



Agenda Report

22-1465

Agenda Date: 12/6/2022

REPORT TO COUNCIL

SUBJECT

Action to Delegate Authority to the City Manager to Negotiate and Execute a Master Service Agreement for Internet Services for Silicon Valley Power and Associated Master Service Orders between the City of Santa Clara and GTT Americas, LLC and Its Affiliates

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The City of Santa Clara's Electric Utility, Silicon Valley Power (SVP) requires reliable and redundant internet connection to support critical and routine needs of the utility. Currently, this service is provided by GTT Americas, LLC (GTT).

As a result of ongoing increases in internet usage in-part due to increased remote activity for video calls, SVP has identified the need to modify its internet service to increase bandwidth. After review of services with GTT, SVP has identified that bandwidth can be increased at a reduced cost retaining the double redundant routing between geographically dispersed datacenters for SVP.

DISCUSSION

Award of the Master Service Agreement has been authorized as a sole source pursuant to Santa Clara Code Section 2.105.280(b)(2) which states: "When required to ensure operation or function to match other products with respect to the repair, expansion or completion of a system, existing structure or program currently in use by the City, including, but not limited to, utility and technology purchases required to achieve interoperability with existing systems or programs." While there are other internet service providers, there is a significant cost to change providers. GTT has access through established service lines into SVP's data center locations as GTT has acquired companies that previously provided these services. SVP uses secured and encapsulated mesh routing through SVP's and GTT's networks to promote the highest level of reliability across six internet connections. These connections also carry compliance related information between SVP and other agencies which are built specifically to the carrier connections used. In addition to the costs outlined below, changing carriers would take additional time to rebuild connections, require coordination with several agencies, and approval from compliance agencies for data service outages.

GTT monthly service rates are competitive when discussing the same service levels with other commercial/enterprise level ISP's.

For the level of redundancy and bandwidth provided, SVP currently pays \$8,800 per month for all four connections. The cost for the upgraded service which replaces the existing service is \$7,800 per month for a 36-month term. This will double the bandwidth across all connections at a lower cost.

As with all services, SVP reviews these connections routinely to ensure quality of service and to manage internal requirements. After the initial 36-month term, if the service continues to meet SVP's needs, the service will renew for ongoing annual terms which can be cancelled with 90 days' notice. In the event services no longer meet SVP's needs; SVP can go out for bid for a new ISP.

In anticipation of potential renewals and additional service requirements that may arise, staff requests authorization for Master Service Orders in a total amount not to exceed \$1,500,000 over a ten-year period.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378 (b)(2) in that the proposed actions relate to the purchase of products and services that are continuing maintenance and administrative activities.

FISCAL IMPACT

The historical annual cost for the GTT internet services is less than \$100,000 annually. Staff is recommending an increase up to \$1,500,000 is authorized over a ten-year period to include future rate adjustments and additional services. Sufficient funds for this service are available in the Amended FY 2022/23 Operating Budget, SVP Systems Support.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Authorize the City Manager to negotiate and execute a Master Service Agreement and associated Master Service Orders between GTT Americas, LLC and its Affiliates and the City of Santa Clara for a period of up to ten years and a total maximum compensation of \$1,500,000 subject to the appropriation of funds; and
2. Authorize the City Manager to add or delete services consistent with the scope of services for the agreement and adjust future rates and take any actions as necessary to implement and administer the agreement and service orders.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Rajeev Batra, City Manager