



**TO:** T.C. Broadnax, City Manager  
**FROM:** Jack Kelanic, Director of Information Technology *JK*  
Steve Taylor, IT Manager, Information Technology Department  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution – Datacenter Colocation Master Services Agreement –November 18, 2014  
**DATE:** November 13, 2014

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**SUMMARY:**

To authorize a 5-year master services agreement with Optic Fusion, Inc. a commercial datacenter services provider located at 1101 A Street, Suite 400, Tacoma WA for datacenter colocation services in the amount of \$695,800 plus a 10% contingency.

**STRATEGIC POLICY PRIORITY:**

The recommended solution aligns with the Strategic Policy Priority to *Strengthen and Maintain a Strong Fiscal Management Position* by cost effectively mitigating known risks to information services delivery for City departments and citizens.

**BACKGROUND:**

The Tacoma Municipal Building (TMB) datacenter houses information technology (IT) infrastructure (e.g. servers, data storage devices, network equipment, etc.) that supports critical information services such as financial services, human resource management/payroll services, customer billing, email, Internet service, etc. for City departments and citizens.

The existing condition of TMB physical systems (structural, electrical, backup power, grounding, cooling, fire suppression and security) has a direct operational impact on the cost and quality of IT services provided in support of City business services.

**ISSUE:**

A study commissioned by the Information Technology Department (ITD) in 2010 entitled “*Condition and Risk Assessment of Data Centers and Network Owned by the City of Tacoma*” identified inadequate, obsolete, non-redundant, and undocumented TMB physical systems. Per the report, existing TMB datacenter conditions are below minimum standards for an organization like the City with operational and financial dependencies on 24x7 highly available information systems. The probability of a failure is considered high due to equipment age and state of repair. Any such failure or degradation of the physical datacenter could immediately affect information services delivery on a citywide scale.

ITD reviewed several strategic alternatives outlined in the 2010 report, including retrofit of the existing facility, construction of a purpose-built datacenter, and lease of a commercial facility. ITD concluded that the most cost effective, least disruptive and timely solution is to relocate mission critical IT infrastructure to an existing commercial datacenter meeting City requirements and industry standards.

Upon identification of the strategic approach, a third party consultant was engaged to help document the City’s technical requirements, identify commercial and government service providers, conduct a competitive solicitation, evaluate vendor proposals, tour and evaluate physical datacenters, and help to negotiate a viable lease agreement.



**ALTERNATIVES:**

ITD considered two primary alternatives: Retrofitting the TMB facility and building a new purpose-built datacenter. Capital estimates for TMB datacenter retrofit approach \$2.5 million. Based on high costs and risk of not achieving the desired end-state design, this alternative is not recommended. Capital estimates for the construction of a new datacenter approach \$15 million. Based on the City’s budget constraints as well as an excess of regional datacenter capacity, this alternative is not recommended.

**RECOMMENDATION:**

ITD recommends entering into a 5-year master services agreement with Optic Fusion, Inc. for datacenter colocation services in the amount of \$695,800 plus a 10% contingency.

**FISCAL IMPACT:**

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Services Fund 5800	596000	5417000	\$695,800
<b>TOTAL</b>			

\* General Fund: Include Department

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Information Services Fund 5800	596000	5950289	\$695,800
<b>TOTAL</b>			

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:** A total of \$29,100 is available and appropriated within the current 2013/2014 biennium budget.

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** \$271,200 is planned in the 2015/2016 biennial budget, subject to approval. \$395,500 will be planned in the 2017/2018 and 2019/2020 biennial budgets, subject to approval. The 10% contingency in the amount of \$69,580 will also be planned in the 2019/2020 biennial budget, subject to approval and expensed only if necessary.