

Agenda Report

February 4, 2013

TO: Honorable Mayor and City Council
FROM: Department of Information Technology
SUBJECT: CONTRACT AWARD TO COGENT COMMUNICATIONS, INC. FOR DATA CENTER COLOCATION AND NETWORK SERVICES

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 contract with Cogent Communications, Inc. for Data Center Colocation and Network Services in an amount not to exceed \$250,000 for an initial period of one-year with four additional annual renewals in an amount not to exceed \$250,000 per year, subject to approval by the City Manager. 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 selection process of 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:

In July 2004 the Department of Information Technology (DoIT) was relocated from City Hall to leased space in the Chamber of Commerce building in Old Pasadena in preparation for the City Hall Seismic Upgrade and Rehabilitation Project. The 11,000 square foot suite contained workspace for department personnel as well as a data center housing key components of the City's computing infrastructure. The Chamber Building has always been considered a temporary location for the department as the building was constructed in 1904 and is not an ideal location for housing the City's critical systems. The building is not equipped with the redundant backup power systems that would be necessary to ensure continuity of operations in the event of a power failure, or a regional disaster such as a major seismic event. Finally, the data

center at the Chamber Building is larger than what is currently required by DoIT and the expectation is that ongoing consolidation efforts will further reduce the required footprint. In an effort to mitigate these risks and reduce operating expenses, efforts have been underway for some time to identify options for downsizing and relocating the existing data center along with department staff.

Earlier this year PlanNet Consulting was engaged to prepare an assessment of potential options for data center relocation. Options considered included retaining the data center portion of the leased space at the Chamber Building, expansion of a City owned facility, or leasing space from a commercial colocation provider. Further investigation of each option led the department to identify offsite collocation as the most viable option in terms of cost and operational reliability. Specifically, the former EarthLink facility on New York Drive which is now operated as a fully managed colocation facility by Cogent Communications, Inc. emerged as an ideal fit because of its proximity to the City's fiber optic ring. Cogent's Pasadena facility is one of 43 state-of-the-art data centers the company operates across North America and Europe. With its extensive redundant backup power systems and complete fire detection/suppression systems, the facility is well suited to safely and securely house the City's critical systems.

Linking the City's fiber optic ring to Cogent's extensive data network 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.

Late in 2012 the City exercised its option to terminate the existing lease at the Chamber Building effective May 31, 2013. Over the last several months DoIT has been relocating department personnel out of the Chamber Building and back into vacant space at City Hall. That process is now complete and the final step in the process of moving out of the Chamber Building is to relocate the contents of the data center to a convenient and secure colocation facility. The net combined savings associated with moving personnel back into City Hall and relocating the data center to the Cogent colocation facility is estimated to be \$50,000 annually.

COUNCIL POLICY CONSIDERATION:

This contract with Cogent Communications, Inc. promotes the City Council's three year goal to *improve, maintain and enhance public facilities and infrastructure* by locating the City's critical computer systems in a professionally managed, secure, and state-of-the-art data center facility. In addition, by utilizing a facility located in Pasadena 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 which have the potential for causing a significant effect on the environment.

The proposed action is the awarding of contracts for data center colocation and network services. No construction is involved. These are not actions that would have a significant effect on the environment.

FISCAL IMPACT:

The cost for the first year of the contract will be \$250,000. Staff anticipates this contract to be in place for a minimum of five years. The annual renewals will allow staff to evaluate the effectiveness of the data center colocation and network services from Cogent Communications, Inc. as well as the pricing, terms and conditions, to determine an appropriate course of action in the best interests of the City.

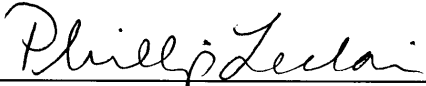
The total cost of this action for the anticipated five year period will be \$1,250,000. Annual funding for this action will be addressed by the utilization of existing budgeted appropriations in account 501-391100 (IT Admin) which were previously earmarked for the Chamber Building lease expense. It is anticipated that \$68,450 of the cost will be spent during the current fiscal year. The remainder of the costs will be spent over the next four fiscal years, FY2014-FY2018. There are no indirect or support costs anticipated as a result of this contract award.

The following table presents an overall contract summary for the anticipated five year period:

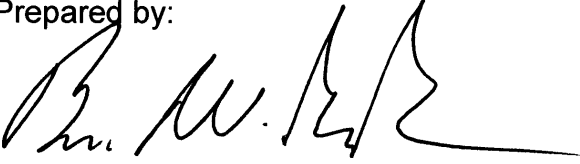
FY2013 Contract Amount	\$ 68,450
Future Contract Amount	\$ 1,181,550
Total Fiscal Impact	\$ 1,250,000

The anticipated positive impact to other operational programs or capital projects as a result of this action may be significant, offering opportunities for increased system reliability, improved operational efficiency, and a reduction in capital investment in city-owned data centers.

Respectfully submitted,

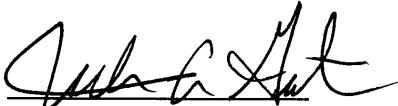

PHILLIP LECLAIR
Chief Information Officer
Department of Information Technology

Prepared by:



Bryan W. Sands
Deputy Chief Information Officer

Approved by:


MICHAEL J. BECK
City Manager

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

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 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:
COGENT COMMUNICATIONS, INC.

2. Type of Entity:
 non-government nonprofit 501(c)(3), (4), or (6)

3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:
DAVID SCHAEFFER - DIRECTOR & PRESIDENT
THADDEUS G. WEED - VP & TREASURER
ROBERT N. BEURY, JR. - VP
BRYANT HIRD BANKS - VP
RIED ZULAGER - SECRETARY

all of
1015 31st ST NW
WASHINGTON, DC 20007

4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:
COGENT COMMUNICATIONS GROUP, INC
(NASDAQ: CCOI) OWNS 100% of the
shares of COGENT COMMUNICATIONS, INC.

Prepared by: RIED ZULAGER
Title: CORPORATE SECRETARY
Phone: 202-295-4200
Date: 28 JANUARY 2013

