



City of San Antonio

Agenda Memorandum

File Number:20-4334

Agenda Item Number: 23.

Agenda Date: 9/17/2020

In Control: City Council A Session

DEPARTMENT: Information Technology Services

DEPARTMENT HEAD: Craig Hopkins

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Data Center Lease Agreement with CPS Energy for relocation of the City's Downtown Data Center.

SUMMARY:

This ordinance will authorize a lease agreement between the City of San Antonio ("City") and CPS Energy for the City's lease of 2,400 square feet of data center floor space in CPS Energy's Data Center. Upon lease signing, a one-time lump sum for contribution towards construction of the space in the amount of \$650,000 is due. Funding for construction is available from the FY 2020 - FY 2025 Capital Improvement program. In FY 2021, 10 months of rent will be incurred for a total of \$568,304. The annual recurring costs are \$723,360 with a yearly 1.5% escalation fee. Funding for lease costs is included in the FY 2020 Information Technology Services Department Operating Budget.

BACKGROUND INFORMATION:

The City has two data centers, the Downtown Data Center and the South Data Center. These two sites support the City's broadband network and provide the City with internet connectivity, computing and network infrastructure. The data centers are mission critical sites operated and maintained by the Information Technology Services Department (ITSD) that support Public Safety systems, critical business systems such as SAP, BuildSA, and 311, as well as day-to-day operations for all City departments.

In 2018, ITSD assessed the feasibility of building a data center in a new location or leasing data center space. The assessment determined that building a data center at City Towers would have required extensive renovation to the building to add uninterruptible power systems, cooling systems, and redundant generators and fuel tanks.

ITSD also assessed commercially available data center leasing options from Cyrus One, H5 and CPS Energy's Data Center.

The criteria used to assess data center lease sites included redundant access to the power grid, access to major telecommunication providers, available floor space for future expansion, and geographic diversity from the City's South Data Center.

CPS Energy's data center was identified as the optimal site as it met the City's criteria. An additional benefit of co-location is that the City and CPS Energy are community partners and share a common goal in providing quality service to the residents of San Antonio. As a result of this mutually beneficial partnership, capital and operating costs will be reduced, the time to pivot current data center operations will be shortened and there will be minimal disruption to City services.

The term of the lease is for ten (10) years and includes two five-year renewal options. Renewal lease periods after the initial 10-year term will be brought forth for City Council action.

ISSUE:

ITSD will be vacating its facility on Frio St. which houses the Downtown Data Center. Thus, ITSD will need to relocate data center operations to a new site. Following a feasibility assessment, leasing space at the CPS Energy Data Center emerged as the optimal solution.

ALTERNATIVES:

Should this action not be approved, ITSD would revisit the process of reviewing, assessing and selecting a locally available data center site. The selected site would be brought forth for City Council approval at a future date.

This will significantly lengthen the timeline to pivot data center operations, require a large re-engineering effort to conduct detailed planning, and additional negotiation for favorable pricing.

FISCAL IMPACT:

Upon lease signing, a one-time lump sum for contribution towards construction of the space in the amount of \$650,000 is due. Funding for construction is available from Tax Notes and is included in the FY 2020 - FY 2025 Capital Improvement program. In FY 2021, 10 months of rent will be incurred for a total of \$568,304. The annual recurring costs are \$723,360 with a yearly 1.5% escalation fee. Funding for lease costs is included in the FY 2020 Information Technology Services Department Operating Budget. Funds are not appropriated nor encumbered by this action. All expenditures will be in accordance with the City's adopted budget.

RECOMMENDATION:

Staff recommends approval of the lease agreement.