



CITY OF  
**PALO  
ALTO**

**CITY OF PALO ALTO  
CITY COUNCIL  
Special Meeting**

**Monday, November 27, 2023  
Council Chambers & Hybrid  
5:30 PM**

<b>Agenda Item</b>
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9. Approval of a License Agreement with Equinix, LLC for a Three-Year Term in an Amount Not-to-Exceed \$536,528, and Authorization of a Contingency Amount Not-To-Exceed \$106,900 for Related, Additional but Unforeseen Services Which may Develop During the Project; CEQA Status - Not a Project *Public Comment*



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**PALO  
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## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: IT Department**

**Meeting Date: November 27, 2023**

Staff Report:2310-2129

### **TITLE**

Approval of a License Agreement with Equinix, LLC for a Three-Year Term in an Amount Not-to-Exceed \$536,528, and Authorization of a Contingency Amount Not-To-Exceed \$106,900 for Related, Additional but Unforeseen Services Which may Develop During the Project; CEQA Status - Not a Project

### **RECOMMENDATION**

Staff recommends that Council:

- 1) Approve and authorize the City Manager or designee to execute the license of a Private Cage agreement, included here as Attachment A, with Equinix, LLC (“Equinix”) for a Term Not-to-Exceed Three Years and a Total Not-to-Exceed Amount of \$536,528 for the City of Palo Alto Fiber Optic Utility to lease a fiber optic private cage with kVa power access and termination services at the Palo Alto Internet Exchange (“PAIX”).
- 2) Authorize the City Manager or designee to approve and execute any amendments to the agreement for additional services that might develop during the license period, the total value of which shall not exceed \$106,900.

### **BACKGROUND**

The City Council provided direction to staff to proceed with Phase 1 of the fiber to the premises (FTTP) expansion project on Dec. 19, 2022, CMR 14800<sup>1</sup>. In Phase 1, FTTP would be built out in selected areas of the city, and expanded gradually. On November 7, 2023<sup>2</sup>, staff presented an update on plans related to advancing a FTTP pilot program and construction alignment with Electric Grid Modernization to the Council’s Finance Committee. Upgrading overhead lines in 90% of Palo Alto neighborhoods through electric grid modernization and piloting the build out of Palo Alto Fiber to the home supports a reliable, sustainable and connected community.

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<sup>1</sup> City Council, December 19, 2022; SR# 14800,  
<https://portal.laserfiche.com/Portal/DocView.aspx?id=59132&repo=r-704298fc>

<sup>2</sup> Finance Committee, November 7, 2023; SR# 2309-2082,  
<https://cityofpaloalto.primegov.com/Portal/viewer?id=0&type=7&uid=5be5ee8c-815c-45be-baec-140d7780fb0c>

As discussed in the development of an FTTP service, “fiber huts” will be necessary to build out the network and provide connectivity both through the dark fiber backbone through FTTP.

Originally constructed by the Digital Equipment Corporation in 1996 as one of the first internet exchange points (IXPs) in the world, the Equinix data center (SV8) is a neutral data center independent of any one Internet Service Provider (ISP) or telecommunications carrier. This center 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. It was (and still locally) called the “Palo Alto Internet Exchange (PAIX),” and the city has been leasing fiber optic access and termination services at PAIX since the inception of the City’s fiber network.

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.

## **ANALYSIS**

To support FTTP Phase 1 in 2024, a data center is required to provide internet services. Equinix is the best option to serve as the Data Center and one of two Fiber Huts for the Fiber Project. City Hall was a potential option, but PAIX provides a superior alternative due to timing, cost, construction, and future flexibility considerations.

A private cage will provide a secure space for the infrastructure required to operate the fiber and ISP for the FTTP, and the Equinix data center (SV8) has a private cage available that meets the requirements to host the data center and fiber hut for the FTTP project. This contract will secure the space from November 2023 through November 2026, at the rate of \$14,848 per month. The SV8 data center, as discussed above, is a built facility that multiple companies secure space at for their data center needs. Space comes available as companies depart or move services to alternative options such as the cloud and is only available until another customer secures a contract for use. At this time, the space the city needs to support the FTTP project is available and if the city does not secure this space now, there is no guarantee another space will be available in the future. The impact of not securing this space could further delay the FTTP project in providing internet access to the community and businesses.

Benefits of a private cage with racks vs racks in an open or shared space:

- Dedicated space to support the infrastructure for FTTP and Backbone
- Privacy/Security – Only people that are approved by the city will be allowed access.
- Reliability – Reduced likelihood of damage to infrastructure by third parties.
- Operational efficiency – Full control of cross connects and cable management between racks.

Due to negotiating for the private cage, the per rack cost is approximately \$100.00 – \$200.00 less a month than the shared cages. This agreement does not have a termination clause for the initial term of 36 months. Staff anticipate needing that time for the build out of the FTTP project, however, should the services no longer be needed during this term, the City would likely be responsible for these costs.

In addition, this recommends the additional of funding in the amount of \$109,900 for additional services such as additional power, cross connects to peer with other ISP's and fiber cables. This capacity is recommended to ensure flexibility as the City begins Phase 1 of the FTTP build out and any unforeseen issues in this new line of service.

### **FISCAL/RESOURCE IMPACT**

Funding for the first year of this agreement is included in the FY 2024 Adopted Fiber Optic Fund operating budget with subsequent years subject to the annual appropriation of funds. If the pilot is successful and the FTTP project continues, this will become an ongoing cost with funding in subsequent years subject to Council's approval of each fiscal year's budget appropriation.

### **STAKEHOLDER ENGAGEMENT**

This has been coordinated with internal stakeholders including the Utilities Department, and in consultation with Magellan/Entrust, the City's professional services partner in the development of the FTTP project. Through the Utilities Advisory Commission and the Finance Committee, the community has had the opportunity to hear updates on the status of the FTTP project and provide feedback on the project.

### **ENVIRONMENTAL REVIEW**

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

### **ATTACHMENTS**

Attachment A: 36-Month License Agreement with Equinix

### **APPROVED BY:**

Darren Numoto, Chief Information Officer

# EQUINIX ORDER



Account Name : CITY OF PALO ALTO  
 Account Number : 110002  
 Order Number : 1-228942723689  
 Version # : 4

Currency : USD  
 Order Valid Until : 30-Nov-2023

PREPARED BY:  
 Reza Fazlollahi  
 rfazlollahi@equinix.com

PREPARED FOR:  
 Darren Numoto  
 darren.numoto@cityofpaloalto.com  
 (650) 329-2571  
 6506173142

Agreement # : 00036759.0  
 Initial Term (Months) : 36  
 Renewal Period (Months) : 12  
 Non-renewal notice (Days) : 90

IBX: SV8								
Address: 529 Bryant Street, Palo Alto, CA, 94301, United States								
Product Code	Product Description	Qty	UoM	Unit Pricing		Total Charges		Effective Date
				NRC	MRC	NRC	MRC	
<b>SPC00002</b>	<b>Private Cage With kVA Based Power</b>	<b>1</b>	<b>Each</b>	-	-	<b>0.00</b>	<b>13,248.00</b>	<b>01-Dec-2023</b>
CAG00001	Cage - 6 Cabinets - 14.4 kVA	14.4	kVA	-	460.00	-	6,624.00	01-Dec-2023
CAG00001	Cage - Installation Fee	1	Each	-	-	0.00	-	01-Dec-2023
POW00001	1.2 AC Power	14.4	kVA	-	460.00	-	6,624.00	
POW00003	AC Circuit - 208v - 30-amp - Single Phase - Primary	3	Each	-	0.00	-	0.00	01-Dec-2023
POW00003	AC Circuit - Installation Fee - 208v - 30-amp - Single Phase - Primary	3	Each	0.00	-	0.00	-	01-Dec-2023
POW00003	AC Circuit - 208v - 30-amp - Single Phase - Redundant	3	Each	-	0.00	-	0.00	01-Dec-2023
POW00003	AC Circuit - Installation Fee - 208v - 30-amp - Single Phase - Redundant	3	Each	0.00	-	0.00	-	01-Dec-2023
CC00004	Demarcation Point	1	Each	-	-	-	0.00	01-Dec-2023
<b>CC00001</b>	<b>Cross Connect</b>	<b>2</b>	<b>Each</b>	-	-	<b>1,000.00</b>	<b>750.00</b>	<b>01-Dec-2023</b>
CC00001	Cross Connect - Installation Fee - Single-Mode Fiber	2	Each	500.00	-	1,000.00	-	01-Dec-2023
CC00001	Network Cable Connection - Single-Mode Fiber	2	Each	-	375.00	-	750.00	01-Dec-2023
<b>ECX00001</b>	<b>Equinix Fabric Metro Port</b>	<b>1</b>	<b>Each</b>	-	<b>350.00</b>	<b>0.00</b>	<b>350.00</b>	<b>01-Dec-2023</b>
ECX00001	Equinix Fabric - Port Installation Fee - 10G	1	Each	0.00	-	0.00	-	01-Dec-2023
ECX00001	Equinix Fabric Port - 10G	1	Each	-	-	-	0.00	01-Dec-2023
CC00001	Network Cable Connection	1	Each	-	-	-	0.00	01-Dec-2023
MC00001	Metro Connect Port - 10G	1	Each	-	-	-	0.00	01-Dec-2023
<b>IX00008</b>	<b>Equinix Internet Exchange - Port</b>	<b>1</b>	<b>Each</b>	-	<b>500.00</b>	<b>1,000.00</b>	<b>500.00</b>	<b>01-Dec-2023</b>
IX00008	Equinix Internet Exchange - Port - Installation Fee - 10G	1	Each	1,000.00	-	1,000.00	-	01-Dec-2023
IX00001	Internet Exchange Port - 10G	1	Each	-	-	-	0.00	01-Dec-2023
CC00001	Network Cable Connection	1	Each	-	-	-	0.00	01-Dec-2023
<b>Section Total</b>						<b>2,000.00</b>	<b>14,848.00</b>	

<b>Grand Total</b>	
<b>Monthly recurring charge:</b>	<b>\$14,848.00</b>

# EQUINIX ORDER



<b>Grand Total</b>	
<b>Non-recurring charge:</b>	<b>\$2,000.00</b>

## NOTES TO CUSTOMER

"In a Private Cage, Customer may order power circuits with an aggregate capacity of up to twice the Draw Cap (as defined below), provided Customer does not draw power that exceeds the Draw Cap at any time."

## Ramp Schedules

### 1.2 AC Power

Ramp Stage	Period (Months)	Stage Start Date	Ramp % Draw Cap	MRC	Max Allowed Ramp
1	5	01-Dec-2023	25	1,656.00	3.60
2	31	01-May-2024	100	6,624.00	14.40

Notwithstanding anything to the contrary, in the event Customer's actual power usage exceeds the Max Allowed Ramp kVA or kW amount listed above, before the next Start Date, Equinix will increase the power capacity to the next Max Allowed Ramp kVA or kW and increase the Monthly Recurring Charges accordingly.

## TERMS AND CONDITIONS

### 1. INTRODUCTION

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

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

### 2. DEFINITIONS

'Products' as used in this Order may also be referred to as Licensed Space and/or 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 which are incorporated by reference into this Order.

### 3. REQUESTED DELIVERY DATE & TERM

Customer may provide Equinix with a Requested Delivery Date. The Requested Delivery Date is a target date for Equinix to provision the Licensed Space and Services. Equinix will, acting reasonably,

# EQUINIX ORDER



consider Customer's Requested Delivery Date when provisioning the Licensed Space and Services. Following signature of this Order, Equinix will inform Customer of the installation schedule by which Equinix anticipates that the Licensed Space and Services will be provisioned provided that Customer must promptly provide to Equinix any additional scope or information which is necessary in order to complete the provisioning of the Licensed Space and/or Services.

The Initial Term will commence on the date that Equinix informs Customer that the Licensed Space and/or the Services have been provisioned, without any delays caused by Customer. Should such delays extend beyond thirty (30) days, Equinix reserves the right to commence billing or exercise its rights under the Agreement.

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 & PRICE INCREASE

The Fees for all Products ordered hereunder will automatically increase during the Initial Term and any applicable Renewal Term by the "Price Increase %" set forth in the table below. Notwithstanding the foregoing, if Equinix's direct electrical supply costs increases by an amount that exceeds the Price Increase %, then Equinix may increase the Fees for power Services by such increased cost on a pass-through basis. The first price increase will commence on the "First Price Increase," as set forth below, and will automatically increase every twelve (12) months thereafter.


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

Renewal Price Increase Terms	
All Products Price Increase %	5%

# EQUINIX ORDER



CITY OF PALO ALTO		Equinix LLC, on behalf of itself and its U.S. Affiliates	
<b>Signature:</b>	<b>Billing Contact Name:</b>	<b>Equinix Local Entity Address:</b>	<b>Signature:</b>
<b>Name:</b>	<b>Billing Address:</b>	One Lagoon Drive, 4th Floor	 <b>Name:</b> Alex Para <b>Title:</b> Commercial Finance Senior Director <b>Date:</b> 28-Sep-2023
<b>Title:</b>	PO BOX 10250	Redwood City CA	
<b>Date:</b>	PALO ALTO CA United States	United States	
	75011	94065	
	<b>Phone Number:</b>		
	<b>Email Address:</b>		