

# Agenda Report

February 25, 2013

**TO:** Honorable Mayor and City Council

**FROM:** Department of Information Technology

**SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH MRV OPTICAL COMMUNICATIONS SYSTEMS FOR WDM LIFECYCLE REPLACEMENT EQUIPMENT FOR THE CITY'S FIBER OPTIC RING**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the following proposed actions are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061 (b)(3); general rule; and
2. Authorize the City Manager to enter into a purchase order contract with MRV Optical Communications Systems for the purchase of WDM (wavelength-division multiplexing) lifecycle replacement equipment for the City's fiber optic ring network in an amount not to exceed \$244,155. Competitive bidding is not required pursuant to City Charter Article X Section 1002(F), contracts for professional or unique services; and
3. Grant the proposed contract an exemption from the competitive bidding selection process of the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Section 4.08.049(B), contracts for which the City's best interest are served.

## **BACKGROUND:**

The City's fiber optic ring is a critical network backbone supporting both the City's voice and data networks and those of our external customers such as JPL and Caltech. In 2003, the City installed MRV's WDM technology to increase the capacity of its existing fiber optic ring to meet the City's computing needs. Wavelength-division multiplexing (WDM) creates separate channels or circuits within each strand of fiber, and has allowed the City to get more use out of its limited fiber optic resources. In 2007, additional MRV WDM equipment was added to expand use of the fiber ring to meet growing network needs. Each WDM installation had a projected 5-year lifespan.

Over the past few years, due to the economy and limited lifecycle replacement funds, the decision was made to delay lifecycle replacement of this equipment and instead maintain the existing end-of-life WDM technology with spare parts and the purchase of new and refurbished parts as needed.

MRV, which is the manufacturer of the WDM equipment, has been a trusted partner of the City since 2003 providing high quality products and reliable 24/7 response and engineering support resulting in a thorough understanding and knowledge of the City's complex, secure and undisclosed network topology and configuration.

The relocation of the Chamber building data center over the next few months into a facility fully managed by Cogent in east Pasadena will necessitate the redesign of the City's fiber optic network infrastructure. The redesign will add the new facility onto the City's fiber ring and therefore will require additional WDM equipment to be purchased and installed. Because existing WDM technology on the fiber ring has reached both its computing capacity and exceeded its life expectancy, DoIT (Department of Information Technology) recommends the lifecycle replacement of all of the City's existing WDM equipment. In addition, because of the complexity and time constraints in moving the data center, this prompt purchase and replacement will facilitate the graceful migration of the data network to the new WDM equipment, which will reduce system downtime during the data center move.

The WDM equipment replacement will also allow the City to link its fiber optic ring to Cogent Communication's extensive regional data network. The proposed forward-thinking design and increased capacity and functionality provided by the WDM lifecycle replacement will open up opportunities for the City to connect and share technology resources with other Southern California municipalities, such as Burbank, Glendale and Santa Monica. In addition, it will set the stage for future revenue generating opportunities as DoIT explores offering both Internet and lit fiber services to customers seeking to connect with partner sites across the Southern California region.

The purchase price includes a 48% discount off the equipment list price and secured based on buying direct from the vendor. It also includes a 25% discount on a 3-year maintenance support agreement, at an effective cost of \$12,560 per year. All three years are paid upfront as part of the total contract price and includes 24/7 engineering support, software updates and overnight replacement of failed parts.

**COUNCIL POLICY CONSIDERATION:**

This purchase order contract with MRV promotes the City Council's three-year goal to *improve, maintain and enhance public facilities and infrastructure* by ensuring end-of-life equipment is replaced in a timely manner with new and cost-effective technology. In addition, by increasing the City's network capacity and functionality to take advantage of potential revenue generating opportunities this contract also promotes the City Council goal to *support and promote the local economy*.

**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b)(3). The activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment.

The proposed action is the awarding of a purchase order contract for the lifecycle replacement of WDM fiber ring network equipment. No construction is involved. The replacement of information technology equipment is not an action that would have a significant effect on the environment.

**FISCAL IMPACT:**

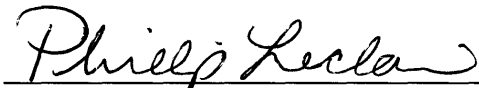
The total cost of this action including the cost for equipment and upfront payment of 3-year maintenance support will be \$244,155, which will be spent during the current fiscal year. Funding for this action will be addressed by the utilization of existing budgeted appropriations in Capital Improvement Program (CIP) budget account number 71127, Department of Information Technology Equipment.

The following table presents an overall contract summary for FY2013:

|                                |                  |
|--------------------------------|------------------|
| DoIT Technology Equipment Fund | \$244,155        |
| <b>Total Fiscal Impact</b>     | <b>\$244,155</b> |

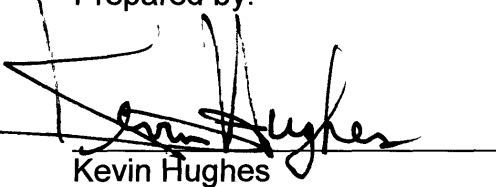
No impact to other operational programs or capital projects is anticipated as a result of this action.

Respectfully submitted,



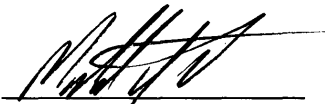
PHILLIP LECLAIR  
Chief Information Officer  
Department of Information Technology

Prepared by:



Kevin Hughes  
I.T. Infrastructure Manager

Approved by:



MICHAEL J. BECK  
City Manager

Attachment A: Taxpayer Protection Disclosure

Disclosure Pursuant to the  
City of Pasadena Taxpayer Protection Amendment of 2000  
Pasadena City Charter, Article XVII

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than a 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

*(If printing, please print legibly. Use additional sheets as necessary.)*

1. Contractor/Organization Name:

**MRV COMMUNICATIONS – BOSTON DIVISION, INC.**

2. Name(s) of trustees, directors, partners, officers of Contractor/Organization:

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|--|
| <b>SEE ATTACHED</b>  |
| MRV Communications – Boston Division, Inc. is owned 100% by MRV Communications, Inc. MRV Communications, Inc. is a publicly traded company which is owned by a large number of shareholders. However, entities that own more than 5% of MRV Communications, Inc. publicly report their ownership stake to the SEC and this can be viewed at <a href="http://www.sec.gov">www.sec.gov</a> . |
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3. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:

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|-----|
| N/A |
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Prepared by: Terence Kennedy



Title: Director of Sales Operations – MRV Communications – Boston Division, Inc.

Date: February 14, 2013

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| For office use only:<br>Contract/Transaction No. _____ |
| If not a contract, type of transaction: _____          |



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**MRV Board of Directors**

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Chairman



Robert Pons  
Vice-Chairman



Glenn Tongue  
Director



**MRV Communications Management**

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Chief Executive Officer



Stephen Garcia  
Chief Financial Officer



Jennifer Hanks Painter  
Vice President General Counsel,  
Chief Compliance Officer and  
Secretary



Beth Arnold  
Vice President, Finance



**MRV Operating Units**

Giuliano Maurizi  
Tecnonet, Chief Executive Officer

