



Legislation Text

File #: 10-0821, **Version:** 1

Recommendation to authorize City Manager to execute a lease-purchase agreement and related documents with Chase Equipment Finance, Inc. for the financing of disaster recovery technology in an amount not to exceed \$505,340 over a five-year period, or \$101,068 annually. (Citywide)

The City of Long Beach is dependent on its information technology infrastructure to deliver services. In the event of a disaster, it is critical that information systems are operational to ensure the City meets its responsibilities to the public and its employees.

The data center in the basement of City Hall is vulnerable to various types of disasters such as earthquake, flooding, and fire. Over the past three years, the Technology Services Department (TSD) has been implementing a strategy in a phased approach to recover systems and facilitate business continuation following a disaster. In 2008, based on a Request for Proposals (RFP) process, TSD entered into an agreement with IBM for off-site disaster recovery in a data center in Boulder, Colorado at an annual cost of approximately \$60,000. The agreement provides TSD with the ability to run City mainframe applications critical to operations (financial management, human resource management/payroll, utility billing and billing and collections) at a remote facility. In 2009, TSD installed equipment at the City's Emergency Communications and Operations Center (ECOC) on Redondo Avenue to back up data over the City's network.

The requested agreement proposes to complete the disaster recovery strategy by installing technology to recover and operate non-mainframe, or open, systems at the ECOC. The listing below presents examples of the open systems housed on approximately 300 physical and virtual servers in the City Hall data center.

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| · Ambulance billing | · Housing Authority property/payments |
| · Animal Care | · Licensing and permitting |
| · Blackberry | · Occupational Health |
| · Cashiering | · Marina management |
| · City Attorney claims tracking | · Parking citations |
| · Clinical health | · Parks and Recreation class registration |
| · City Council agenda management | · Police systems (various) |
| · Document imaging/management | · Public Works/PRM/Airport work order |
| · E-mail/calendaring | · Public Works project management |
| · Financial data warehouse (EZFamis) | · Remittance (payments) processor |
| · Fire CAD/RMS | · Reverse 911 |
| · Fire staffing | · Vote by mail application/tracking |
| · Fleet management | · Web/telephone payments |
| · Gas mobile work order | · Website content management |
| · Geographic Information Systems (GIS) | · Workers compensation |

Disaster Recovery at ECOC

The City's ECOC facility is an optimal disaster recovery site for many reasons. As it is specifically designed to withstand a major disaster, it is highly likely that the City would be able to continue to run information systems at the ECOC should there be a significant incident and the data center becomes inoperable. Also, due to its local proximity, technical staff would be able to quickly reach the ECOC to activate systems following a disaster, minimizing downtime and facilitating business continuation. Furthermore, should widespread damage occur to the telecommunications infrastructure in the region resulting in loss of service, City departments would still have access to information systems and data within the network inside the ECOC. Moreover, there are other benefits that would result from installing the technology at the ECOC including the ability to perform regular and frequent tests of disaster recovery systems, and the potential to use the technology to operate existing Police and Fire systems at the ECOC.

Disaster Recovery Technology/Financing Selections

Last fall, an RFP for disaster recovery of open systems was advertised on the City website, notifying 462 potential proposers to secure the most favorable pricing for this acquisition. Of those proposers, 25 downloaded the RFP via the electronic bid system.

The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing <<http://www.longbeach.gov/purchasing>>. An RFP announcement was also included in the Purchasing Division's weekly update on Open Bid Opportunities, which is sent to 30 local, minority and women's business groups. In response, we received two proposals. Of the proposers, none were Minority-owned Business Enterprises (MBEs), none were Woman-owned Business Enterprises (WBEs), none were Small Business Enterprises (SBEs), and none were Long Beach Businesses (Local). Based on a thorough evaluation of the proposals, it is recommended the lowest cost proposal (Dell) be selected in the amount of \$470,000. Equipment would be acquired under Dell Master Purchase agreement No. 28280, previously approved by the City Council in April 2003.

An RFP for the lease-financing was advertised on the City website notifying 225 potential proposers to secure the most favorable financing terms for this acquisition. Of those proposers, 20 downloaded the RFP via our electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update on Open Bid Opportunities, which is sent to 30 local, minority and women's business groups. Three proposals were received by June 29, 2010. Of those proposers, none were Minority-owned Business Enterprises (MBEs), none were Woman-owned Business Enterprises (WBEs), none were Small Business Enterprises (SBEs), and none were Long Beach Businesses (Local). After the Department of Financial Management, Treasury Bureau, conducted an evaluation of the proposals, Chase Equipment Finance, Inc., of Chicago, IL (not an MBE, WBE, SBE or Local), offered the best terms; therefore, it is recommended this firm provide the required financing. Lease financing provides a cost-effective alternative to facilitate the timely replacement of essential capital assets to meet immediate service demands when funding is not available for an outright purchase.

To ensure the City is pursuing the most cost-effective option available, TSD also solicited cost proposals for hosted disaster recovery solutions. Of the four proposals received, the lowest cost was

\$263,736 annually, or \$162,688 more per year than the recommended option. By pursuing the recommended solution, the City would save over \$800,000 over a five-year minimum useful life compared to the lowest cost hosted disaster recovery proposal. Additional annual savings would accrue after year five.

This matter was reviewed by Deputy City Attorney Gary Anderson on July 9, 2010 and by Budget Management Officer Victoria Bell on July 13, 2010.

City staff also presented a detailed overview of the proposed disaster recovery project to the City's Citizen Technology Advisory Committee at its meeting on July 16, 2009. The committee fully endorsed the project.

City Council action is requested on August 3, 2010 to begin implementation of the final phase of the disaster recovery strategy, which will enable recovery of information systems in a timely manner in the event of a disaster.

The total amount to be financed under the lease agreement will not exceed \$470,000 and will be financed over a five-year period. The total debt service, principal and interest, for the agreement is estimated at \$505,340 with a monthly payment amount of approximately \$8,422, which equates to an annual payment amount of \$101,068. The contract amount and payments are based upon an estimated interest rate of 2.89 percent, which is subject to change due to market conditions at the time of final execution of the lease agreement. Sufficient funds are budgeted in the General Services Fund (IS 385) and in the Department of Technology Services (TS) to support annual payments. There are no jobs created by this recommended action.

Approve recommendation.

CURTIS TANI
DIRECTOR OF TECHNOLOGY SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER