

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to proposed Amendment No. 2 to Agreement No. 197 with Switch Communications Group, LLC for disaster recovery data center services.

Recommendations for Council action:

1. CONCUR with the Board of Water and Power Commissioner's (Board) action of May 20, 2014, Resolution No. 19656, authorizing the execution of the Second Amendment to Agreement No. 197 with Switch Communications Group, LLC to:
 - a. Increase the current expenditure authority from \$5,750,000 to \$17,750,000.
 - b. Allow the Los Angeles Department of Water and Power (LADWP) to extend the current four-year term by an additional ten years for a cumulative term of approximately 14 years expiring in June 2024, for continuing out-of-state disaster recovery data center services for the LADWP.
2. REQUEST the LADWP 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.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of Resolution No. 19656 will increase expenditure authority by \$12,000,000 over a ten year term from the Power Revenue Fund. There is no fiscal impact to the City's General Fund. The proposed Amendment No. 2 to Agreement No. 197 complies with the Department's adopted Financial Policies.

Community Impact Statement Submitted: None submitted.

TIME LIMIT FILE - JULY 26, 2014

(LAST DAY FOR COUNCIL ACTION - JULY 2, 2014)

Summary:

On June 18, 2014, your Committee considered a May 22, 2014 Board and May 9, 2014 CAO reports and Resolution No. 19656 relative to proposed Amendment No. 2 to Agreement No. 197 with Switch Communications Group, LLC (Switch) for disaster recovery data center services. According to the CAO, the LADWP is requesting approval of Resolution No. 19656 authorizing the execution of the Second Amendment to Agreement No. 197 (Agreement) with Switch to continue providing the LADWP 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 increase the current expenditure authority from \$5,750,000 to \$17,750,000; and allow the LADWP to extend the current four-year contract term by ten 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.

In 2009, the Board requested that the LADWP 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, LADWP 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 LADWP with computer space, utility security, and associated services to enable the LADWP, in the event of a disaster, to retrieve data that is critical for LADWP to deliver safe and reliable water and power, in addition to protecting the LADWP'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. The LADWP states that GSA is in the process of exercising the first of three renewal options as specified in the GSA contract. The LADWP 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. The LADWP 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. Finally, the LADWP states that Switch has provided satisfactory performance under the current contract.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the May 9, 2014 CAO report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	ABSENT
HUIZAR:	YES
KORETZ:	YES

ARL

6/18/14

-NOT OFFICIAL UNTIL COUNCIL ACTS-