

**December 2, 2008****SUBJECT: Award of Contract for a Network Storage Device System and Award a Contract for Blade Servers (F0810-22)****REPORT IN BRIEF**

Approval is requested for the award of a sole source contract in the amount of \$291,107 to Network Appliance, Inc., of Sunnyvale to furnish and install a Network Appliance storage expansion and disk storage backup system and to award a contract in the amount of \$165,937 to INX Inc., of Lewisville Texas to furnish and install Dell blade servers, for the Information Technology Department.

BACKGROUND

The Information Technology Department (ITD) is in the process of upgrading the City's computer hardware infrastructure. As currently configured, the system is technologically obsolete, inadequate to recover completely in the event of catastrophic failure or disaster, and can no longer sustain the normal growth of the City's business. One key component of the upgrade is the consolidation of disparate network servers that host the City's computer applications. The other key components are adding disk storage capacity and installing an enhanced disk storage backup system. Collectively, these work efforts are known as the Virtualization Project.

Currently the City's computing environment is run on 110 servers that are configured on a one-to-one ratio with associated applications. Industry standards have evolved to "virtual" server environments based on the use of server "blades" which enable higher density ratios of server to application. In this case, staff proposes to consolidate 60 of these servers to 10 blade servers in order to achieve a 6-to-1 server to application ratio. This consolidation will require additional data system storage and backup capacity.

Consolidation of the City's servers will produce an estimated \$22,000 in annual savings on electricity costs, plus an additional one-time energy rebate of \$8,672. When compared to the projected 20-year costs of replacing and supporting the existing 60 servers, there is no net increase in either equipment or operating costs.

DISCUSSION

The proliferation of stand-alone servers is largely due to the computerized automation, over time, of City systems and processes. Before the advent of blade server technology, most businesses and governments ran their applications on one-to-one server ratios. As with most technological breakthroughs, the blade server option was cost prohibitive to the City when it became available several years ago. Since that time, the City's technology needs have grown and blade server technology has become more available and cost effective. This also applies to data storage systems.

Consolidating the City's servers and storage systems will produce a number of benefits such as decreasing the likelihood of losing critical data due to catastrophic failure or disaster, reducing downtime of computer applications and creating efficiencies in system maintenance and utilization. Importantly, the City will save approximately \$22,000 annually on electricity costs.

The total scope of work for this project will be to add disk storage capacity to the existing network of storage disks (also known as Storage Area Network or SAN), install a disk storage backup system, and to install 10 blade servers and associated virtual VMware software.

Vendor Selection and Sole Source Contract Award

Staff proposes a sole source contract award to Network Appliance for the network data storage component of the Virtualization Project, per Section 2.08.070(b) of the Sunnyvale Municipal Code. This code section exempts from competitive bidding contracts for which the City's requirements can be met solely by a single proprietary article or process available from a single source, or in situations where solicitations of bids would for any reason be impractical, unavailing or impossible. Network Appliance has offered to provide the system and services to the City for \$291,107, discounted from their list price of \$535,907, which staff has determined to be exceptional pricing. The existing network storage device system is Network Appliance equipment which was initially donated to the City in 2002. Additional storage was added in 2007 because the original system reached its capacity (RTC 07-133). Given the City's history and knowledge in utilizing Network Appliance's proprietary equipment for these particular data storage needs, it would be impractical to obtain the equipment from another vendor through competitive bidding.

With regard to the blade servers, bid specifications were prepared by Department of Information Technology and Purchasing staff. Invitation for Bids No. F0810-22 was advertised on the City's internet site and broadcast to potential suppliers through the Onvia DemandStar public procurement network.

Sealed bids were received and publicly opened on October 29, 2008. Two responsive bids were received.

<u>Bidder</u>	<u>Total Bid</u>
INX, Inc. of Lewisville, TX	\$165,937
Dell Marketing, L.P. of Round Rock, TX	\$190,934

Staff recommends accepting the bid from INX, Inc., the lowest responsive and responsible bidder.

FISCAL IMPACT

Project Cost:	
Network Appliance Storage	\$291,107
Blade Servers	\$165,937
Server Contingency (15%)	<u>\$ 24,891</u>
Total cost	\$481,935

Total cost of this transaction to the City will be \$481,935 to furnish, install and support a network storage device system and server blades (includes sales tax and delivery) and a 15% contingency on the cost of the servers for implementation purposes. Additional shipping charges may apply for the network storage component. Funds are available in Information Technology Equipment Replacement Account No. 021600.

Total Virtualization Project costs are estimated to be \$588,935, which include the hardware components under consideration, plus VMware software, initial maintenance support, and project management costs estimated at approximately \$107,000.

There is no net fiscal impact to ongoing equipment replacement (for the servers and storage systems) or operating costs (for software and associated maintenance/support).

Rebate and Annual Electricity Savings

Under their "going green" program, PG&E estimates a rebate to the City in the amount of \$8,672 for reducing power consumption by virtualizing sixty of its servers. Additionally, PG&E estimates the City will also realize an annual savings of \$22,000 in electricity costs.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

RECOMMENDATION

It is recommended that Council:

1. Award a contract in substantially the same form as the attached draft in the amount of \$291,107, to Network Appliance, Inc., to furnish and install a Network Appliance for storage expansion and disk space backup.
2. Award a contract to INX Inc., in substantially the same form as the attached draft in the amount of \$165,937, to furnish and install blade servers.
3. Approval of a server implementation contingency in the amount of \$24,891.

Reviewed by:

Mary J. Bradley, Director of Finance

Prepared by: Eddie Soliven, Manager, Information Technology Services

Prepared by: Pete Gonda, Senior Management Analyst, Finance

Reviewed by:

Cuong Nguyen

Director, Information Technology

Approved by:

Gary M. Luebbers

City Manager

Attachment

A. Draft Purchase Orders



ORDERED FROM 13761 - 002 Network Appliance Inc 495 E Java Dr Sunnyvale CA 94089 (408) 822-3485	ORDER DATE 11/20/2008	BILL TO: City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707
	DELIVERY DATE 01/31/2009	
	PAYMENT TERMS 1/10	
	BID NO/RFQ NO	
DELIVER TO IT/Information Technology Services 650 W Olive Ave Sunnyvale CA 94086 Phone: (408) 730-7557	FOB POINT DEST ADD	FREIGHT CHARGES Destination, freight prepaid and added
	REQ. NO RQ003738	REQUISITIONER: BLU
	CHARGE/OBJ CODE(S): See Description	

ITEM	DESCRIPTION	QTY	UNIT	UNIT COST	TOTAL
1	Provide Storage Area Network per quote #10MGRX8P, a copy of which is attached and incorporated herein by this reference. Hardware	133148.00	DLR	\$1.0000	\$133,148.00
2	Software	62586.00	DLR	\$1.0000	\$62,586.00
3	Service.	73186.13	DLR	\$1.0000	\$73,186.13



ITEM	DESCRIPTION	QTY	UNIT	UNIT COST	TOTAL
4	Sales Tax (8.25%). Contract awarded by City Council 12/2/2008, RTC#_____.	22185.91	DLR	\$1.0000	\$22,185.91

Amount does not reflect applicable taxes.

TOTAL \$291,106.04

CHARGE/OBJ CODE(S)

021600 5050	\$206,334.13
021600 5055	\$62,586.00
779980 5155	\$22,185.91

Document Terms:

This purchase order is subject to the City of Sunnyvale Standard Terms and Conditions for the Purchase of Goods, dated 1/15/2000, a copy of which is attached and incorporated by reference (Form #TCPO-G).

BUYER:

Howard, Dreama

PHONE (408) 730-7396

FAX (408) 730-7710

Joe Tarantino
 NetApp
 495 E Java Dr
 Sunnyvale, CA 94089, USA
 Phone: 408-822-4575
 Fax: 408-822-4438
 Email: joet@netapp.com

Price Quotation
1-MGRX8P



To: **City of Sunnyvale**
650 W Olive Ave
Sunnyvale, CA 94086
USA

Attn: **Eddie Soliven**
 Phone: **408 730-7557**
 Fax:
 Email: **esoliven@ci.sunnyvale.ca.us**

FOB: **EXW point of origin**

Do Not Ship Before:

Terms: **1% 10, NET 30**

Quote Date: **6/18/2008**

Quote Valid Until: **7/18/2008**

Contract Number:

Contingency: **None**

Quote Name: **1-MGRX8P**

Comment to Customer:

		<u>Ext Qty</u>
DS14A-R5		2
FAS3140-R5		1
Hardware		
DOC-31XX-C	Documents,31XX,-C	1
DSX-14.0TB-R5-C	DS14MK2 SHLF,14.0TB SATA,-C,R5	4
FAS3140-BASE-R5-C	FAS3140,OS,-C,R5	1
FAS3140-CHASSIS-R5-C	FAS3140,Chassis,AC PS,-C,R5	1
SW-FCP-ESX-HU	FCP ESX Host Utilities	10
X1558A-R6	Cabinet Component Power Cable,48-IN,R6	4
X1558A-R6-C	Cabinet Component Power Cable,48-IN,-C,R6	10
X2054A-R6	HBA,FC,Disk,4-port,PCIe,4Gb,R6	4
X6524-R6-C	Cable,Optical,Pair,LC/LC,2M,-C,R6	1
X6530-R6	Cable,Patch,FC SFP to SFP,0.5M,R6	8
X6530-R6-C	Cable,Patch,FC SFP to SFP,0.5M,-C,R6	6
X6536-R6	Cable,Optical,50u,2000MHz/Km/MM,LC/LC,5M,R6	4
X6539-R6	SFP,Optical,4.25Gb,R6	4
X6539-R6-C	SFP,Optical,4.25Gb,-C,R6	2
X871A-R6-C	Storage Equipment Cabinet,20A,-C,R6	1
X875A-R6-C	Power Cable,QTY4,Cabinet,NEMA,20A,-C,R6	1
X8773-R6-C	Mounting Bracket,Tie-Down,Multiple,-C,R6	1
X8781-R6	Hardware Kit,Add-On Peripheral,Cabinet,R6	2
X94015A-ESH4-QS-R5	DS14MK4 SHLF,AC,14x300GB,15K,ESH4,QS,R5	2
Hardware		\$133,148.00
Software		
SW-DFM-MGMTSVR	Software,DFM Management Server	1
SW-T4-ASIS-C	A-SIS Deduplication Software,T4,-C	1
SW-T4-CIFS-C	CIFS Software,T4,-C	1

All amounts are in US Dollars.

Amounts quoted are before all applicable local taxes. Applicable sales tax (tax rate is based on ship-to location) will be charged to shipments in the United States if exemption certification is not received. Submit a completed certificate of tax exemption for each state where purchases are tax-exempt.

This quote is valid for 30 days and is subject to NetApp current terms and conditions (www.netapp.com/sales/terms/). Changes to terms might affect pricing.
 This Pricing Information is CONFIDENTIAL between NetApp and City of Sunnyvale, and may not be distributed to third parties without prior written consent from NetApp.

Joe Tarantino
 NetApp
 495 E Java Dr
 Sunnyvale, CA 94089, USA
 Phone: 408-822-4575
 Fax: 408-822-4438
 Email: joet@netapp.com

Price Quotation
1-MGRX8P



SW-T4-ISCSI-C	iSCSI Software,T4,-C	1	
SW-T4-NEARSTORE-C	Nearstore Software,T4,-C	1	
SW-T4-SVSEC-C	SnapVault Secondary Software,T4,-C	1	
SW-T4C-DFM-OPSMGR-AD	Software,Operations Mgr,Additive T4C node	2	
SW-T4C-DFM-PROTMGR-AD	Software,Protection Mgr,Additive T4C node	2	
SW-T4C-DFM-PROTMGR-DR-AD	Software,Prot Mgr Disaster Recov, T4C node	2	
SW-T4C-FCP	FCP Software,T4C	2	
SW-T4C-SVPRI	SnapVault Primary Software,T4C	2	
SW-T5-DFM-OPSMGR-AD	Software,Operations Mgr,Additive T5 node	1	
SW-T5-DFM-PROTMGR-AD	Software,Protection Mgr,Additive T5 node	1	
SW-T5-DFM-PROTMGR-DR-AD	Software,Prot Mgr Disaster Recov, T5 node	1	
			Software
			\$62,586.90

Service			
CS-A-INST-4D	SupportEdge Standard w/ Inst,4hrPartsDel - Mths:19	2	
Service Address:	Sunnyvale USA 94086		
CS-A-INST-4D	SupportEdge Standard w/ Inst,4hrPartsDel - Mths:19	1	
Service Address:	Sunnyvale USA 94086		
CS-S-SSP	SW Subscription Plan - Mths:19 Begin:11/1/2008	2	
Service Address:	Sunnyvale USA 94086		
PS-SOW	PS Custom Statement of Work	16,000	
PS-ZA-RAPID-GOLD4-IMPL	Rapid Deployment SAN Impl,over 32TB,ZA	1	
SW-SSP-DFM-MGMTSVR	SW Subs,DFM Management Server Mths:19	1	
SW-SSP-T4C-OPSMGR-AD	SW Subs,Operations Manager,T4C Mths:19	2	
SW-SSP-T4C-PROTMGR-AD	SW Subs,Protection Manager,T4C - Mths:19	2	
SW-SSP-T5-OPSMGR-AD	SW Subs,Operations Manager,T5 Mths:19	1	
SW-SSP-T5-PROTMGR-AD	SW Subs,Protection Manager,T5 - Mths:19	1	
			Service
			\$73,186.13

(USD): \$268,921.03

All amounts are in US Dollars.

Amounts quoted are before all applicable local taxes. Applicable sales tax (tax rate is based on ship-to location) will be charged to shipments in the United States if exemption certification is not received. Submit a completed certificate of tax exemption for each state where purchases are tax-exempt.

This quote is valid for 30 days and is subject to NetApp current terms and conditions (www.netapp.com/sales/terms/). Changes to terms might affect pricing. This Pricing information is CONFIDENTIAL between NetApp and City of Sunnyvale, and may not be distributed to third parties without prior written consent from NetApp.

Joe Tarantino
NetApp
495 E Java Dr
Sunnyvale, CA 94089, USA
Phone: 408-822-4575
Fax: 408-822-4438
Email: joet@netapp.com

Price Quotation
1-MGRX8P



Grand Total:

\$268,921.03

All amounts are in US Dollars.

Amounts quoted are before all applicable local taxes. Applicable sales tax (tax rate is based on ship-to location) will be charged to shipments in the United States if exemption certification is not received. Submit a completed certificate of tax exemption for each state where purchases are tax-exempt.

This quote is valid for 30 days and is subject to NetApp current terms and conditions (www.netapp.com/sales/terms/). Changes to terms might affect pricing.
This Pricing information is CONFIDENTIAL between NetApp and City of Sunnyvale, and may not be distributed to third parties without prior written consent from NetApp.



BUYER:

Howard, Dreama

PHONE (408) 730-7396

FAX (408) 730-7710