

Los Angeles  Department of Water & Power

ERIC GARCETTI  
Mayor

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MARCIE L. EDWARDS  
*General Manager*

May 22, 2014

The Honorable City Council  
City of Los Angeles  
Room 395, City Hall  
Los Angeles, California 90012


Honorable Members:

Subject: Amendment No. 2 to Agreement No. 197 for Out-of-State Disaster Recovery  
Data Center with Switch Communications Group L.L.C.

Pursuant to Charter Section 373, enclosed for approval by your Honorable Body is Resolution No. 19656, adopted by the Board of Water and Power Commissioners on May 20, 2014, approved as to form and legality by the City Attorney, which authorizes execution of Agreement No. 197 (Amendment No. 2) for Out-of-State Disaster Recovery Data Center with Switch Communications Group L.L.C. to allow Information Technology Services Division to continue operating Out-of-State Disaster Recovery Data Center located in Henderson, Nevada. The Amendment will increase the amount by \$12,000,000 and extend the agreement by five years with option to renew for another five-year period.

If additional information is required, please contact Ms. Winifred Yancy, Director of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,

  
Barbara E. Moschos  
Board Secretary

BEM:oja

Enclosures: LADWP Resolution  
Board Letter  
CAO Report  
Amendment No. 2 to Agreement No. 197

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

c/enc: Mayor Eric Garcetti

Councilmember Felipe Fuentes, Chair, Energy and the Environment Committee

Gerry F. Miller, Chief Legislative Analyst

Miguel A. Santana, City Administrative Officer

Rafael Prieto, Legislative Analyst, CLA

William R. Koenig, Chief Administrative Analyst

Winifred Yancy

WHEREAS, Switch Communications Group L.L.C. was awarded Agreement No. 197 by the Los Angeles Department of Water and Power (LADWP) Board of Commissioners on December 1, 2009, for an out-of-state Disaster Recovery Data Center; and

WHEREAS, LADWP has determined that, it is necessary to increase the agreement amount and duration, and recommends Amendment No. 2 to Agreement No.197 with Switch Communications Group L.L.C. to extend the agreement duration for an additional five-year term with a five-year optional period and increase agreement amount by \$12,000,000.00 from \$5,750,000.00 to \$17,750,000.00; and

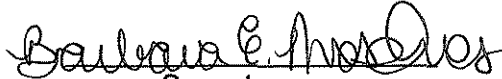
WHEREAS, LADWP has determined that it is necessary to increase the agreement term by 10 years totaling 14 years, four months and 29 days which exceeds the total agreement time period set by ordinance, and in accordance with the City Charter Section 373, City Council approval is required.

NOW, THEREFORE, BE IT RESOLVED that Amendment No.2 to Agreement No. 197, approved as to form and legality by the City Attorney and on file with the Secretary of the Board is hereby approved.

BE IT FURTHER RESOLVED that the Chief Accounting Employee of the LADWP, upon proper certification, is authorized and directed to draw demands on the Power Revenue Fund, in accordance with the terms of this amendment to Agreement No. 197 and this resolution.

BE IT FURTHER RESOLVED that the President or Vice President, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said amendment for and on behalf of LADWP upon approval by the City Council pursuant to City Charter Section 373.

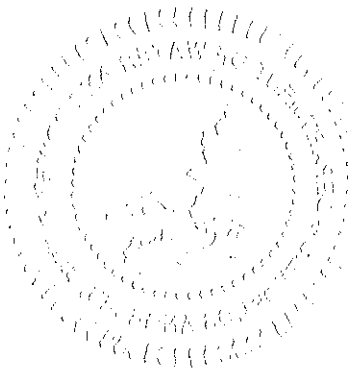
I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held **MAY 20 2014**

  
Secretary

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N. FEUER, CITY ATTORNEY

MAR 20 2014

BY   
DIRK R. GROERSMA  
DEPUTY CITY ATTORNEY



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RESOLUTION NO. \_\_\_\_\_



Los Angeles  
Department of  
Water & Power

**BOARD LETTER APPROVAL**

  
**DAVID H. WIGGS**  
Chief Administrative Officer

  
**MARCIE L. EDWARDS**  
General Manager

**DATE:** May 9, 2014

**SUBJECT:** Amendment No. 2 to Agreement No. 197 for Out-of-State Disaster Recovery Data Center with Switch Communications Group L.L.C.

**SUMMARY**

The proposed amendment is to extend the term of Agreement No. 197 (Agreement) with Switch Communications Group L.L.C. (Switch Communications), a "piggyback" agreement based on General Services Administration (GSA) Contract No. GS-35F-0510V, to allow Information Technology Services Division (ITSD) of Los Angeles Department of Water and Power (LADWP) to continue operating the out-of-state Disaster Recovery (DR) Data Center located at the Switch Communications facility in Henderson, Nevada. Business continuity standards dictate that a disaster recovery center should be geographically separate from the primary center and not in the same hazard zone. The Switch Communications facility meets the standards. Further, the facility is easily accessible by ground transportation within a reasonable amount of time and has good telecommunication links to Los Angeles.

This amendment will extend the Agreement by five years with an option to renew for another five-year period. The contract amount will increase by \$12,000,000.00 (annual fee of approximately \$1.13 million) for a not-to-exceed amount of \$17,750,000.00. The funds are budgeted.

City Council approval is required.

**RECOMMENDATION**

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of the execution of the proposed Amendment No. 2 to Agreement No. 197 (Amendment) in accordance with City Charter Section 373.

## ALTERNATIVES CONSIDERED

LADWP must be able to access its critical data promptly to maintain an uninterrupted business operation. As such, LADWP installed an out-of-state DR Data Center in a relatively hazard free zone, easily accessible by ground transportation within a reasonable time span, and with good telecommunication links to Los Angeles. The Agreement with Switch Communications will expire on June 8, 2014.

Prior to selecting the existing facility, LADWP inspected another potential location - in Phoenix, Arizona. However, in accordance with the Los Angeles City Council boycott, LADWP chose not to pursue a contract with a business in the state of Arizona. LADWP also considered other potential locations in relatively hazard free zones in states other than Nevada and Arizona; however, it may not be timely or practical for LADWP to access those locations via ground transportation if air transportation should become unavailable after a disaster or an emergency.

Finally, should LADWP relocate from the current location, an estimated cost of \$8,000,000.00 would be incurred for LADWP personnel to hire vendor(s) to move the specialized equipment, replace the equipment where the cost of moving exceeds its remaining useful life, and for LADWP staff to re-establish and re-test the environment at the new location. Moreover, no viable DR Data Center or continuity of DR services will be available while relocating to and establishing the environment at a new location. At such time, if the Data Center in the Los Angeles Basin is negatively impacted by a disaster or emergency, LADWP may be subject to loss of critical data with significant operational impact and inability to recover this data in a timely manner.

## FINANCIAL INFORMATION

The table below indicates the breakdown of costs:

	<b>Current Maximum Expenditure</b>	<b>Requested Amendment No. 2</b>	<b>Amended Maximum Expenditure</b>
Original Period (3 yrs.)	\$3,900,000.00		\$3,900,000.00
Amendment No. 1 (1 yr.)	\$1,850,000.00		\$1,850,000.00
Amendment No. 2 (5 yrs.)		\$5,632,565.00	\$5,632,565.00
Optional Period (5 yrs.)		\$5,632,565.00	\$5,632,565.00
Contingency		\$734,870.00	\$ 734,870.00
<b>Contract Total</b>			<b>\$17,750,000.00</b>

The proposed Amendment is for a term of five years with a five-year option to renew and a total agreement amount not to exceed \$17,750,000.00. Switch Communications has agreed to hold prices according to their pricing schedule of 2009 for the entire duration of the proposed Amendment.

The total Amendment amount includes monthly recurring charges, telecommunication charges, and contingency required for anticipated growth. Monthly recurring charges consist of computer cabinet space, primary and back-up power, air conditioning, security, custodial services, and carrier taxes. The majority of these charges are fixed, except for the carrier taxes imposed and administered by the federal government. While telecommunication charges shall remain constant, these charges could increase if LADWP were to perform data access work at the DR data center due to a disaster.

LADWP anticipates that the need for DR services will continue to grow. As such, a total contingency of \$734,870.00 will be required for additional computer space, associated utility and services, and telecommunication to meet this growing need.

## **BACKGROUND**

LADWP is committed to providing reliable and safe water and power to its constituents. It is, therefore, essential for LADWP to have the ability to promptly access critical corporate operational and business data and key business applications in the event of a disaster or emergency.

The Information Technology Data Center located at the John Ferraro Building supports all corporate applications. Current Business Continuity standards establish that a disaster recovery center should be geographically separate from the primary center and not in the same hazard zone, as was clearly indicated in the 9/11 disaster scenario.

In 2009, the Board requested that LADWP establish a back-up ITSD DR Data Center beyond the Los Angeles Basin for centralization of the computer equipment required for data recovery and future expansion. LADWP established Agreement No. 197 with Switch Communications in January 2010, a "piggyback" agreement based on GSA Contract No. GS-35F-0510V. In January 2013, the Board approved Amendment No. 1 to increase the agreement limit from \$3,900,000.00 to \$5,750,000.00 and extend the agreement expiration date to June 8, 2014 so that it would be coterminous with the GSA contract.

The GSA is in the process of exercising the first of three five-year optional periods with Switch Communications as specified by Contract No. GS-35F-0510V. Having considered the critical need for an uninterrupted out-of-state DR Data Center and the financial consequences of relocating the DR Data Center, LADWP determined that extending Agreement No. 197 for a five-year term with a five-year optional period would best meet LADWP's ongoing need for an out-of-state DR Data Center to support its disaster recovery function at the most economical price.

LADWP has been doing business with Switch Communications since the inception of Agreement No. 197 on January 10, 2010, and Switch Communications has consistently performed well under this contract.

## **ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that awarding an Agreement for an out-of-state data center that will provide computer, associated utility, telecommunication, security, and other related services is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061(b)(3). General Exemptions apply in situations where it can be seen with certainty that there is no potential that the activity in question may have a significant effect on the environment.

## **CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Amendment and Resolution as to form and legality.

## **ATTACHMENTS**

- Procurement Summary
- Resolution
- Amendment No. 2 to Agreement No. 197
- City Administrative Officer Report



## PROCUREMENT SUMMARY

1.	Recommended Vendor(s): Switch Communications Group L.L.C.
2.	Procurement Type: Cooperative Purchase "Piggyback"
3.	Procurement Details: A. Contract Status: Amendment No. 2 B. Bid Advertisement Date: N/A C. Pre-Bid Conference Date: N/A D. Number of Downloads of Solicitation: N/A E. Number of Bids/Proposals Received: N/A F. Protest Received: No
4.	Buyer Assigned: Erin Lawrence
5.	Contract Administrator: Adina D. Roberts
6.	LADWP System: Joint
7.	Contact Person for Item: Matthew M. Lampe, Chief Information Officer

### A. Summary of Bids Received/Evaluation Rating Summary of Proposals

Not applicable to this amendment.

### B. Evaluation of Bid/Proposal/Cooperative Agreement

Los Angeles City Charter Section 371(e)(8), authorizes contracts for cooperative arrangement with other governmental agencies for the utilization of purchasing contracts and professional, scientific, expert or technical services contracts of those agencies and any implementing agreements, even though the contracts and implementing agreements were not entered into through a competitive bid process. LADWP proposes to amend the "piggyback" Agreement No.197 which utilizes GSA Contract GS-35F-0510V with Switch Communications to extend the term in keeping with the optional periods in the GSA contract.

### C. Contract/Vendor History

Contract History					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Original Contract Amount
197	Switch Communications Group L.L.C.	3 years	1/10/2010	1/9/2013	\$3,900,000.00
Amendment No. 1 to Agreement No. 197	Switch Communications Group L.L.C.	1 year 4 months and 29 days	1/10/2013	6/8/2014	\$1,850,000.00

Vendor History					
Contract/ PO No.	Contract Description	Term of Contract	Start Date	Ending Date	Contract Amount
197	Provision of computer space, utility, telecommunication, security, and associated services for use as a disaster recovery data center	4 years 4 months and 29 days	1/10/2010	6/8/2014	\$5,750,000.00

**D. Local Business Preference Program (LBPP)**

LBPP is not applicable to this amendment.

**E. Additional Outreach Efforts Taken**

Not applicable to this amendment.

**F. Small Business Enterprise (SBE)/Disabled Veterans Business Enterprise (DVBE)/Minority Business Enterprise (MBE)/Woman Business Enterprise (WBE)/Other Business Enterprise (OBE) Subcontracting Participation**

Amendment No. 2 to Agreement No. 197 is for a "piggyback" agreement with Switch Communications based on GSA Contract No. GS-35F-0510V. Switch Communications owns and operates a highly secured data center facility providing computer spaces, physical security, utility, and connectivity services to several Federal Government agencies and other customers. Due to the sensitive nature of the service, Switch Communications will self-perform all required tasks including security, custodial, building maintenance, and repair services. As a result, no subcontractors will be utilized for services provided under this contract.

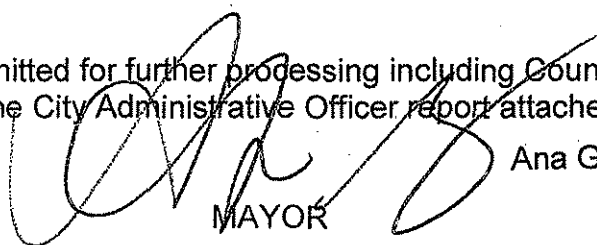
0150-09877-0001

**TRANSMITTAL**

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE MAY 10 2014	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**SECOND AMENDMENT TO AGREEMENT NO. 197 BETWEEN THE LOS ANGELES  
DEPARTMENT OF WATER AND POWER AND SWITCH COMMUNICATIONS GROUP LLC  
FOR DISASTER RECOVERY DATA CENTER SERVICES**

Approved and transmitted for further processing including Council consideration.  
See the City Administrative Officer report attached.

  
MAYOR Ana Guerrero)

FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 9, 2014

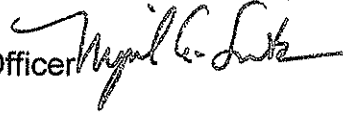
CAO File No.: 0150-09877-0001

Council File No.:

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Communication from the Department of Water and Power dated March 24, 2014; referred by the Mayor for report on April 1, 2014

Subject: **SECOND AMENDMENT TO AGREEMENT NO. 197 BETWEEN THE LOS ANGELES DEPARTMENT OF WATER AND POWER AND SWITCH COMMUNICATIONS GROUP LLC FOR DISASTER RECOVERY DATA CENTER SERVICES**

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### SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the execution of the Second Amendment to Agreement No. 197 (Agreement) with Switch Communications Group LLC (Switch) to continue providing the Department with a disaster recovery data center. This proposed Agreement is a cooperative purchase contract, based on the United States General Services Administration (GSA) Contract No. GS-35F-0510V. Approval of this request will (i) increase the current expenditure authority from \$5,750,000 to \$17,750,000, and (ii) allow the Department to extend the current four-year contract term by 10 years consisting of an additional 5-year term along with one 5-year extension option for a cumulative term of approximately 14 years expiring in June 2024.

Pursuant to Charter Section 373 and the Los Angeles Administrative Code Section 10.5, for long term contracts, City Council approval is required because the cumulative length of the agreement exceeds three years. The City Attorney has approved the proposed resolution as to form and legality.

### BACKGROUND

In 2009, the DWP Board of Commissioners (Board) requested that the Department establish a back-up disaster recovery data center located a safe distance away from Los Angeles to preserve critical data in the event of a natural disaster. In response, on January 10, 2010, DWP established a cooperative purchase Agreement with Switch, based on the GSA contract. Switch owns and operates a highly secured data center facility located in Las Vegas, Nevada. Continuation of the proposed Agreement provides DWP with computer space, utility security, and associated services to enable the Department, in the event of a disaster, to retrieve data that is critical for DWP to deliver safe and reliable water and power, in addition to protecting the Department's revenue. Amendment No. 1 increased expenditure authority by \$1,850,000 and

extended the term by 17 months to coincide with the GSA contract expiration date in June 2014.

DWP states that GSA is in the process of exercising the first of three renewal options as specified in the GSA contract. DWP has determined that continuing the existing agreement with Switch would best meet its ongoing need for disaster recovery services at an economical price.

The proposed Second Amendment includes a term of five years with a five-year option to renew and a total expenditure authority not to exceed \$17,500,000. Switch has agreed to hold prices according to their pricing schedule of 2009 for the entire 14 year duration of the proposed Agreement. DWP anticipates that its need for disaster recovery services will continue to grow. As such, a total contingency of \$734,870 is included in the total expenditure request for additional computer space, associated utility and services, and telecommunication services necessary to meet increasing demands. DWP states that Switch has provided satisfactory performance under the current contract.

A breakdown of costs is provided in the table below:

	Term	Current Maximum Expenditure	Proposed Amendment No. 2	Maximum Expenditure Authority
Original Agreement	3 years 2010 – 2012	\$3,900,000		
Amendment No. 1	1 year 2013 – 2014	\$1,850,000		
Amendment No. 2	5 years 2014 – 2019		\$5,632,565	
Optional Period	5 year 2019 – 2024		\$5,632,565	
Contingency			\$734,870	
<b>TOTAL</b>	<b>14 years 2009 – 2024</b>	<b>\$5,750,000</b>	<b>\$12,000,000</b>	<b>\$17,750,000</b>

## CONTRACT COMPLIANCE

Pursuant to Charter Section 1022, the DWP has determined that it does not have the specialized computer facility and services covered by this Agreement and it is more feasible to have the facility and services provided by an outside contractor, Switch Communications Group LLC. It is noted by this Office that Switch does not provide indemnification or insurance as part of this agreement, which according to the DWP, is a standard practice in the disaster recovery services industry due to the prohibitively high costs of insurance. In the event of any loss or damage of DWP's disaster recovery equipment, DWP is self-insured and capable of providing funding for the replacement or repair of its disaster recovery equipment. At the end of this contract period in June 2024, the DWP is requested to review the provisions pertaining to indemnification and insurance associated with disaster recovery services for comparison to industry trends.

## **MBE/WBE/OBE SUBCONTRACTING**

Due to the sensitive nature of the service, Switch performs its own security, custodial, building maintenance, and repair services. Therefore, no subcontractors will be utilized for services provided to DWP.

## **RECOMMENDATION**

That the Mayor:

1. Approve the proposed resolution authorizing the execution of the Second Amendment to Agreement No. 197 with Switch Communications Group LLC to (i) increase the current expenditure authority from \$5,750,000 to \$17,750,000, and (ii) allow the Department to extend the current four-year term by an additional 10 years for a cumulative term of approximately 14 years expiring in June 2024, for continuing out of state disaster recovery data center services to the Department;
2. Request the Department to review the provisions pertaining to indemnification and insurance associated with disaster recovery services for comparison to industry trends at the end of this contractual term in June 2024; and
3. Return the proposed resolution to the Department for further processing, including Council consideration.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed resolution will increase expenditure authority by \$12,000,000 over a 10 year term from the Power Revenue Fund. There is no fiscal impact to the City's General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

## **TIME LIMIT FOR COUNCIL ACTION**

Pursuant to Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than three years within 60 days after submission to Council, the contract shall be deemed approved.

MAS:RPR:10140117