



City of Palo Alto

City Council Staff Report

(ID # 10203)

Report Type: Consent Calendar

Meeting Date: 6/3/2019

Summary Title: SV8 Equinix Lease Agreement

Title: Approval and Authorization for the City Manager to Execute a Fiber Optic Lease Agreement with Equinix LLC for a Term Not-to-Exceed Five Years and a Total Not-to-Exceed Amount of \$625,465

From: City Manager

Lead Department: Utilities

Recommendation

Staff recommends that Council:

Approve and authorize the City Manager or designee to execute a Fiber Optic Lease Agreement, included here as Attachment A, with Equinix LLC (“Equinix”) for a Term Not-to-Exceed Five Years and a Total Not-to-Exceed Amount of \$625,465 for the City of Palo Alto Fiber Optic Utility to lease fiber optic access and termination services at the Palo Alto Internet Exchange (“PAIX”).

Background

The City of Palo Alto established a Fiber Optic Utility in 1996 following the design and construction of a dark fiber optic backbone system throughout the city. Operated by the City of Palo Alto Utilities Department (CPAU), the Fiber Optic Utility licenses backbone connections to local businesses and telecommunications resellers requiring access to advanced broadband telecommunications service.

There is a highly competitive Palo Alto commercial fiber optic marketplace served by multiple telecommunication companies and Internet Service Providers (ISPs). Many of these entities control independently owned overhead and/or underground fiber optic systems. These systems are also accessed by third-party ISP-service resellers using leased capacity on the fiber optic networks.

For CPAU dark fiber optic licensees to access the telecommunications services provided by commercial fiber optic vendors or ISPs of their choice, the licensee, or their third-party provider, must install privately-owned electronic equipment to “light” their leased dark fiber optic cable for on-site data use, building-to-building (campus) communications, or to access internet service outside of Palo Alto.

Those CPAU fiber optic licensees wishing access to the internet outside of Palo Alto must have their CPAU fiber optic service connected to the data center (SV8) currently owned by Equinix LLC and located in Palo Alto. This neutral data center, designated as Equinix SV8, is independent of any one ISP or telecommunications carrier affiliation, and serves as an internet exchange point (IXP) providing the physical infrastructure through which over 70 ISPs and content delivery networks (CDNs) exchange internet traffic between their networks. Originally constructed by the Digital Equipment Corporation in 1996 as one of the first IXPs in the world, it was (and still locally) called the “Palo Alto Internet eXchange (PAIX).” The City has been leasing fiber optic access and termination services at PAIX since the inception of the fiber network.

Discussion

In 2014, CPAU contracted with Equinix LLC for a term not-to-exceed five years, at a cost not-to-exceed of \$500,000, to lease four “cabinets” (vertical racks sited next to each other, each capable of holding multiple termination/switching boxes in stacked configurations). The total cost included funds for potential Service Orders that might be required for expanded CPAU fiber optic ductwork (“innerducts”) and cable configuration changes within PAIX during the term of the contract.

For the new five-year term (FY2020-FY2024) covered by this contract with Equinix LLC, the Fiber Optic Utility will continue to lease the original “base” four cabinets, plus three innerducts installed under the previous contract. This contract will also fund the lease cost for one additional cabinet which will increase CPAU’s fiber optic termination/switching capacity within PAIX by 20 percent. This additional capacity will provide sufficient PAIX resources for all projected CPAU customer growth scenarios within the term of the proposed contract.

This agreement is exempt from the City’s solicitation requirements under the “sole source” exception in PAMC Section 2.30.360 (d): Because of its geographical location, PAIX is the only economically and physically viable co-location internet facility or data center available to CPAU and its fiber optic licensees. The nearest alternative IXP data center site is in the City of Santa Clara. Connection to the Santa Clara site from Palo Alto would require miles of multiple underground conduits through several municipal jurisdictions. Such construction would be prohibitively expensive, be significantly less secure than the current Palo Alto location (greater risk due to construction and contractor dig-ins in other jurisdictions, requiring Palo Alto to contract with remotely-sited, third-party repair fiber repair companies), and limit fiber optic utility connectivity to customer sites back in Palo Alto.

Resource Impact

Funding for this contract is included in the FY 2020 Fiber Optic Fund operating budget with subsequent years subject to Council’s approval of each fiscal year’s budget.

Policy Implications

This recommendation does not represent a change to current City policies.

Environmental Review

Approval of this agreement does not meet the definition of a project under the California Environmental Quality Act (CEQA), pursuant to the California Public Resources Code Section 21065, because it is not an activity that will cause a direct physical change in the environment.

Attachments:

- Attachment A - Signed Lease Agreement
- Attachment B - Exemption Form Competitive Solicitation_011519

Attachment A

5 - Yr Lease for Cabinets and Innerducts at Equinix- SV8								
Account Name	City of Palo Alto	Initial Term	60 months					
Account Number	110002							
Agreement	00036759.0							
Product Description	Serial #	Quantity	MRC FY 19-20	MRC FY 20-21	MRC FY 21-22	MRC FY 22-23	MRC FY 23-24	Total Cost
Cabinet - 2.4KVA - 2 post relay Rack	0705-1-73624858	1	1,126	1,182	1,241	1,303	1,368	6,221
Cabinet - 2.4KVA - 2 post relay Rack	0708-10767970	1	1,155	1,212	1,273	1,337	1,404	6,381
Cabinet - 2.4KVA - 2 post relay Rack	0704-1-73624839	1	1,126	1,182	1,241	1,303	1,368	6,221
Cabinet - 2.4KVA - 2 post relay Rack	0707-1-73624877	1	1,126	1,182	1,241	1,303	1,368	6,221
Cabinet - 2.4KVA - 2 post relay Rack	0404-21024209	1	1,072	1,125	1,181	1,241	1,303	5,921
Total (\$/month)			\$5,604	\$5,884	\$6,178	\$6,487	\$6,812	\$30,965
Innerduct	14689530	1	1,276	1,340	1,407	1,477	1,551	7,052
Innerduct	14689531	1	1,276	1,340	1,407	1,477	1,551	7,052
Innerduct	14689529	1	1,276	1,340	1,407	1,477	1,551	7,052
Total (\$/month)			\$3,829	\$4,020	\$4,221	\$4,432	\$4,654	\$21,157
Montly cost			\$9,433	\$9,904	\$10,400	\$10,920	\$11,466	\$52,122
Annual cost			\$113,193	\$118,853	\$124,796	\$131,035	\$137,587	\$625,465

* 5% Annual CPI included in cost

MCR = Monthly Recurring Cost

EQUINIX ORDER



Account Name : CITY OF PALO ALTO
 Account Number : 110002
 Order Number : 1-186074182635
 Version # : 2
 Agreement # : 00036759 0

Currency : USD
 Order Valid Until : 11-Jun-2019
 Initial Term (Months) : 60
 Renewal Period (Months) : 12
 Non-renewal notice (Days) : 90

PREPARED BY:
 David Amooi
 damooi@equinix.com
 14082091000

PREPARED FOR:
 Raveen Maan
 raveen.maani@cityofpaloalto.org
 6503292494

IBX: SV8									
Address: 529 Bryant Street, Palo Alto, United States, 94301									
Section C: Product/Element Changes									
Product Code	Product Description	Qty	UoM	Action	Serial #	Total Charges NRC	Current Price MRC	Amended Price MRC	Effective Date
SPC00005	Secure Cabinet With Circuit Based Power	1	Each	Update	1_1514349	\$0.00	\$5,898.87	\$5,603.93	01-Jul-2019
CAB00001	Cabinet- 2.4 kVA - 2 Post Rack (Relay Rack)	1	Each	Update	0705-1-73624858	-	\$1,185.12	\$1,125.86	01-Jul-2019
CAB00001	Cabinet- 2.4 kVA - 2 Post Rack (Relay Rack)	1	Each	Update	0708-10767970	-	\$1,215.51	\$1,154.73	01-Jul-2019
CAG00001	Cage- 5 Cabinets - PEC Cap- 11.52 PEC	11.52	PEC	-	8B055-10678681	-	\$0.00	\$0.00	01-Jul-2019
CAB00001	Cabinet- 2.4 kVA - 2 Post Rack (Relay Rack)	1	Each	Update	0704-1-73624839	-	\$1,185.12	\$1,125.86	01-Jul-2019
CAB00001	Cabinet- 2.4 kVA - 2 Post Rack (Relay Rack)	1	Each	Update	0707-1-73624877	-	\$1,185.12	\$1,125.86	01-Jul-2019
CAB00001	Cabinet- 2.3 kVA - 2 Post Rack (Relay Rack)	1	Each	Update	0404-21024209	-	\$1,128.00	\$1,071.60	01-Jul-2019
Section Total						\$0.00	\$5,898.87	\$5,603.93	

IBX: SV8									
Address: 529 Bryant Street, Palo Alto, United States, 94301									
Section D: Continuing Services									
Product Code	Product Description	Qty	UoM	Serial #	Unit Pricing		Total Charges		Effective Date
					NRC	MRC	NRC	MRC	
CC00001	Cross Connect	1	Each	1_1531345602	-	-	\$0.00	\$0.00	01-Jul-2019
CC00001	Network Cable Connection- Single-Mode Fiber - Z-side IBX- SV8	1	Each	M14057067	-	-	\$0.00	\$0.00	01-Jul-2019
CC00001	Cross Connect	1	Each	1_1531336843	-	-	\$0.00	\$0.00	01-Jul-2019
CC00001	Network Cable Connection- Single-Mode Fiber - Z-side IBX- SV8	1	Each	M13324101	-	-	\$0.00	\$0.00	01-Jul-2019
EXT00006	Innerduct	1	Each	14689530.	-	-	\$0.00	\$1,276.29	01-Jul-2019
EXT00002	Innerduct Element	1	Each	14689530	-	-	\$0.00	\$0.00	01-Jul-2019
EXT00006	Innerduct	1	Each	14689531.	-	-	\$0.00	\$1,276.29	01-Jul-2019
EXT00002	Innerduct Element	1	Each	14689531	-	-	\$0.00	\$0.00	01-Jul-2019
EXT00006	Innerduct	1	Each	14689529.	-	-	\$0.00	\$1,276.29	01-Jul-2019
EXT00002	Innerduct Element	1	Each	14689529	-	-	\$0.00	\$0.00	01-Jul-2019

EQUINIX ORDER



IBX: SV8									
Address: 529 Bryant Street, Palo Alto, United States, 94301									
Section D: Continuing Services									
Product Code	Product Description	Qty	UoM	Serial #	Unit Pricing		Total Charges		Effective Date
					NRC	MRC	NRC	MRC	
PS00004	Configurable Accessories	1	Each	1_1511117304	-	-	\$0.00	\$0.00	01-Jul-2019
CC00001	Patch Panel	1	Each	CP:0705:122350	-	-	\$0.00	-	01-Jul-2019
CC00001	Patch Panel	1	Each	CP:0705:112869	-	-	\$0.00	-	01-Jul-2019
CC00001	Patch Panel	1	Each	CP:0705:112870	-	-	\$0.00	-	01-Jul-2019
PS00004	Configurable Accessories	1	Each	1_1511117303	-	-	\$0.00	\$0.00	01-Jul-2019
CC00001	Patch Panel	1	Each	CP:0704:137356	-	-	\$0.00	-	01-Jul-2019
CC00001	Patch Panel	1	Each	CP:0704:122349	-	-	\$0.00	-	01-Jul-2019
PS00004	Configurable Accessories	1	Each	1_1511117305	-	-	\$0.00	\$0.00	01-Jul-2019
CC00001	Patch Panel	1	Each	CP:0707:112871	-	-	\$0.00	-	01-Jul-2019
CC00001	Patch Panel	1	Each	CP:0707:122351	-	-	\$0.00	-	01-Jul-2019
CC00001	Patch Panel	1	Each	CP:0707:122350	-	-	\$0.00	-	01-Jul-2019
CC00001	Patch Panel	1	Each	CP:0707:110503	-	-	\$0.00	-	01-Jul-2019
PS00004	Configurable Accessories	1	Each	1_1511117306	-	-	\$0.00	\$0.00	01-Jul-2019
CC00001	Patch Panel	1	Each	VP:0708:191979	-	-	\$0.00	-	01-Jul-2019
CC00001	Patch Panel	1	Each	VP:0708:191155	-	-	\$0.00	-	01-Jul-2019
CC00001	Patch Panel	1	Each	VP:0708:191978	-	-	\$0.00	-	01-Jul-2019
Section Total							-	\$3,828.87	

Section Total		NRC	MRC
Section C:	Product/Element Changes	\$0.00	\$5,603.93
Section D:	Continuing Services	\$0.00	\$3,828.87

Grand Total	
Monthly recurring charge:	\$9,432.80
Non-recurring charge:	\$0.00

NOTES TO CUSTOMER

EQUINIX ORDER



TERMS AND CONDITIONS

1. INTRODUCTION

This Replacement Order is governed by and incorporated by reference into the applicable Master Country Agreement or other similar agreement between the Parties ("Agreement").

Capitalized terms used but not defined in this Replacement Order shall have the meaning ascribed to them in the Agreement or shall refer to the values listed at the top of this Order.

This Replacement Order replaces and supersedes the Order(s) referenced above (including any Online or Phone Orders related to or incorporated by reference into such Order(s)) and will, as applicable, add those new Products detailed in Section A, terminate the Products detailed in Section B and amend the Products detailed in Section C as further detailed above from the Effective Date stated in the relevant Section.

Unless otherwise stated by this Replacement Order, the Products in the Order(s) detailed in Section D remain(s) unchanged.

2. DEFINITIONS

'Effective Date' as used in this Order shall be:

- For Section A: Product Additions, the date stated above on which the addition to the Licensed Space and Services takes effect or, if no such date is stated above, then the date the Licensed Space is provided or the Services are delivered;

- For Section B: Product Deletions, the date stated above on which the termination of the Licensed Space and Services takes effect;

- For Section C: Product Changes, the date stated above on which the change to the Licensed Space and Services takes effect;

or, if no such date is stated above, then the date the Licensed Space is provided or the Services are delivered of this Replacement Order.

'Products' as used in this Order may also be referred to as Licensed Space and Services.

PRODUCT TERMS

Additional terms and conditions applicable to the Products listed above can be found at the following URL: <http://www.equinix.com/resources/product-documents> and are incorporated by reference into this Order.

3. INITIAL TERM & RENEWAL PERIOD

The Initial Term will commence on the Effective Date and will remain in effect for the Initial Term.

After the initial Term, the term will automatically renew for the Renewal Period unless either Party terminates the Order by providing written Non-renewal notice prior to the end of the then-current term to the other Party in which event this Order will terminate at the end of the then-current term.

4. POWER LIMITATIONS

The maximum amount of electrical power that Customer may draw is stated above as Draw Cap or Qty/UoM in kVA or kW ("Draw Cap"). Customer may not draw more power than the Draw Cap. If Customer exceeds the Draw Cap, Equinix will notify Customer and Customer must reduce power draw to be equal to or less than the Draw Cap within 72 hours (or as otherwise agreed) or Equinix may, in its sole discretion, either charge Customer for the power overage at a maximum of twice the MRC/kVA rate for Licensed Space and power Services above, or suspend Customer's power Services to return to Draw Cap compliance.

5. PRICE AND PRICE INCREASE

EQUINIX ORDER



Customer will pay the Fees for the Licensed Space and Services from the Effective Date.

Notwithstanding anything in this Order to the contrary, all Fees for those Products in the Price Increase Terms may be subject to the Price Increase with effect from the date stated in the Price Increase Terms and every twelve (12) months thereafter, except where a change in Equinix's direct electrical supply costs exceeds the Price Increase value listed below then Equinix may change the Fees for power Services by such increased cost.

Price Increase Terms	
First Price Increase Applicable After	12 months
All Products Price Increase %	5%

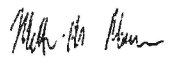
Renewal Price Increase Terms	
All Products Price Increase %	5%

GLOSSARY

Order Reference Updates			
IBX	Product Family	Order Reference #	New Order Reference #
SV8	Space & Power	105706	1-186074182635
SV8	Interconnection	105706, 139567	1-186074182635

EQUINIX ORDER



CITY OF PALO ALTO		Equinix LLC, on behalf of itself and its U.S. Affiliates	
Signature:	Billing Contact Name: Raveen Maan Billing Address PO BOX 10250	Equinix Local Entity Address One Lagoon Drive, 4th Floor Redwood City CA United States 94065	Signature: 
Name:	PALO ALTO CA United States 94303-0862		Name: Matthew M Monaco
Title:	Phone Number: 6503292494		Title: Senior Director, Asset Management
Date:	Email Address: raveen.maan@cityofpaloalto.org		Date: 04-Apr-2019



Appendix E - REQUEST FOR EXEMPTION FROM COMPETITIVE SOLICITATION

Materials Purchase \$10K to \$250K Stock Item(s) General or Professional Services \$50K to \$85K

NOTE: Exemptions exceeding the maximum limits indicated above require 'Staff Report' Council approval.

To request exemption from competitive solicitation under PAMC 2.30.360 Please select from one of the following:

- (d) No other source has been determined;
- (d) Only one of the sources available can meet requirements;
- (b2) There is an impracticality to solicit;
- (e) Standardization is appropriate.

To:
Procurement Representative Email

Ext:

From:
Department Requestor Email

Ext: **Dept.:**

Request for the purchase of:

Requested Supplier/Vendor:

Vendor Email:

Vendor Contact:

Vendor Phone Number:

Purchase Requisition (PR) Number:

Cost Estimate - Annual:

Expected length of contract:

Cost in Total:

What additional procurement, if any, is expected at the conclusion of this recommended exemption:

None RFP RFQ/ITB PCard Other:

What other contracts have been in place with the vendor in the past 12 months:

Contract: **Term:** **Amount:**

Purpose:

Department Justification for exemption from non-competitive solicitation:

Justification must include the following:

1. A very brief description of the unique need that necessitates an exemption from competitive solicitation.
2. A detailed statement describing actions taken by department to determine need for selected PAMC2.30.360 exemption type.
3. Supporting documentation for exemption, i.e. letter from vendor, report, research, test data, scope of work, etc.

The text box below is a scrollable field.

Request for Exemption continued - Approvals Page

Approvals Routing Instructions:

1. Save completed form to assigned shared workspace, i.e. U:Drive, or SharePoint.
2. Then upload to "DocuSign" for signature routing to the Approver Levels listed below.
3. The procurement representative will ensure successful process completion.

EXEMPTION APPROVALS:

Submitter	<i>Department Requestor</i>	Signature
Approver Level 1	<i>Requesting Department Head</i>	Signature
Approver Level 2	<i>Purchasing Representative</i>	Signature
Approver Level 3	Adrian Brown <i>Chief Procurement Official</i>	Signature
Approver Level 4	Kiely Nose <i>ASD Director or Designee</i>	Signature
Approver Level 5	Ed Shikada, <i>City Manager or Designee</i>	Signature