

Table 3: Recommended Contractors for Phase I

Project Need & Description	Recommended Contractor & Qualifications
<p>Data Center Off-site facility that will house the City’s Oracle and POS servers in Phase I, and other high value City & Public Safety IT equipment in the near future.</p>	<p>Digital Realty Trust (“DRT”)</p> <ul style="list-style-type: none"> – One of top data center colocations in the United States; offers world-class data center hosting locations at competitive prices. – Its Oakland site at 720 2nd Street is the closest to City campus compared to any other vendor sites. It will allow easy access for City IT personnel during maintenance and reduce relocation risks. – Its Oakland site can be connected to City at Franklin Ogawa Plaza via BART fiber, allowing the City to enjoy a 10GB connection at no cost. This will be done via a reciprocity agreement City signed with BART in 2011. This unique setup is only available at the Digital Realty 720 site. Compared to sites not connected via BART fiber, this site would save the City thousands of dollars per month on additional connectivity charges. – Its Oakland site has a direct line of sight to microwave antennas in downtown allowing the City to leverage microwave technology for connection redundancy.
<p>Network Design and Migration Execution Consultant to design and build the network footprint of the new data center, and to physically migrate the necessary hardware and software from City FOP & EOC data centers to the new DRT data center.</p>	<p>BIAS Corporation</p> <ul style="list-style-type: none"> – Provides high quality consultants with expertise in networking, data center, and Oracle. – Deep understanding of City’s Oracle infrastructure. Performed City’s infrastructure remediation project and is currently the system implementer for the City’s Oracle R12 reimplementation project. – Fully vetted during RFP process for Oracle R12 reimplementation
<p>Project Management & RFP Management Consultant to manage Phase I</p>	<p>Horizon Projects Consulting Corp</p> <ul style="list-style-type: none"> – Track record in managing complex IT projects at the City of Oakland

Project Need & Description	Recommended Contractor & Qualifications
and provide necessary technical expertise.	<ul style="list-style-type: none"> - Deep understanding of City's IT environment - Ability to manage across various key projects, such as Oracle Reimplementation, Infrastructure Support, POS Upgrade, Hyperion Implementation, and to ensure dependencies are identified and properly managed. - Fully vetted during RFP process for project manager for Oracle R12 reimplementation
Fiber Connection Fiber optic cable connection will be necessary between City and DRT site in order to allow City personnel to access DRT servers via a 10GB connection with minimal setup and maintenance costs.	BART <ul style="list-style-type: none"> - "Telecommunications Reciprocal Use Agreement" signed between BART and City of Oakland on November 1, 2011 - Reciprocity agreement enables City to obtain fiber optic fibers via BART with minimal setup and maintenance cost - Cable connections allow for high speed connectivity between City campus and DRT site at 720 2nd Street.
Cloud Disaster Recovery The entire Oracle application and data set will be replicated in the cloud for emergency use. In case of a major disaster causing the physical servers to be made unusable, City staff and constituents will be able to continue to transact and access Oracle via cloud.	Amazon Web Services <ul style="list-style-type: none"> - World-class disaster recovery, with dedicated Oracle team and cloud storage services - Competitive pricing structure - Already a service provider to the City with positive feedback from Staff
Internet Service Provider A separate public internet line at the new data center to allow for independent, diverse, and redundant connectivity for the City's main and disaster recovery systems.	Level 3 <ul style="list-style-type: none"> - Decision based upon evaluation of several vendors including: AT&T, Cogent, Level 3, Zayo and Comcast. - The one time cost of internet setup is nominal and is consistent across all vendors.

FISCAL IMPACT

Phase I costs will be comprised of (1) one-time setup costs and (2) recurring lease and maintenance costs:

One-Time Setup Costs. There is no further fiscal impact in terms of one-time setup costs as monies have already been budgeted per Resolution No. 81129 C.M.S., dated March 18, 2008. The following *Table 4* shows the estimated cost of each contractor based upon the currently envisioned scope of work for Phase I:

Table 4: Estimate of One-Time Setup Costs for Phase I

Contractor	Role	Amount
DRT	Data Center Build Out	\$ 50,000
BIAS	Network Design & Build, Migration Execution, Transportation of Servers to DRT Facility	298,000
Various Brands	Network Hardware & Software	230,000
Horizon	Phase I Project Management	150,000
BART	Fiber Connections Setup	10,000
Level 3	Internet Service Provider	2,000
Project Contingency		60,000
TOTAL One-Time Set-Up Costs		\$ 800,000

Total one-time cost will not exceed eight hundred thousand dollars (\$800,000), and is available in the following fund: 5510.94464.57711.C468112.IP62.

Recurring Lease and Maintenance Costs. There is no further fiscal impact in terms of ongoing costs as monies have already been budgeted as part of ITD's operations and ("O&M") maintenance budget via internal service fund recovery (Fund 4600). The following Table 5 shows the estimated annual charges for Phase I:

Table 5: Estimate of Recurring Annual Cost for Phase I

Contractor	Role	Annual Amount
DRT	Rent for Offsite Facility and Power Usage Charges	\$ 230,000
Level 3	Internet Service Provider	40,000
Amazon Web Service	Oracle Cloud Disaster Recovery	43,000
Various Brands	Network Hardware & Software Licensing	40,000
BART	Fiber Connection Maintenance	12,000
To Be Determined	Professional Service for Data Center Infrastructure Support	50,000
Project Contingency		35,000
TOTAL Annual Cost		\$ 450,000

Total recurring cost related to Phase I of the Project will be \$2,250,000 over the next five (5) years (\$450,000 annually).

Cost Summary of Phase I. Table 6 below shows a summary of the total cost related to Phase I over the next five (5) years:

Table 6: Summary of Phase I Costs Over Five (5) Years

Cost Type	Detail	Estimated Amount
One-Time Upfront Cost	Lease, Maintenance, Hardware/Software, Professional Services	\$ 800,000
Annual Recurring Costs	Five (5) Years	2,250,000
GRAND TOTAL (5 Years)		\$ 3,050,000

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PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This report was developed in consultation with staff in the Treasury Bureau, Budget Office, the Office of the City Attorney, and the Controller's Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: There are no economic opportunities associated with this report.

Environmental: There are no environmental opportunities associated with this report.

Social Equity: Approval of this resolution will help to ensure the City's ability to prevent catastrophic events resulting from a failed infrastructure, which poses a serious threat to public safety response and the safety of Oakland residents.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council adopt a resolution authorizing the City Administrator or designee to:

- 1) Enter into Lease Agreements, Purchase Agreement, Purchase Agreements and Professional Services Agreements for Phase One of the Data Center Modernization Project ("Project") for a total estimated five year cost of \$3,050,000 of which the:
 - a. Lease Agreement to house the Data Center with Digital Realty Trust is estimated to be \$1,200,000 over five years (\$50,000 upfront and \$230,000 per annum),
 - b. Support, maintenance and licensing is estimated to be an additional \$1,100,000 over five years (\$220,000 per annum), and
 - c. Purchase Agreements for software, hardware and/or licensing, and Professional Service Agreements are estimated to be a one-time upfront cost of \$750,000, all the above, without return to Council; and
- 2) Waive the advertising, bidding and Request for Proposal/Qualifications ("RFP/Q") competitive selection requirements for all of the above agreements.

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For questions regarding this report, please contact Ahsan Baig, Information Systems Manager, at (510) 238-3010 or at ABaig@Oaklandnet.com.

Respectfully submitted,



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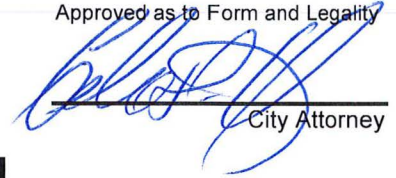
JANET SALISBURY
Project Manager
Information Technology Department

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Approved as to Form and Legality


City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION:

AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO:

- 1) ENTER INTO LEASE AGREEMENT, PURCHASE AGREEMENTS AND PROFESSIONAL SERVICES AGREEMENTS FOR PHASE ONE OF THE DATA CENTER MODERNIZATION PROJECT ("PROJECT") FOR A TOTAL ESTIMATED FIVE YEAR COST OF THREE MILLION FIFTY THOUSAND DOLLARS (\$3,050,000) OF WHICH THE:
 - A. LEASE AGREEMENT TO HOUSE THE DATA CENTER WITH DIGITAL REALTY TRUST IS ESTIMATED TO BE ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000) OVER FIVE YEARS (\$50,000 UPFRONT AND \$230,000 PER ANNUM),
 - B. SUPPORT, MAINTENANCE, LICENSING IS ESTIMATED TO BE ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000) OVER FIVE YEARS (\$220,000 PER ANNUM), AND
 - C. PURCHASE AGREEMENTS FOR SOFTWARE, HARDWARE AND/OR LICENSING, AND PROFESSIONAL SERVICE AGREEMENTS ARE ESTIMATED TO BE A ONE-TIME UPFRONT COST OF SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000), ALL THE ABOVE, WITHOUT RETURN TO COUNCIL; AND
- 2) WAIVE THE ADVERTISING, BIDDING AND REQUEST FOR PROPOSAL/QUALIFICATIONS ("RFP/Q") COMPETITIVE SELECTION REQUIREMENTS FOR ALL OF THE ABOVE AGREEMENTS

WHEREAS, the City's information technology infrastructure is the underlying foundation that ties multiple departments and agencies together that allows the City to provide essential services to the community; and

WHEREAS, the City’s current data centers, which houses the technology infrastructure, are aging and are subject to multiple vulnerabilities and failures that threaten City operations; and

WHEREAS, a fiscal year 2010 audit found the City had an inadequate IT back-up recovery; and

WHEREAS, a well maintained and supported data network is vital to ensuring the City’s mission critical technology platforms to the highest degree of availability and without interruption; and

WHEREAS, a Data Center Operations Modernization Project (“Project”) is necessary to start addressing the inherent deficiencies to the City’s data platform; and

WHEREAS, for Phase One of the Project, the City will need to enter into purchase agreements for purchase of hardware/software, licensing and for professional services that allow physical migration of the City’s Oracle and Point of Sale servers to an offsite facility, and support Phase One as detailed in the Agenda Report that accompanies this Resolution; and

WHEREAS, for Phase One of the Project, the City Administrator will need to enter into a lease agreement to house the Data Center with Digital Realty Trust for a term of five (5) years at an estimated rate of \$230,000 per year (rental rate plus power usage charges) plus one time upfront cost of \$50,000 for a total estimated amount of \$1,200,000; and

WHEREAS, through the annual and biennial budget process, additional monies will need to be budgeted for the ongoing support, maintenance, licensing and lease services for Phase One of the Project in the amount of \$450,000 per year (\$230,000 per year for Digital Realty Trust plus \$220,000 for other ongoing costs); and

WHEREAS, for Phase One of the Project, the City Administrator will need to enter into purchase agreements with software, hardware, and license providers as well as and professional services agreements for an estimated upfront amount of \$800,000 (\$50,000 per year for Digital Realty Trust plus \$750,000 for other upfront costs); and

WHEREAS, the five year grand total for Phase One of the Project will be in the amount of \$3,050,000 as set forth in Exhibit A to this Resolution; and

WHEREAS, OMC Section 2.04.050 requires advertising and competitive bidding for contracts when the City purchases services, supplies, equipment, and computer software or a combination thereof that exceeds \$50,000.00 and the award to the lowest responsible, responsive bidder if award is made; and

WHEREAS, OMC Section 2.04.050 I.5 provides an exception to the advertising and competitive bidding requirement of the OMC upon a finding and determination by the City Council that it is in the best interests of the City to do so; and

WHEREAS, OMC section 2.04.051 requires a competitive RFP/Q competitive selection process for award of contracts that exceed \$25,000 for professional service contracts and which are

exempt from bidding under Section 2.04.050.1.1; and

WHEREAS, OMC sections 2.04.050.I. and 2.04.051.B permit the City Council to waive advertising, bidding and the RFP/Q competitive selection requirements upon finding that it is in the City's best interest to do so; and

WHEREAS, staff requests that the Council waive the advertising, competitive bidding, and RFP/Q competitive selection requirements and authorize the City Administrator to purchase necessary hardware and/or software, licensing and maintenance services, lease services and specialized professional services from identified contractors in the Agenda Report accompanying this Resolution in order to implement Phase One of the Project; and

WHEREAS, in the Agenda Report accompanying this Resolution, staff has set forth the facts supporting waiver of the advertising, competitive bidding, and RFP/Q competitive process for Phase One of the Project; and

WHEREAS, the Council finds that the services that will be needed as part of this software agreement are of a professional, scientific or technical and temporary nature and shall not result in the loss of employment or salary by any person having permanent status in the competitive service; now therefore, be it

RESOLVED, that the City Council finds and determines the forgoing recitals to be true and correct and hereby adopts and incorporates them into this Resolution; and be it

FURTHER RESOLVED, that pursuant to the Oakland Municipal Code Sections 2.04.050 I.5 and 2.04.051.B for the reasons stated in the Agenda Report accompanying this Resolution, the City Council hereby finds and determines that it is in the best interests of the City to waive the competitive bidding, advertising and the RFP/Q process requirements for the purchase of the hardware and/or software, licensing and maintenance services, lease services, and for the professional services agreements for Phase One; and be it

FURTHER RESOLVED, that based on the recommendations of the City Administrator, the City Council approves and hereby authorizes the City Administrator or designee to enter into contracts to purchase necessary hardware and/or software, licensing and maintenance services, lease services and specialized professional services from identified contractors in the Agenda Report accompanying this Resolution in the amount of \$3,050,000 over the next five (5) years in order to implement Phase One of the Data Center Modernization Project and to complete all required negotiations, certifications, assurances and documentation required to accept, modify, extend and/or amend the contracts, with the exception of any increase in compensation, necessary to execute Phase One of the Project, all without return to Council; and be it

FURTHER RESOLVED, that, consistent with standard procedure, should the City and selected firms not be able to reach an agreement as to contract terms within a reasonable timeframe, Council authorizes the City Administrator or designee to negotiate and enter into contracts while waiving the competitive bidding requirements with other qualified firms, without return to Council; and be it

FURTHER RESOLVED, that the City Administrator is authorized to enter into a lease agreement with Digital Realty Trust for a term of five (5) years at an estimated rate of \$230,000 per year (rental rate plus power usage charges) plus estimated upfront costs of \$50,000 to house the Data Center; and be it

FURTHER RESOLVED, that the City Administrator is authorized to enter into purchase agreements for software, hardware and licenses and professional service agreements for an estimated upfront amount of \$800,000 (includes \$50,000 upfront costs for Digital Realty Trust) through funds available and budgeted under Resolution No. 81129 C.M.S.; and be it

FURTHER RESOLVED, that the Department will budget sufficient funds through the annual and biennial budget process for ongoing support, maintenance, licensing and lease services for Phase One of the Project as part of its internal service fund recovery; and be it

FURTHER RESOLVED, that the Office of the City Attorney will approve the contracts as to form and legality and copies will be on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2016

PASSED BY THE FOLLOWING VOTE:

AYES – BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, AND PRESIDENT GIBSON MCELHANEY

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

EXHIBIT A - CONTRACTORS TO BE USED IN PHASE ONE OF THE DATA CENTER OPERATIONS MODERNIZATION PROJECT

Contractors with Up-front Setup Charges

Contractor	Role	Amount
DRT	Data Center Build Out	\$ 50,000
BIAS	Network Design & Build, Migration Execution, Transportation of Servers to DRT Facility	298,000
Various Brands	Network Hardware & Software	230,000
Horizon	Phase I Project Management	150,000
BART	Fiber Connections Setup	10,000
To Be Determined	Internet Service Provider	2,000
Project Contingency		60,000
TOTAL One-Time Set-Up Costs		\$ 800,000

Contractors with Recurring Annual Charges

Contractor	Role	Annual Amount
DRT	Rent for Offsite Facility and Power Usage Charges	\$ 230,000
To Be Determined	Internet Service Provider	40,000
Amazon Web Service	Oracle Cloud Disaster Recovery	43,000
Various Brands	Network Hardware & Software Licensing	40,000
BART	Fiber Connection Maintenance	12,000
To Be Determined	Professional Service for Data Center Infrastructure Support	50,000
Project Contingency		35,000
TOTAL Annual Cost		\$ 450,000

Summary of Phase One Costs Over Five (5) Years

Cost Type	Detail	Estimated Amount
One-Time Upfront Cost	Lease, Maintenance, Hardware/Software, Professional Services	\$ 800,000
Recurring Cost	5-Years (\$450,000 annual cost times 5 years)	2,250,000
GRAND TOTAL (5 Years)		\$ 3,050,000