



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL



DONNA I. STEVENER
Chief Administrative Officer –
Technology and Security Services



DAVID H. WRIGHT
General Manager

DATE: December 21, 2018

SUBJECT: Amendment No. 1 to the Master License and Service Agreement No. FO-738-10/2013 with CoreSite One Wilshire, L.L.C.; CoreSite Real Estate 55 S. Market Street, L.L.C.; CoreSite Real Estate 2972 Stender, L.P.; CoreSite Real Estate 1656 McCarthy, L.P.; CoreSite Real Estate 3032 Coronado, L.P.; and CoreSite Real Estate 900 N. Alameda, L.P. for Lease of Colocation Space

SUMMARY

Fiber Optic Enterprise (FOE) leases space at various telecommunication colocation sites, such as 624 South Grand Avenue, Los Angeles (One Wilshire) and 900 North Alameda, Los Angeles (LA2) that allow LADWP to support LADWP's operation as well as providing revenue generating services for commercial customers.

Currently, LADWP has an active Master License and Service Agreement No. FO-738-10/2013 (MSA) with CoreSite One Wilshire, L.L.C.; CoreSite Real Estate 55 S. Market Street, L.L.C.; CoreSite Real Estate 2972 Stender, L.P.; CoreSite Real Estate 1656 McCarthy, L.P.; CoreSite Real Estate 3032 Coronado, L.P.; and CoreSite Real Estate 900 N. Alameda, L.P. (CoreSite) which was approved by the Board of Water and Power Commissioners (Board) on December 17, 2013, under Board Resolution No. 014-122, for a term of 5 years up to November 29, 2018. This proposed Amendment No. 1 (Amendment) to the MSA will extend the term for an additional 5 years with three 5-year renewal options for a total possible term of 20 years up to November 29, 2038.

City Council approval is required in accordance with Charter Section 606.

RECOMMENDATION

It is recommended that the Board adopt the attached Resolution authorizing execution of the proposed Amendment.

ALTERNATIVES CONSIDERED

If we were to discontinue leasing space at One Wilshire and LA2, we will not only be unable to provide network connectivity to our own Data Center but will also lose an essential telecommunications node in the LADWP fiber optic network infrastructure. In addition, we will also forfeit revenues from commercial customers and risk adverse legal action by customers whose service would be disconnected.

FINANCIAL INFORMATION

There is no financial obligation tied to the MSA itself. The MSA was executed to set the terms and conditions between LADWP and CoreSite and to allow Service Orders (SO) to be established. LADWP will pay for fees which will be based on the individual SO entered into and used by LADWP during the MSA contractual term. The term of each SO will not exceed the maximum term of the MSA.

Currently there are three SOs in place: Nos. 00004180, 00006757, and 00180010, for a total annual lease amount of \$218,751.96. The proposed Amendment is for a term of 5 years with 3 additional 5-year renewal options for an amount not to exceed \$8,000,000, including power usage.

Any additional capital costs incurred over the term of the MSA would be due to the installation of additional equipment and cross-connects through subsequent SOs, which would only occur to meet LADWP's own operational needs or, if economically justified, to facilitate additional revenues that LADWP would generate from fiber optic services leased to commercial customers by LADWP.

BACKGROUND

LADWP has an extensive network throughout the Los Angeles area. A portion of the network is used to generate revenue by selling services to outside entities, including government agencies, educational institutions, other telecommunications providers, and private enterprises.

An important component of the network is an existing point-of-presence at several key telecommunications hubs in the Downtown Central Business area. By utilizing colocation space at these locations, LADWP is able to install, operate, and maintain its telecommunications equipment to interconnect with third-party Telecommunications Service Provider for connectivity to other cities, states, or countries. This ability to interconnect with other providers is a prerequisite for a significant portion of LADWP's dark fiber and communications transport customer service agreements. In addition to the One Wilshire and LA2, LADWP has established colocation agreements with other telecommunication hubs such as Garland Center, 600 West 7th Street, and 818 West 7th Street.

The proposed Amendment to the MSA will continue to grant LADWP access for these CoreSite colocation sites.

Within the contractual term of the MSA, LADWP can place SOs on as-needed basis to meet customer demand and for LADWP's own operation. Since our Data Center recently relocated to LA2, this location is a critical part of LADWP's network infrastructure. LADWP's interconnection to carriers and internet providers remain an important revenue generating service we provide to third-party customers.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report (CAO) was approved on December 3, 2018.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060 (c)(3). In accordance with Section 15060 (c)(3) of the CEQA Guidelines, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378 (b)(5) states that organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment do not meet that definition. Therefore, entering into a contract for LADWP to lease colocation space is not an action subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- Amendment
- CAO Report