

File No. 101495

Committee Item No. 1
Board Item No. 12

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: January 19, 2011

Board of Supervisors Meeting

Date 1/25/11

Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Budget Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Analyst Report
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Ethics Form 126
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form (for hearings)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Contract/Agreement * <i>Master Agreement</i>
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

OTHER

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Completed by: Victor Young

Date: January 14, 2011

Completed by: Victor Young

Date: 1-20-11

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

[License with UnitedLayer to Use Property - 200 Paul Street]

Resolution authorizing the license of space and services with UnitedLayer at 200 Paul Street for the Department of Technology.

WHEREAS, The Department of Technology operates the City's critical need data center operations in leased space at One Market Plaza; and

WHEREAS, The Department of Technology reports that One Market Plaza no longer physically meets the infrastructure needs of the City; and

WHEREAS, The lease at One Market Plaza is to be terminated soon; and

WHEREAS, The City has the need for 40 server racks, in addition to mainframes and other large free standing equipment to be located in secure, mission critical facilities; and

WHEREAS, The Committee on Information Technology ("COIT") through a unanimous vote on October 21, 2010 recommended the consolidation of mission critical IT systems in reliable and appropriate facilities in order to

- Achieve economies of scale
- Enhance physical security
- Improve the quality of management of equipment
- Improve reliability of operating conditions in terms of power, cooling and fire suppression
- Improve disaster preparedness and recovery
- Reduce carbon emissions; and

WHEREAS, COIT recommends that the City's critical infrastructure be located in Tier II (as determined by the Uptime Institute) facilities or better; and

WHEREAS, The proposed License, among many other data needs, will serve

- 1 • The City's websites
- 2 • The City's email system
- 3 • The Controller's FAMIS & payroll equipment
- 4 • The State of California's CLETS, AFIS and JUSTIS equipment; and

5 WHEREAS, UnitedLayer, Inc. provides build out infrastructure and space with power
6 distribution, cooling, fire suppression, for large data processing requirements with 24/7
7 maintenance and servicing and is the only HRC 12B compliant vendor at 200 Paul; and

8 WHEREAS, The Department of Technology's consultant, California Data Center
9 Design, has reviewed the proposed transaction and has confirmed, considering all factors,
10 that the proposed terms and conditions are fair market value; and

11 WHEREAS, The Department of Technology recommends the proposed license as the
12 best facility to meet COIT's recommendations and the needs of the City's main data center;
13 and; now, therefore, be it

14 RESOLVED, That in accordance with the recommendation of the Director of the
15 Department of Technology, the Director of Property is hereby authorized to take all actions on
16 behalf of the City and County of San Francisco, as Licensee, to execute a license (copy of the
17 proposed license is on file with the Clerk of the Board) with UNITEDLAYER, INC., a California
18 corporation ("Licensor")), for server racks and space in the building commonly known as 200
19 Paul Street, San Francisco, California, for the areas on the first and fifth floors as more
20 particularly described in the License (the "Premises") on the terms and conditions set forth
21 herein, and on a form approved by the City Attorney; and, be it

22 FURTHER RESOLVED, That the License shall be for a term of five (5) years
23 commencing February 1, 2011. The License shall be terminable by the City without cost after
24 January 31, 2013 with 9 months advance notice. The initial base rent shall be \$147,515.00
25 per month, and beginning February 1, 2012, the base rate shall be annually increased by four

1 (4) percent. The Licensor shall pay for utilities, janitorial services, and building maintenance
2 and repairs except for the separately-metered electricity used in the 5th floor premises; and,
3 be it

4 FURTHER RESOLVED, That the City shall have the option to increase or reduce the
5 by up to six (6) server racks in the 1st floor premises based on the cost schedule contained in
6 the License.

7 FURTHER RESOLVED, That the License shall include a clause, indemnifying, holding
8 harmless, and defending Licensor, other related parties, and its agents from and against any
9 and all claims, costs and expenses, including without limitation, reasonable attorneys' fees,
10 incurred as a result of any default by the City in the performance of any of its material
11 obligations under the License, or any negligent acts or omissions of the City or its agents, in,
12 on, or about the Premises or the property on which the Premises are located, excluding those
13 claims, costs and expenses incurred as a result of the negligence or willful misconduct of the
14 License or its agents; and, be it

15 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
16 with respect to such License are hereby approved, confirmed and ratified; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
18 Property to enter into any amendments or modifications to the License (including, without
19 limitation, the exhibits) that the Director of Property determines, in consultation with the City
20 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially
21 increase the obligations or liabilities of the City, except in the case where the City increases
22 the number of server racks, are necessary or advisable to effectuate the purposes of the
23 License or this Resolution, and are in compliance with all applicable laws, including the City
24 Charter; and, be it

1 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term
2 of the License unless funds for the Department of Technology's rental payments are not
3 appropriated in any subsequent fiscal year at which time the City may terminate the License.
4 Said License shall be subject to certification as to funds by the Controller, pursuant to Section
5 6.302 of the City Charter; and, be it

6 FURTHER RESOLVED, That the Department of Technology shall provide written
7 reports to the Board of Supervisors every six months on the progress made towards
8 consolidation of information technology facilities, equipment and staff and the associated
9 documented efficiencies and cost savings.

10 \$737,575.00 Available (5 mos.@ \$147,515.00)
11 Project: PT1001
12 Index Code: 750600

13
14 _____
Controller

15 **RECOMMENDED:**
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17
18 _____

19 Department of Technology

20 **RECOMMENDED:**
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22 _____

23 Director of Property

24 Real Estate Division
25

Real Estate Department
BOARD OF SUPERVISORS

Items 1 and 2
Files 10-1495, 10-1496

Department:
Department of Technology (DT); Real Estate Division

EXECUTIVE SUMMARY

Legislative Objective

- File 10-1495: The proposed resolution would approve a five-year license agreement, from February 1, 2011 through January 31, 2016, between the City, on behalf of the Department of Technology (DT), as licensee, and UnitedLayer, as licensor, for the lease of a co-location data facility¹, where several clients situate their servers and related equipment in a common area in order to share support services, at 200 Paul Street. The facilities to be leased at 200 Paul Street would house the City Data Center and consist of (1) 30 server cabinets on the first floor and (2) two caged areas of approximately 1,500 square feet on the fifth floor for the City's mainframe, servers and data equipment.
- File 10-1496: The proposed resolution would approve a two-year license agreement between the City, on behalf of DT, as licensee, and the Telx Group (Telx), as licensor, a second company that manages the data connectivity function for servers housed at 200 Paul Street. DT would license 24-pair wired connections² for the City Data Center in the building's connectivity hub, known as the Meet Me Room, at 200 Paul Street, from February 1, 2011 through January 31, 2013, including three one-year options to renew, without subsequent Board of Supervisors approval.

Key Points

- The City Data Center consists of the City's mainframe, servers, and related equipment that support the City's computing needs, with back-up systems for power, fire suppression, and air conditioning, to ensure the continued operation of the City Data Center during emergency situations. Since 1993, the City Data Center has been located at One Market Plaza. The existing lease agreement between DT and EOP-One Market, LLC, the landlord for One Market Plaza, expired on July 31, 2008. Since then, DT has continued on a month-to-month basis, at a total cost of \$91,226 per month, which includes \$81,725 for rent, \$5,956 for power, and \$3,545 for maintenance.
- In June 2006, DT commissioned a consultant study that found that One Market Plaza was not adequate for the City Data Center and recommended relocation. The consultant reported that to ensure proper protection of the City Data Center, One Market Plaza would have (1) needed \$1,878,000 in air conditioning and power system repairs and (2) seismic and power capacity upgrades that the consultant reported could be cost prohibitive.
- DT solicited bids for new City Data Center facilities and assistance with the move through a competitive bid process, and selected a facility located at 200 Paul Street, a co-location facility, to replace One Market Plaza. To manage a phased move and to begin leasing space at 200 Paul Street, DT entered into a 23-

¹ In a co-location facility, several clients situate their networks, servers, data storage, and related equipment at one facility in order to share (a) 24/7 maintenance and security services, (b) Uninterrupted Power Supply (UPS) systems, (c) emergency power generators, (d) fire suppression, and (e) air conditioning systems, to allow for economies of scale.

² The 12-pair and 24-pair wired connections signify the number of data links that can be made between the City's servers and the connectivity hub, known as the Meet Me Room. 24-pair wired connections have double the number of connections that can be made and carry twice the amount of data, compared to 12-pair wired connections.

month agreement, at a cost of \$1,785,275, with Xtech, a firm selected through the DT Request for Quote process. That services agreement was not subject to Board of Supervisors approval. The services provided by Xtech include (1) project management services for the relocation of the City Data Center from One Market Plaza to 200 Paul Street, (2) design and build-out of the server cabinets and networks on the first floor of 200 Paul Street, and (3) lease of 30 server cabinets on the first floor at 200 Paul Street to begin to house the City Data Center equipment as it was gradually moved from One Market Plaza over the 23 month period. DT estimates that the build-out and move to 200 Paul Street will be completed by the end of February, 2011. Now, with the move nearly complete, the agreement with Xtech will terminate and DT is proposing to enter into a license agreement with UnitedLayer, which currently operates the co-location data facility space³, and with a second company, Telx Group, which currently operates the data connectivity function at 200 Paul Street through a facility known as the Meet Me Room.

- During the 23 month transition period, the City Data Center has had functioning servers and equipment at both One Market Plaza and 200 Paul Street, both connected to various City departments at various locations and to the Internet via the connectivity hub known as the Meet Me Room (MMR) at 200 Paul Street, using 12-pair wired connections. The proposed license (File 10-1496) would double the existing 12-pair wired connections to 24-pair wired connections.

Fiscal Impact

- Approval of the two proposed resolutions would result in combined annual rent payable by DT to UnitedLayer, Inc. (File 10-1495) and the Telx Group (File 10-1496) of \$161,534 per month, or \$1,938,408 annually, (a) for DT to license 30 server cabinets on the first floor and two caged areas of approximately 1,500 square feet on the fifth floor of 200 Paul Street, including estimated power for the two caged areas, at \$155,534 per month, or \$1,866,408 annually, and (b) for DT to license data connectivity services through the Meet Me Room at 200 Paul Street at \$6,000 per month or \$72,000 annually. The total costs for the old City Data Center at One Market Plaza were \$91,226 per month, or \$1,094,712 per year. The proposed total monthly costs at 200 Paul Street represent an increase of \$70,308 per month, or 77.1 percent, from \$91,226 per month at One Market Plaza to \$161,534 at 200 Paul Street. DT representatives explain that the increase of 77.1 percent in costs is due to the fact that the 200 Paul Street facility is a superior facility and significant costs would have had to have been incurred to upgrade One Market Plaza to meet the standards of the 200 Paul Street facility.
- The proposed resolutions would be funded from monies previously appropriated by the Board of Supervisors in DT's FY 2010-2011 budget. The proposed licenses between (a) DT and UnitedLayer would increase four percent each year over the five year license agreement and (b) DT and Telx would increase three percent in each of the three one-year option periods over the base monthly fee of \$6,000. Therefore, additional monies will be required in DT's future annual budgets to fund such rate increases.
- In addition to the \$161,534 total monthly rent, effective February 1, 2011 for the new 200 Paul Street facility, as a result of a one-month delay to complete the move from One Market Plaza to 200 Paul Street, DT will also be required to pay \$91,226 in additional rental costs for February 2011 at One Market Plaza. DT explains that this \$91,226 cost can be covered from surplus FY 2010-2011 monies as a result of lower

³ In a co-location facility, several clients situate their networks, servers, data storage, and related equipment at one facility in order to share (a) 24/7 maintenance and security services, (b) Uninterrupted Power Supply (UPS) systems, (c) emergency power generators, (d) fire suppression, and (e) air conditioning systems, to allow for economies of scale.

than estimated costs for moving servers and related equipment from various City public safety agencies to 200 Paul Street.

Recommendations

1. Because the proposed total estimated costs of leasing 200 Paul Street is \$161,534 per month, which is \$70,308 per month or 77.1 percent more than the total existing costs of leasing One Market Plaza at \$91,226 per month, approval of the proposed resolution (File 10-1495) is a policy matter for the Board of Supervisors.
2. Because, as of the writing of this report, DT has not provided data to the Budget and Legislative Analyst to determine that the bandwidth capacity for the existing 12-pair wired connections will be exceeded such that the need for the 24-pair wired connections is warranted, approval of the proposed resolution pertaining to the Telx license for data connectivity services (File 10-1496) is a policy matter for the Board of Supervisors.
3. Due to the high cost increase for the two proposed licenses for the City Data Center to lease space and 24-pair wired connections at 200 Paul Street, and the potential for cost reductions over time as more of the City's servers and equipment are consolidated either at 200 Paul Street or at a facility presently being prepared to house servers at the Airport, amend the proposed resolutions (Files 10-1495 and 10-1496) to require that DT provide reports to the Board of Supervisors every six months on progress made toward consolidation of information technology facilities, equipment and staff and the associated documented efficiencies and cost savings.

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

In accordance with Section 23.27 of the City's Administrative Code, leases and licenses, in which the City is the lessee, require approval by the Board of Supervisors.

City Data Center

The City Data Center supports the City's overall computing needs with (a) approximately 300 servers⁴ in 30 server cabinets, (b) mainframe computer, (c) routers and switches, (d) T-1 and T-3 data lines⁵, and (e) other computer hardware equipment. Mr. David German, Deputy Director at the City's Department of Technology, states that the City's mainframe computer, servers, and other hardware equipment support the City's payroll system, email system, the Financial Accounting Management Information System (FAMIS), various City websites, backup data storage, as well as specific public safety systems, such as the (a) California Law Enforcement Telecommunications System (CLETS), the law enforcement database for criminal records, (b) Automated Fingerprint Identification System (AFIS), which law enforcement officers can use to obtain, store, and analyze fingerprint data, and (c) Justice Information Tracking System (JUSTIS), which allows public safety agencies to share information. According to Mr. German, the City Data Center must be operational 24 hours per day, seven days per week, even during emergencies, such that the Data Center has dedicated Uninterrupted Power Supply (UPS) systems, emergency power generators, fire suppression, and air conditioning units.

In addition to the City Data Center, several City departments have their own servers, data storage equipment, and mainframe computers located in a number of data centers, data rooms, and data closets throughout the City. Mr. German states that with the Committee on Information Technology (COIT) consolidation plan, approved by COIT on December 16, 2010, COIT intends to relocate these other City department servers and related hardware equipment to the City Data Center at 200 Paul Street over the next two years. The current move does not consolidate any of the City's servers and related equipment; it merely relocates equipment that was previously located at One Market Plaza to 200 Paul Street.

One Market Plaza

On May 12, 1993, the Board of Supervisors approved Resolution 246-93, on behalf of the Department of Technology (DT), as lessee, to enter into a seven year and eight month lease agreement, ending January 31, 2001, with EOP-One Market, LLC, as lessor, for DT to lease space for the City Data Center at One Market Plaza. Under that lease agreement, DT leased approximately 20,000 square feet at One Market Plaza for the City Data Center, office space, storage, network operations center, check printing, air conditioning units, Uninterrupted Power

⁴ A server is a computer, or series of computers, that link other computers together through a network. The Department of Technology anticipates housing approximately 300 servers in 30 server cabinets (approximately 10 servers per server cabinet) at 200 Paul Street.

⁵ T-1 and T-3 data lines are high-speed fiber optic wires that transmit large amounts of data.

Supply (UPS) system, and emergency generator⁶. The lease included two five-year options for extension. On January 22, 2001, the Board of Supervisors approved the first five-year option to extend the lease (File 00-2186), from February 1, 2001 through January 31, 2006.

Mr. German states that beginning in 2006, DT entered into shorter-term lease agreements with EOP-One Market, LLC because DT was evaluating sites to relocate the City Data Center. Therefore, on February 28, 2006, the Board of Supervisors approved a two-year lease extension, changing the second five-year option to a two-year option, for DT to continue leasing the space at One Market Plaza, retroactive from February 1, 2006 through January 31, 2008 (File 06-0096). Then on October 16, 2007, the Board of Supervisors approved a six-month lease extension for the space at One Market Plaza, from February 1, 2008 through July 31, 2008, to enable the City Data Center to remain at that location (File 07-1361).

Since August 1, 2008, DT has continued to occupy the approximately 20,000 square feet of space at One Market Plaza on a month-to-month holdover lease, at a current monthly rent of \$81,725 per month (\$980,700 annually). In addition, DT pays for all utilities and maintains the air conditioning units, UPS system, and the emergency generator at One Market Plaza for an estimated additional cost of \$9,501 per month, including \$5,956 for power and \$3,545 for maintenance, or \$114,012 annually. Overall, DT is currently expending a total of \$91,226 (\$81,725 plus \$9,501 per month), or \$1,094,712 annually at One Market Plaza for the City to lease space for the City Data Center. Mr. German states that One Market Plaza included the costs of connectivity services, as described below, in the monthly rental rate.

Due to DT's concerns about (a) operability after a major earthquake, (b) security, (c) equipment cooling, and (d) power capacity and reliability at One Market Plaza, DT retained a consultant to assess the ongoing viability of the City Data Center at One Market Plaza. On June 20, 2006, the consultant issued a report that (1) detailed \$1,878,000 of required repairs to One Market Plaza's air conditioning and power systems, (2) stated that seismic and power capacity upgrades for One Market Plaza could be cost prohibitive, but did not estimate such costs, and (3) recommended that the City relocate the City Data Center to another location.

Although not a part of this proposed legislation, in November 2008, DT issued a Request for Quotes (RFQ) through the City's Computer Store to obtain (1) project management services for the relocation of the City Data Center from One Market Plaza, (2) design services and build-out of the server cabinets and networks to handle the various hardware equipment in the City Data Center, and (3) lease of server cabinets to house the City Data Center equipment. Mr. German advises that only two firms responded by the due date, which was seven days from the RFQ issuance date. The winning bidder, Xtech, at a cost of \$1,785,275, proposed using server cabinet space at a co-location facility⁷ operated by UnitedLayer, Inc.⁸ at 200 Paul Street. The agreement

⁶ Mr. German states that the network operations center, which consists of DT staff to monitor the City Data Center, has been moved to One South Van Ness Avenue, and the check printing operations have been moved to 875 Stevenson Street. Mr. German states that the air conditioning units, Uninterrupted Power Supply system, and emergency generator will be left at One Market Plaza, discarded, or recycled to the extent possible, since such equipment is either outdated or in need of major repairs.

⁷ In a co-location facility, several clients situate their networks, servers, data storage, and related equipment at one facility in order to share (a) 24/7 maintenance and security services, (b) Uninterrupted Power Supply (UPS) systems,

between DT and Xtech was not subject to Board of Supervisors approval because the agreement was primarily a purchase of services and did not exceed ten years or \$10,000,000. One other bidder, to provide project management services, design services, and the lease of space, OnPointe, proposed using server cabinet space provided by Navisite, Inc. at 650 Townsend Street. According to Mr. German, based on DT's staff review of the two proposals, Xtech was selected. According to Mr. German, DT entered into an agreement with Xtech, for the 23-month period from March 1, 2009 through January 31, 2011, at a total cost of \$1,785,275 to manage relocation of the City Data Center from One Market Plaza to 200 Paul Street and to pay for the use of some of the facilities and equipment and for connectivity services at 200 Paul Street as the phased move from One Market Plaza to 200 Paul Street took place.

Mr. German states that in November 2008, DT staff, in consultation with the City Attorney's Office, the Office of Contract Administration, and the Real Estate Division, determined that the purchase of services through Xtech, including the use of space in order to relocate the City Data Center to 200 Paul Street, was primarily a purchase of services, rather than a lease, and therefore did not require approval by the Board of Supervisors. The Budget and Legislative Analyst notes that Section 23.27 of the City's Administrative Code requires that leases and licenses in which the City is the lessee must be approved by the Board of Supervisors. In contrast, Section 9.118 (b) of the City's Charter only requires Board of Supervisors approval of professional service agreements that exceed ten years or \$10,000,000. As noted above, the Xtech agreement was for a period of 23 months at a total cost of \$1,785,275. Mr. German advises that, although the Board of Supervisors did not specifically approve the agreement with Xtech, the Budget and Finance Committee was involved in the decision to relocate the City Data Center to 200 Paul Street, because on March 18, 2009 the Budget and Finance Committee approved the release of \$754,129 on reserve to allow DT to purchase new networking equipment to be incorporated into the move of the City Data Center at 200 Paul Street (File 09-0208).

According to Mr. German, DT anticipated completing the relocation of the City Data Center from One Market Plaza to 200 Paul Street during the 23-month period between March 1, 2009 and January 31, 2011. However, Mr. German advises that due to the complicated nature of relocating all of the City's equipment, without causing significant downtime to critical systems, the relocation will not be completed until February 28, 2011, a delay of one additional month.

200 Paul Street

Mr. German states that, in contrast to One Market Plaza, the 200 Paul Street facility contains several backup systems for the power, air conditioning, and fire suppression systems to ensure the operability of the City Data Center at all times, even during emergencies, since the failure of one such system could cause significant and irrecoverable data and productivity losses for the City.

(c) emergency power generators, (d) fire suppression, and (e) air conditioning systems, to allow for economies of scale.

⁸ According to Mr. Charlie Dunn, Senior Real Property Officer at the Real Estate Division, 200 Paul Street is owned by Digital Realty Trust, which leases portions of the building to co-location service providers, including UnitedLayer, which in turn provides built-out, maintained, and secured space for clients seeking to locate their networks, servers, data storage, and related hardware equipment.

At 200 Paul Street, Mr. German states that server cabinets containing servers from various UnitedLayer clients⁹ are commingled on the first floor in a large secured area, in order to share (a) 24/7 maintenance services, (b) Uninterrupted Power Supply (UPS) systems, (c) emergency power generators, (d) fire suppression, (e) air conditioning systems, and (f) security. In addition, the fifth floor of 200 Paul Street contains multiple caged areas, each of which contains server cabinets and data equipment for various clients and requires access codes and fingerprint identification to gain entry. Unlike the first floor, in which UnitedLayer pays for all utilities costs, each caged area on the fifth floor has its own power meter to measure power usage which the licensee is responsible for paying to UnitedLayer.

Currently, under the Xtech Agreement, DT occupies 30 server cabinets on the first floor of 200 Paul Street to house the servers and other hardware equipment of the City Data Center, in addition to the connectivity hub known as the Meet Me Room, as explained below. Mr. German states that while the City Data Center is being fully relocated from One Market Plaza to 200 Paul Street, DT has been paying (1) rent on all 20,000 square feet of space at One Market Plaza, and (2) rent for the use of the 30 server cabinets on the first floor at 200 Paul Street, since March 2009, paid out of the surplus funds previously budgeted for the Xtech agreement.

Connectivity Hub (Meet Me Room)

According to Mr. German, all City servers located at 200 Paul Street must connect to a connectivity hub, known as the Meet Me Room (MMR), in order to connect to other City departments located throughout the City and to the Internet. The new City Data Center at 200 Paul Street currently connects through the Meet Me Room using 12-pair wired connections¹⁰, which, Mr. German advises, will no longer provide sufficient bandwidth. As of the writing of this report, DT has not provided any details, as had been requested by the Budget and Legislative Analyst, as to the needs for the additional capacity. Currently, DT licenses the 12-pair wired connections from the Telx Group¹¹ (Telx), which is the sole provider of the connectivity services for the Meet Me Room at 200 Paul Street, for \$4,967.60 per month or \$59,611 annually¹².

Committee on Information Technology (COIT) Recommendation

A COIT Consolidation Report, dated December 9, 2010, states that the City currently houses its servers, data storage equipment, and mainframe computers in a number of data centers, data rooms, and data closets throughout the City. As a result, the scattered storage of such equipment leads to duplicated support costs and greater exposure to risks such as power failures, excessive

⁹ Due to security agreements between UnitedLayer and its clients, UnitedLayer cannot release the names of the clients sharing the large secured area on the first floor with the City.

¹⁰ The 12-pair and 24-pair wired connections signify the number of data links that can be made between the City's servers and the connectivity hub, known as the Meet Me Room. 24-pair wired connections have double the number of connections that can be made and carry twice the amount of data, compared to 12-pair wired connections.

¹¹ Mr. Dunn states the Telx Group operates the connectivity hub, known as the Meet Me Room, at 200 Paul Street, which is owned by Digital Realty Trust. Telx provides the wired connections to and from the Meet Me Room, in order for all City servers at 200 Paul Street to connect to City departments located throughout the City and the Internet.

¹² Under the City's Administrative Code, Section 23.26, the existing license agreement between DT and Telx did not require Board of Supervisors approval because the agreement was (1) under \$5,000, and (2) year-to-year.

heat, and security break-ins. At the December 16, 2010 COIT meeting, COIT approved DT's consolidation plans for the City's servers, recommending two sites, 200 Paul Street and the San Francisco International Airport (Airport), to house all of the City's servers and related equipment. Mr. German states that such consolidation will occur over the next two years and include (a) moving servers and related equipment to the City Data Center at 200 Paul Street, (b) reducing the number of servers and related equipment through virtualization¹³, and (c) decreasing the number of duplicated network functions.

DETAILS OF PROPOSED LEGISLATION

Proposed License Agreement with UnitedLayer for the City Data Center (File 10-1495)

The proposed resolution (File 10-1495) would approve a five-year license¹⁴ agreement between the City, on behalf of the Department of Technology, as licensee, and UnitedLayer, as licensor, at 200 Paul Street to (1) continue licensing 30 server cabinets on the first floor, and (2) license two dedicated caged areas totaling approximately 1,500 square feet on the fifth floor for the City's mainframe, servers and data equipment. The proposed license agreement would be for five years from February 1, 2011 through January 31, 2016, with the City's option to terminate the license agreement without penalty anytime after January 31, 2013, by providing nine months advance written notice to UnitedLayer.

According to Mr. Charlie Dunn of the Real Estate Division, the option to terminate after January 31, 2013 provides DT with the flexibility to react to (a) technological changes and (b) possible future relocation and consolidation of an undetermined number of City servers from 200 Paul Street to a City-owned facility at the Airport, construction of which is anticipated to be completed in 2013. Additionally, under the proposed license agreement, DT is allowed to increase or decrease the number of server cabinets by up to six server cabinets from the initial 30, at \$1,145 per month per server cabinet, plus the costs of the electrical circuit connections for each server cabinet.

Under the proposed license, the base rent for the 30 server cabinets on the first floor and the two caged areas of approximately 1,500 square feet on the fifth floor is \$147,515 per month, or \$1,770,180 annually, and includes all janitorial services, building maintenance, equipment repairs, and utilities for the first floor equipment. UnitedLayer would be responsible for providing Uninterrupted Power Supply (UPS) systems, emergency power generators, fire suppression, air conditioning systems, and security at 200 Paul Street. However, under the

¹³ Virtualization is the more efficient use of computing equipment, such that power usage and space savings are realized.

¹⁴ Mr. Dunn, in consultation with the City Attorney's Office, states that a lease involves the right to occupy space, such that the lessee controls the property. In contrast, Mr. Dunn advises that a license involves the right to use space or equipment but does not confer control over the property to the licensee. Mr. Dunn states that in the proposed resolution (File 10-1495), UnitedLayer is responsible for operating 200 Paul Street, including maintaining the exterior, Uninterrupted Power Supply systems, emergency power generators, fire suppression, and air conditioning systems. Mr. Dunn states that in the second proposed resolution (File 10-1496), Telx is providing equipment, specifically the 24-pair wired connections, to the City.

proposed license, DT would be responsible for the power costs for the two caged areas on the fifth floor, which are estimated to cost \$8,019 per month or \$96,228 annually, based on maximum power usage. Therefore, the total estimated rent and power costs for DT at 200 Paul Street is \$155,534 per month (\$147,515 base rent plus \$8,019 estimated power costs) or \$1,866,408 annually. Under the proposed license, the base rent would increase by four percent each February 1 over the five year term of the license agreement.

Under the proposed license, DT is responsible for maintaining and repairing the City's servers and other hardware equipment in the City Data Center. UnitedLayer is responsible for any repairs and maintenance to the exterior and structural portions of 200 Paul Street, in addition to the Uninterrupted Power Supply (UPS) systems, emergency power generators, fire suppression, and air conditioning systems.

According to Mr. German, DT intends to license two caged areas on the fifth floor and pay the power costs associated with the two caged areas for (1) the servers for public safety agencies, including the (a) California Law Enforcement Telecommunications System (CLETS), (b) Automated Fingerprint Identification System (AFIS), and (c) Justice Information Tracking System (JUSTIS), and (2) the City's mainframe¹⁵, which handles payroll processing and the Financial Accounting Management Information System (FAMIS). According to Mr. German, much of this equipment must be stored in secured and isolated areas.

Proposed License Agreement with Telx for the Meet Me Room (File 10-1496)

The proposed resolution would approve a two-year license agreement between the City, on behalf of the Department of Technology, as licensee, and the Telx Group (Telx), a separate company that operates the connectivity hub known as the Meet Me Room, as licensor, for 24-pair wired connections from the City Data Center to the Meet Me Room at 200 Paul Street, from February 1, 2011 through January 31, 2013, with three one-year options to renew, without Board of Supervisors approval that could extend the proposed license through January 31, 2016, or a total maximum term of five years.

Currently, the City has connectivity services at One Market Plaza, the costs of which are included in the monthly rental rate. Because the City Data Center has been gradually relocated to the 200 Paul Street facility over the past 23 months, the City currently has connectivity services, via 12-pair wired connections¹⁶ at a cost of \$4,967.60 per month, from the City Data Center at 200 Paul Street to the Meet Me Room, to connect the City Data Center to the various City departments and to the Internet. The proposed license agreement would double the capacity for data connectivity between the City Data Center to City agencies and the Internet.

¹⁵ According to Mr. German, the software for payroll processing and FAMIS is outdated and can only be run on the City's mainframe computer. Mr. German states that in the next few years, payroll processing and FAMIS will transition onto individual servers, which are a fraction of the size of the City's mainframe, therefore allowing DT to discard the mainframe. However, Mr. German does not anticipate the City's mainframe to be discarded within the five-year term of the proposed license.

¹⁶ Mr. Dunn states that the existing agreement between DT and Telx for Telx to provide 12-pair wired-connections at the 200 Paul Street facility was not subject to Board of Supervisors approval because the existing agreement was (1) under \$5,000 and (2) year-to-year.

Mr. German states that a competitive bid process was not conducted for the proposed Telx connectivity license since that company is presently the sole provider of data connections for the 200 Paul Street facility. Under the proposed license, DT would pay Telx rent of \$6,000 per month, or \$72,000 annually, in the initial two-year license period, for 24-pair wired connections to the Meet Me Room. In each of the three one-year options to renew, the rental rate would increase by three percent on the \$6,000 base amount every February 1. Under the proposed license, Telx is responsible for all utilities, janitorial services, maintenance and repairs in the Meet Me Room.

According to Mr. Dunn, the City desires to have both the proposed Telx and UnitedLayer licenses be coterminous, since the wired connections to the Meet Me Room under the proposed Telx license are required as long as the City Data Center is located at 200 Paul Street under the proposed UnitedLayer license. Mr. Dunn states that during the negotiations with Telx, the City proposed the same five-year term with a termination right after two years, as negotiated with UnitedLayer. However, Telx would not consider a five-year term with the City's option to terminate after two years, but instead agreed to a two-year term with three one-year options to renew at the \$6,000 base monthly amount plus three percent per year. According to Mr. Dunn, the proposed Telx license accomplishes the same objective of flexibility as the proposed UnitedLayer license. Both of the proposed licenses provide (i) a minimum two-year term, (ii) a maximum five-year term, and (iii) the flexibility to end the licenses between two and five years, if that is in the best interests of the City. Mr. Dunn states that since the proposed Telx license is required for as long as the City Data Center is located at 200 Paul Street, DT and the Real Estate Division believe that it is more efficient to seek only one approval by the Board of Supervisors for the proposed Telx license for up to a five-year term, including the three one-year options.

FISCAL IMPACTS

As previously noted, DT is currently paying a total of \$91,226 per month to lease the One Market Plaza facility for the City Data Center.

Approval of the two proposed resolutions would result in combined annual rent payable by DT, as licensee, to UnitedLayer, Inc. (File 10-1495) and the Telx Group (File 10-1496), as licensors, totaling \$161,534 per month, or \$1,938,408 annually, (a) for DT to license server cabinet space on the first floor and two caged areas of approximately 1,500 square feet on the fifth floor of 200 Paul Street, including estimated power costs for the two caged areas, at \$155,534 per month or \$1,866,408 annually, and (b) for DT to license connections from the City Data Center to the Meet Me Room at 200 Paul Street at \$6,000 per month or \$72,000 annually.

According to Mr. German, the proposed licenses would be funded from monies previously appropriated by the Board of Supervisors in the Department of Technology's FY 2010-2011 budget. However, the proposed license between DT and UnitedLayer would increase four percent each year, and the proposed license between DT and Telx would increase three percent each year commencing on February 1, 2013, if the options to renew are exercised. An increase

of four percent in the UnitedLayer license agreement totals \$5,901 per month or \$70,812¹⁷ annually for the first year increase, and an increase of three percent in the Telx license agreement is \$180 per month or \$2,160 annually. As such, additional appropriations of monies will be required in the Department of Technology's future annual budgets to fund such annual rate increases.

**Proposed License Agreement with UnitedLayer for the City Data Center
(File 10-1495)**

Table 1, shown below, compares the monthly costs of (a) the existing lease agreement at One Market Plaza and (b) the proposed license agreement with UnitedLayer at 200 Paul Street.

Table 1: Comparison of Total Monthly Costs at One Market Plaza and 200 Paul Street				
	Current Monthly Costs at One Market Plaza	Proposed Monthly Costs at 200 Paul Street	Difference	Percent Change
Rental Rate	\$81,725	\$147,515	\$65,850	81%
Power Costs ¹⁸	5,956	8,019	\$2,063	35%
Maintenance Charges	3,545	0	(\$3,545)	-100%
Connectivity Services ¹⁹	0	6,000	6,000	100%
Total	\$91,226	\$161,534	\$70,308	77.1%

As shown in Table 1 above, the total monthly costs would increase by \$70,308 per month, or 77.1 percent, from \$91,226 per month at One Market Plaza to \$161,534 per month under the proposed licenses. However, Mr. German states that a direct comparison of the costs between One Market Plaza and 200 Paul Street does not reflect that 200 Paul Street is a superior data facility to One Market Plaza because 200 Paul Street has greater earthquake protection, improved air conditioning system redundancies, and upgraded power capacities.

Further costs of at least \$1,878,000 would be required to upgrade One Market Plaza into a suitable facility for the City Data Center. DT's consultant also stated that seismic and power capacity upgrades for One Market Plaza could be cost prohibitive, but did not estimate such costs.

As previously discussed, DT anticipated completing the relocation of the City Data Center from One Market Plaza to 200 Paul Street by January 31, 2011. However, DT now anticipates completing the relocation of the City Data Center by the end of February 2011, a one-month

¹⁷ Under the proposed license between DT and UnitedLayer, the power costs are not subject to the annual four percent increase.

¹⁸ Under the current and proposed licenses at 200 Paul Street, except for the two caged areas on the fifth floor, all power costs are paid by UnitedLayer. The estimated power costs of \$8,019 are only for the two caged areas on the fifth floor, which are the responsibility of DT.

¹⁹ Mr. German states that connectivity services at One Market Plaza are included in the monthly rental rate of \$81,725. However, the connectivity services at 200 Paul Street are not included in the proposed license with UnitedLayer (File 10-1495), but instead are included under a separate proposed license agreement with Telx (File 10-1496).

delay. As a result, in addition to the \$161,534 total monthly rent, effective February 1, 2011, being paid for the 200 Paul Street facility, DT will be required to pay \$91,226 in additional rent for the One Market Plaza facility. Mr. German advises that DT will pay the \$91,226 to rent One Market Plaza for February 2011 from cost savings as a result of lower than expected costs for moving servers and related equipment from various City public safety agencies to 200 Paul Street.

Mr. German reports that DT requested the California Data Center Design Group (CDCDG), which is a consultant group that evaluates the feasibility of buying, leasing, or building a data center, to review the rental rates under the proposed license with UnitedLayer. The attached January 3, 2011 letter, provided by Mr. German, states that CDCDG concluded that the proposed rental rates and terms were "reasonable and representative of market value." CDCDG provided this assessment at no cost to DT or the City, according to Mr. German.

Proposed License Agreement with Telx for the Meet Me Room (File 10-1496)

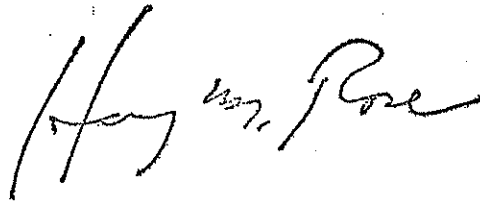
The Budget and Legislative Analyst cannot verify the need for additional capacity for the connectivity hub, known as the Meet Me Room. While Mr. German states that the expanded capacity to the Meet Me Room is necessary due to the pending relocation of the remaining equipment from One Market Plaza, which would exceed the current bandwidth capacity, as of the writing of this report, data has not been provided by DT to the Budget and Legislative Analyst that would indicate the existing connections have reached their capacities and are therefore hampering the City Data Center's operations.

Because the Budget and Legislative Analyst cannot determine that the current bandwidth capacity will be exceeded such that the need for additional connections is warranted, approval of the proposed license between DT and Telx for the 24-pair wired connections, instead of continuing to use the less expensive 12-pair wired connections, is a policy matter for the Board of Supervisors.

RECOMMENDATIONS

1. Because the proposed total estimated costs of leasing 200 Paul Street is \$161,534 per month, which is \$70,308 per month or 77.1 percent more than the total existing costs of leasing One Market Plaza at \$91,226 per month, approval of the proposed resolution (File 10-1495) is a policy matter for the Board of Supervisors.
2. Because, as of the writing of this report, DT has not provided data to the Budget and Legislative Analyst to determine that the bandwidth capacity for the existing 12-pair wired connections will be exceeded such that the need for the 24-pair wired connections is warranted, approval of the proposed resolution pertaining to the Telx license for data connectivity services (File 10-1496) is a policy matter for the Board of Supervisors.
3. Due to the high cost increase for the two proposed licenses for the City Data Center to lease space and 24-pair wired connections at 200 Paul Street, and the potential for cost reductions over time as more of the City's servers and equipment are consolidated either at 200 Paul Street or at

a facility presently being prepared to house servers at the Airport, amend the proposed resolutions (Files 10-1495 and 10-1496) to require that DT provide reports to the Board of Supervisors every six months on progress made toward consolidation of information technology facilities, equipment and staff and the associated documented efficiencies and cost savings.



Harvey M. Rose

cc: Supervisor Chu
Supervisor Mirkarimi
Supervisor Kim
President Chiu
Supervisor Avalos
Supervisor Campos
Supervisor Cohen
Supervisor Elsbernd
Supervisor Farrell
Supervisor Mar
Supervisor Wiener
Clerk of the Board
Cheryl Adams
Controller
Greg Wagner

1/3/11

Jon Walton
Department of Technology
City & County of San Francisco
1 South Van Ness Ave., #2214
San Francisco, CA 94103

Re: 200 Paul lease terms

Per your request, California Data Center Design Group (CDCDG) has reviewed the lease terms and related materials provided to us for the proposed transaction with United Layer at 200 Paul St. CDCDG works with many clients as well as data center operators to negotiate lease terms for collocation data center space.

Given the current market for data center space in San Francisco, we believe the rent and terms to be reasonable and representative of market value

Please call me if you have any questions

Sincerely,



Ron Hughes, President
California Data Center Design Group

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
 (S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information (Please print clearly.)	
Name of City elective officer(s):	City elective office(s) held:
Members, SF Board of Supervisors	Members, SF Board of Supervisors

Contractor Information (Please print clearly.)
Name of contractor: UnitedLayer, Inc., A California corporation
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. 1) Members of the contractor's board of directors: Allen Hill, Brandon Cope, Dave Carver, Abhijit Phanse 2) Chief Executive Officer: Abhijit Phanse, CFO and COO: None 3) Ownership of 20 percent or more in the contractor: Accelon Capital, LLC 4 & 5) None
Contractor address: 200 Paul Ave, Suite 110, San Francisco, CA 94124
Date that contract was approved:
Amount of contract: \$147,515.00 per month for up to 5 years
Describe the nature of the contract that was approved: License to use co location and data processing facilities for 5 years cancellable after 2 years for the Dept of Technology
Comments:

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form (

☒ a board on which the City elective officer(s) serves San Francisco Board of Supervisors

Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information (Please print clearly.)	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: 415-554-5184
Address: 1 Dr. Carlton B. Goodlett Place, Room 244 San Francisco, CA 94102	E-mail: Board.of.supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed



Amy L. Brown
Director of Real Estate



November 18, 2010

License to use Property
UnitedLayer - 200 Paul Street
Department of Technology
Assignment #6472

Through Edwin Lee,
City Administrator

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Board Members:

Attached for consideration is a Resolution authorizing a License to use Property with UnitedLayer, Inc. at 200 Paul Street, for use by the Department of Technology (DT).

In 1993, the City leased approximately 20,000 sq ft. at One Market Plaza for the City's main data center and payroll processing. In 2008, the Department of Technology determined that the City's current data center at One Market Plaza no longer met the infrastructure needs of the City. In 2009, 200 Paul Street was selected by DT as the most cost effective site based on the City's existing reliability and infrastructure needs and DT began migrating data center equipment into server racks under a Office of Contract Administration (OCA) agreement. Attachment I provides the chronology of the City's main data center siting.

The proposed Resolution would provide the space and infrastructure required to complete the vacating of One Market Plaza. City staff, in consultation with the City Attorney's office, determined that with the additional use of approximately 1500 sq. ft. of dedicated space on the fifth floor, a Board of Supervisors approved real estate contract (License to use Property) was the most appropriate agreement.

According to the Department of Technology, the proposed premises will house approximately 300 servers (30 server racks), the City's mainframe, and other mission critical equipment.

Many of the servers provide the support for all of the City's websites including

- SFGOV.org,

- DPW.org,
- DBI.org,
- SFrecpark.org (Recreation & Parks website which includes tee time and latch key program reservations),
- SFassessor.org,
- SFtreasurer.org,
- along with other City department websites.

The other servers provide the City's email system and other City department computing needs.

The City's mainframe handles

- FAMIS,
- payroll,
- and CABLE (public safety program), among others.

In addition, several of the City's public safety services will be located at 200 Paul St. including

- CLETS (secure law enforcement for criminal records),
- AFIS (Police fingerprint system)
- and JUSTIS – serving District Attorney, Police, Trial Courts, Sheriff, Public Defender, and Adult Probation departments.

Lastly, 200 Paul houses the connection to the State of California data systems used by

- Child Support Services,
- Human Services
- and for City access to the DMV.

200 Paul is a co-location data facility. The license area meets the criteria of Tier II facility as established by the Uptime Institute (the leading industry organization) to provide 99.75% service reliability, in all situations. The facility provides Uninterrupted Power Supply (UPS), emergency power generation, fire suppression, along with the extraordinary HVAC and power needs required for the equipment. The property is owned by Digital Realty Trust who leases/licenses portions of the building to co-location service providers who in turn provide built - out, maintained, and secure space for high need data users. Those companies are then allowed to spend their time maintaining their computers and not the above infrastructure equipment. Co-locating equipment into one facility allows for economies of scale (e.g., the cost to install, test, and maintain the emergency generator is shared by many users).

The proposed term is for five (5) years, commencing upon February 1, 2011 and expires on January 31, 2016. For flexibility, the City has the option to terminate the License (without penalty) any time after January 31, 2013 (a 2 year term) by providing nine months advance written notice.

In addition the City has the right to reduce the number of server racks from 30 to 26 (20%) and if racks are available, increase the number of server racks from 30 to 36 (20%) at a cost

or savings of \$1145 per month per rack plus the estimated electrical cost pursuant to the formula outlined in the agreement

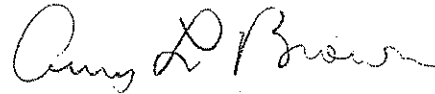
The proposed base rent is \$147,515.00 per month and is fully serviced excepted for separately submetered electricity for the 5th floor portion of the premises. The additional cost for 5th floor electricity is estimated to be \$8,019.00 per month for a total rent and operating expenses of \$155,534.00 per month. The base rent increases annually by 4% on each February 1. The proposed License, however, does not include a typical annual pass through of increases in the landlord's operating expenses.

DT's consultant, California Data Center Design Group, has confirmed that the proposed rents are fair market value, considering all factors, for the facility.

The Department of Technology recommends approval of the proposed License.

If you have any questions regarding this matter, please contact Charlie Dunn of our office at 554-9861.

Very Truly Yours,



Amy Brown
Director of Property

Attachment I – Data Center Chronology

cc. Chris Vein, DT
Jon Walton, DT
David German, DT

Attachment #1

City Data Center

One Market Plaza Lease

1993 City leases Premises pursuant to lease dated May 12, 1993 and Board Resolution 246-93 to house City's data center Lease expires January 31, 2001 and provides two (2) options to extend for five (5) years each. Initial rent is \$308,717.42 per year

2001 Lease is extended by the first 5 year option to January 31, 2006 at a base rent of \$1,586,055.36 per year pursuant to Board Resolution 55-01.

2006 Lease is extended by two (2) years to January 31, 2008 at a base rent of \$639,975.48 per year pursuant to Board Resolution 121-06.

2008 Lease is extended by six (6) months to June 30, 2008 at a base rent of \$343,801.50 for the one-half year pursuant to Board Resolution 561-07.

July 1, 2008 to Present

Lease continues on a month to month holdover basis at a base rent of \$798,178.80 per year.

200 Paul Street

2009 DT executes purchase order dated August 20, 2009 for ground floor co-location space for migration of new requirements and some existing equipment previously located at One Market Plaza.

MASTER AGREEMENT FOR COLOCATION SPACE AND SERVICES

between

UNITEDLAYER, LLC, a Delaware limited liability company,
as Licensor

and

CITY AND COUNTY OF SAN FRANCISCO,
as Licensee

For Colocation Facilities located at
200 Paul Avenue
San Francisco, California

Effective as of
February 1, 2011

*Complete copy of agreement
located in File No. 101495

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC INFORMATION.....	1
2. LICENSE; LICENSED AREA.....	2
2.1 License; Ground Floor Licensed Area and Fifth Floor Licensed Area	2
2.2 Connection Space.....	4
2.3 Common Area.....	4
2.4 Parking.....	4
2.5 Master Lease	4
3. TERM	5
3.1 Term of Agreement.....	5
3.2 Delivery of Access.....	5
3.3 Early Termination Option	5
3.4 Right to Expand or Contract First Floor Licensed Area	5
4. FEES	7
4.1 Monthly Base Fee	7
4.2 Adjustments in Monthly Base Fee	8
4.3 Additional Charges	8
4.4 Electrical Costs	8
4.5 Records; Audit	9
5. USE	12
5.1 Permitted Use.....	12
5.2 Observance of Rules and Regulations	12
5.3 Interference with Access	13
6. [INTENTIONALLY OMITTED.].....	Error! Bookmark not defined.
7. ALTERATIONS	13
7.1 Alterations by City.....	13
7.2 Title to Improvements.....	13
7.3 City's Equipment	14
7.4 No Licensor Liens on City Equipment	14
7.5 Alteration by Licensor or Others	15
7.6 No Liens on Licensed Area.....	15
8. REPAIRS AND MAINTENANCE	15
8.1 Licensor's and Master Landlord's Repairs.....	15
9. UTILITIES AND SERVICES	15
9.1 Licensor's Provision of Utilities and Services.....	15
9.2 Support Services	15
9.3 Impact of Maintenance	Error! Bookmark not defined.
9.4 Remedy for Service Level Failures.....	Error! Bookmark not defined.
9.5 Licensor's Obligations upon Service Level Failures.....	Error! Bookmark not defined.
9.6 Support Response Time.....	Error! Bookmark not defined.
9.7 Disruption in Essential Utilities or Services	Error! Bookmark not defined.
10. COMPLIANCE WITH LAWS; CONDITION	16
10.1 Condition and Licensor's Compliance with Laws; Indemnity	16
10.2 City's Compliance with Laws; Indemnity	16
10.3 City's Compliance with Insurance Requirements.....	16

11.	SUBORDINATION.....	17
12.	DAMAGE AND DESTRUCTION.....	17
13.	EMINENT DOMAIN.....	18
13.1	Definitions.....	18
13.2	General.....	18
13.3	Total Taking; Automatic Termination.....	18
13.4	Partial Taking; Election to Terminate.....	18
13.5	Termination of Agreement; Fee and Award.....	19
13.6	Partial Taking; Continuation of Agreement.....	19
13.7	Temporary Taking.....	19
14.	ASSIGNMENT AND SUBLICENSING.....	19
15.	DEFAULT; REMEDIES.....	20
15.1	Events of Default by City.....	20
15.2	Termination for Material Breach.....	20
15.3	Termination for Insolvency.....	20
15.4	Effect of Termination.....	Error! Bookmark not defined.
15.5	Licensor's Default.....	21
16.	INDEMNITIES.....	21
16.1	City's Indemnity.....	21
16.2	Licensor's Indemnity.....	21
17.	INSURANCE.....	21
17.1	City's Self-Insurance.....	21
17.2	Waiver of Subrogation.....	22
18.	ACCESS BY LICENSOR AND MASTER LANDLORD.....	22
19.	ESTOPPEL CERTIFICATES.....	23
20.	SURRENDER; REMOVAL OF EQUIPMENT.....	23
21.	POST-TERMINATION SERVICES.....	23
22.	HAZARDOUS MATERIALS.....	23
22.1	Definitions.....	23
22.2	Licensor's Representations and Covenants.....	24
22.3	Licensor's Environmental Indemnity.....	24
22.4	City's Covenants.....	24
22.5	City's Environmental Indemnity.....	24
23.	GENERAL PROVISIONS.....	27
23.1	Notices.....	27
23.2	No Implied Waiver.....	27
23.3	Amendments.....	27
23.4	Authority.....	28
23.5	Parties and Their Agents; Approvals.....	28
23.6	Interpretation of Agreement.....	28
23.7	Successors and Assigns.....	29
23.8	Brokers.....	29
23.9	Severability.....	29
23.10	Governing Law.....	29
23.11	Entire Agreement.....	29
23.12	Attorneys' Fees.....	29
23.13	Holding Over.....	30
23.14	Cumulative Remedies.....	30

23.15	Time of Essence	30
23.16	Survival of Indemnities	30
23.17	[Intentionally Omitted.]	Error! Bookmark not defined.
23.18	Quiet Enjoyment	30
23.19	Bankruptcy	31
23.20	Non-Liability of City Officials, Employees and Agents	31
23.21	MacBride Principles - Northern Ireland	31
23.22	Controller's Certification of Funds	31
23.23	Prevailing Wages for Construction Work	31
23.24	Non Discrimination in City Contracts and Benefits Ordinance	32
23.25	Tropical Hardwood and Virgin Redwood Ban	33
23.26	Resource-Efficient City Buildings and Pilot Projects	33
23.27	Counterparts	33
23.28	Effective Date	33
23.29	Certification by Licensor	34
23.30	Sunshine Ordinance	34
23.31	Conflicts of Interest	34
23.32	Notification of Limitations on Contributions	34
23.33	Preservative-Treated Wood Containing Arsenic	35
23.34	Cooperative Drafting	35

LIST OF EXHIBITS

EXHIBIT A – Licensed Area

EXHIBIT A-1 – Depiction of Ground Floor Cabinets and Ground Floor Licensed Area

EXHIBIT A-2 – Depiction of Fifth Floor Licensed Area

EXHIBIT B – Rules and Regulations

EXHIBIT C – Service Level Agreement

This Service Level Agreement is a part of and is being issued in connection with the Master Agreement for Colocation Space and Services Agreement (the "Agreement") between UnitedLayer, LLC, a Delaware limited liability company ("UnitedLayer"), as Licensor and Service Provider, and the City and County of San Francisco ("Customer"), as Licensee and Customer. Any capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement. This Service Level Agreement sets forth certain colocation and power services to be provided by UnitedLayer to Customer and the Service Levels in accordance with which such services will be provided.

1. GENERAL

1.1. In this Service Level Agreement, the following terms have the following meanings:

- (a) "Agreed ANSI/NFPA/NEC 70 Power Standards" means those ANSI/NFPA/NEC 70 standards as set forth in attached Attachment 1.
- (b) "Customer's Cabinets" shall mean cabinets or cages in which Customer's equipment and property are installed.
- (c) "Data Center" means the physical location within the Facility where UnitedLayer licenses space for licensees to house computer systems and associated components.
- (d) "Data Center Availability" means all the time in any calendar month the Data Center is available to visit, not to include Scheduled Downtime.
- (e) "Data Center Downtime" means any interruption in the Data Center Availability guaranteed in Section 3.1., not to include Scheduled Downtime and not caused by a Force Majeure.
- (f) "Environment Downtime" means a change in the recorded cold aisle or intake temperature that is more than the temperature maintained within the Data Center guaranteed in Section 5.1 not caused by a Force Majeure or a Scheduled Downtime.
- (g) "Facility" means the building located at 200 Paul Avenue, San Francisco, California.
- (h) "Power" means the physical electricity delivered to the Customer within the Data Center.
- (i) "Power Downtime" means any interruption to the Power delivered to the Customer within the Data Center guaranteed in Section 4.2 not caused by a Force Majeure or a Scheduled Downtime.
- (j) "Power Monitoring" means monitoring and enforcing 80% utilization limits for all power circuits delivered, based on Agreed ANSI/NFPA/NEC 70 Power Standards.
- (k) "Scheduled Downtime" shall have the meaning ascribed thereto in paragraph 2.4.
- (l) "Service Levels" shall have the meaning ascribed therein paragraph 2.2

- (m) "Service Outage" shall mean any Data Center Downtime, Power Downtime or Environment Downtime not caused by a Force Majeure.
- (n) "Services" shall have the meaning ascribed thereto in paragraph 2.1.
- (o) "Trouble Ticket" means a written notification delivered to UnitedLayer at support@unitedlayer.com identifying the Service Outage and the date and approximate time and duration thereof.

1.2. Notwithstanding any provision in this Service Level Agreement or the Master Agreement to the contrary, UnitedLayer shall have no liability hereunder or under the Master Agreement (including, without limitation, any obligation to pay compensation or grant Customer credits against Fees) to the extent the failure of UnitedLayer to meet any of its obligations under this Service Level Agreement is caused by a Force Majeure event.

1.3. Credits under this Service Level Agreement shall only be given or payable where the requirements of items (a) through (f) of this Section 1.3 are satisfied.

- (a) No event of default has occurred under Section 15.1 of the Agreement.
- (b) Customer has submitted a claim in writing to UnitedLayer at billing@unitedlayer.com identifying the circumstances in which Customer claims that the credit and/or compensation arose and marked in the subject line "claim for services credit".
- (c) Customer's account is current at the time the credit is applied.
- (d) The Service Outage for which a credit is being sought was not a result of Customer's violation of Agreed ANSI/NFPA/NEC 70 Power Standards.
- (e) The Service Outage for which a credit is being sought was not a result of Customer's violation of cold aisle/hot aisle Data Center Layout, as set forth by UnitedLayer in attached Attachment 2.
- (f) Customer has submitted a Trouble Ticket within two (2) business days of the Service Outage.

Upon receipt of Customer's claim for credit, UnitedLayer shall promptly consider such claim and within thirty (30) days of receipt of such claim shall provide a reasonable substantive written response to such claim, together with either a credit and/or other compensation in connection with such claim or reasons for denial of such claim. Such response shall be sent via e-mail, U.S. mail or reputable same day or overnight delivery service to the addresses for Customer set forth in the Agreement. Customer shall have the right to dispute UnitedLayer's denial of Customer's claim for credit or the amount of any credit given. All claims and credits accepted by UnitedLayer will be applied towards Customer's next invoice under this Agreement only, provided that UnitedLayer shall promptly pay to Customer any outstanding credit upon the expiration or termination of the Agreement within thirty (30) days after the date thereof. All claims for credits and/or compensation must be submitted promptly in writing and within seven (7) days from the date of the Service Outage. Customer's failure to submit a Trouble Ticket or

make a claim for credit within the time periods stated above shall result in Customer's waiver of its right to receive any such credit and/or other compensation. Credit for a Service Outage will be applied to the Fee payable two months following the month in which the Service Outage occurred.

1.4. The maximum credit for all Services Outages in any calendar month under this Service Level Agreement shall not exceed one month's Base Monthly Fee. The credits and Customer's termination right under Section 15.5 of the Agreement shall be Customer's exclusive remedies for any Service Outage or any failure to meet the Deliverables.

2. PROVISION OF SERVICES

2.1. UnitedLayer will provide Customer with colocation and power services, including power monitoring, cooling monitoring, controlled environment, security and miscellaneous services as described in this Service Level Agreement (the "Services") in accordance with the terms and conditions contained herein for the Term set forth in the Agreement.

2.2. UnitedLayer shall be responsible, at its sole cost and expense, for procuring, configuring, operating, hosting and/or maintaining (as applicable) all facilities, equipment, communications, network infrastructure, devices, computer programs, operating, application and other software, documentation, information and other materials, whether owned, licensed or otherwise, which are necessary and/or appropriate to effectively and properly perform the Services and provide the Deliverables as required hereunder. UnitedLayer shall perform all Services and shall ensure, at all times, that the same are available for access and use by Customer and its designated personnel in accordance with the specifications and service level criteria and performance metrics (the "Service Levels") set forth herein. UnitedLayer shall implement measurement and monitoring tools and procedures that are designed to measure UnitedLayer's compliance with the Service Levels. Customer hereby acknowledges that in the course of performing services hereunder, UnitedLayer, in addition to its own employees, may desire or require the services and assistance of subcontractors, agents and representatives in connection with the Services and/or Deliverables to be provided hereunder (each, a "Subcontractor").

2.3. UnitedLayer shall provide 24/7 customer and technical support services to Customer via e-mail through submissions to support@unitedlayer.com and telephone through calls made to 888-853-7733 extension 2. UnitedLayer reserves the right to change its contact information at any time upon notice to Customer. UnitedLayer shall respond to support requests as soon as practicable, providing the identity of the person assigned to resolve the ticket and any status information that has been gathered. Due to the variety of requests that come in throughout the day, resolution and repair times vary and are addressed on a case by case basis. Customer has provided UnitedLayer with twenty-four (24) hour telephone contact numbers for Customer for maintenance or other trouble notification and resolution by including such telephone numbers in the Basic Information section of the Agreement. In instances in which UnitedLayer must contact Customer regarding maintenance, service disruption or security trouble or resolution,

UnitedLayer shall attempt to contact Customer using all primary twenty-four (24) hour contact numbers provided. If UnitedLayer does not reach a party at either of Customer's primary twenty-four (24) hour contact numbers, and does not receive confirmation from Customer personnel that the message left at such telephone number was received within fifteen (15) minutes of calling such number, UnitedLayer shall call the secondary twenty-four (24) hour contact number provided in the Agreement.

2.4. UnitedLayer may suspend the Services to carry out periodic maintenance or upgrade work on the network or its equipment ("Scheduled Downtime") as set forth in herein. The Scheduled Downtime shall occur no more than 12 times in any calendar year. UnitedLayer will use diligent commercially reasonable efforts to notify Customer via e-mail or phone pursuant to the information provided in the Basic Information Section of the Agreement at least 48 hours in advance of non-emergency maintenance or upgrade work that interferes with the Services. UnitedLayer will endeavor to accommodate Customer's requirements in terms of outage times; however, depending on the circumstances such accommodation may not always be possible or practical and the scheduling of outage times will be at UnitedLayer's sole discretion. Customer is solely responsible for providing UnitedLayer with accurate and current contact information for Customer's designated points of contact. In the event that an urgent, mission-critical maintenance situation arises which will interfere with the Services, UnitedLayer shall immediately notify Customer via e-mail and phone if it will affect any portion of the Customer Cabinets or any of Customer's systems. During such scheduled and emergency maintenance periods, UnitedLayer shall use its commercially reasonable efforts to minimize interruption to performance of the Services. Customer agrees to reasonably cooperate with UnitedLayer during scheduled and emergency maintenance periods.

2.5. UnitedLayer shall charge, and Customer shall pay, the fees for the Services as set forth in the Agreement.

3. SERVICE LEVELS FOR DATA CENTER AVAILABILITY

UnitedLayer shall be responsible for developing and maintaining physical security measures for the Data Center and for Customer's Cabinets within the Data Center that provide monitoring controls and procedures for the security and safety of Customer systems and equipment that are consistent with customary industry standards. Other than for access required by authorized UnitedLayer employees or contractors in order to perform UnitedLayer's obligations under this Agreement, or as may be required by applicable law or legal process, UnitedLayer shall not permit any person other than a representative authorized by Customer to have access to any of Customer's systems or to any portion of Customer's Cabinets. If at any time UnitedLayer becomes aware that any of the security measures in place for any portion of the Data Center are compromised or otherwise violated or may be inadequate, UnitedLayer shall provide notice of such event as soon as reasonably practicable to Customer in accordance with such notification call lists as Customer shall have, from time to time, provided to UnitedLayer. In the event of a breach of the security measures, upon reasonable request, (i) UnitedLayer shall permit Customer and any customer of Customer to inspect the automatic security logs as soon as practicable following the receipt of such notice, (ii) UnitedLayer shall promptly meet with a representative of Customer or Customer's designee to discuss reasonable modifications to the security measures

to minimize the chances of future security breaches, and (iii) UnitedLayer shall credit Customer for the cost of rekeying locks on Customer's cabinets or cages on account of the security breach or inadequate security measures, if such action is appropriate.

3.1. UnitedLayer shall provide Data Center Availability of 100%, subject to Force Majeure and Scheduled Downtime.

3.2. Subject to Section 1.4, in the event of a Data Center Downtime, Customer shall be entitled to a credit to Customer's account in an amount equal to (i) one day of Monthly Base Fee for each one day of Data Center Downtime; times (ii) a fraction, the numerator of which is that portion of the Licensed Area which experiences Data Center Downtime and the denominator of which is the total Licensed Area.

3.3. The parties acknowledge that the Master Landlord determines the calendar of Scheduled Downtime. Subject to the foregoing, UnitedLayer shall provide Customer with as much prior notice as reasonably possible (with a 48 hour minimum other than in an emergency) of any Scheduled Downtime.

4. SERVICE LEVELS FOR POWER AVAILABILITY

4.1. UnitedLayer shall monitor and enforce 80% utilization limits for all power circuits delivered based on Agreed ANSI/NFPA/NEC 70 Power Standards.

4.2. UnitedLayer shall provide an overall Power availability of 100%, subject to Force Majeure and Scheduled Downtime.

4.3. Subject to Section 1.4, if in any calendar month Customer experiences Power Downtime, Customer shall be entitled to a credit in amount equal to (i) one three hundred and sixtieth (1/360) of that month's Electrical Fee and Monthly Base Fee for each hour (or fraction thereof) that power is not available; times (ii) a fraction, the numerator of which is that portion of the Licensed Area which experiences Power Downtime and the denominator of which is the total Licensed Area. For the purpose of determining the amount of any credit, Power Downtime will be deemed to commence when the Power outage is reported on UnitedLayer's electrical monitoring system, or in the event of a failure of such system, when reported by Customer.

4.4. UnitedLayer shall provide back-up power to Customer's equipment meeting the following standards: 183.3KW of IT load (this is 80% useable, which is 146.7KW) on the Ground Floor Licensed Area and 135.5KW of IT load (this is 80% useable, which is 108.4KW) on the Fifth Floor Licensed Area (apportioned between two (2) cages). The Ground Floor Licensed Area and the Fifth Floor Licensed Area will be served with an equipment configuration comparable to N Genset, 2N or N+1 UPS, and N+1 HVAC. The UPS shall have an automatic transfer switch connected to the generator. UnitedLayer will use commercially reasonable efforts to require the Master Landlord to maintain a fueling contract for the back-up generator, to the extent UnitedLayer has such rights under the Master Lease.

5. SERVICE LEVELS FOR ENVIRONMENT

5.1. UnitedLayer shall ensure that the average temperature of the cold aisle in the Data Center will be 72 - 78 degrees Fahrenheit (+/- 6 degrees) at all times, subject to Force Majeure and Scheduled Downtime. Temperature shall be measured at cold aisle points in the Data Center of UnitedLayer's choosing.

UnitedLayer does not provide any Service Level Agreement for hot aisle(s) ambient temperature in the Data Center.

5.2. UnitedLayer shall monitor the cold aisle or intake temperature and shall strictly enforce adherence by Customer and others in the Data Center to cold aisle/hot aisle design methods including Cabinet level air flow design and management. UnitedLayer shall notify City in the event that equipment failure causes the average temperature to be outside the permitted range.

5.3. Subject to Section 1.4, if there is any Environmental Downtime, Customer shall be entitled to a credit in an amount equal to (i) one three hundred and sixtieth (1/360) of that month's Monthly Base Fee for each hour (or fraction thereof) of Environmental Downtime; times (ii) a fraction, the numerator of which is that portion of the Licensed Area which experiences Environmental Downtime and the denominator of which is the total Licensed Area.

6. FIRE SUPPRESSION

6.1. UnitedLayer shall use commercially reasonable efforts to cause the Master Landlord to provide, at a minimum, in the Licensed Area heat and smoke detection systems that works in conjunction with a double interlock pre-action sprinkler system or an equivalent fire suppression system.

7. CONNECTIVITY

7.1. UnitedLayer shall permit any and all requested connections between Customer's equipment and Tier 1 Internet transit providers in the Facility. UnitedLayer shall provide or cause to be provided a minimum of four (4) points of entry to the Facility for Internet transit providers, two (2) per floor. City acknowledges that the connections and points of entry are already in place.

8. AGREEMENT CONTROLS

8.1. In the event of a conflict between the terms of this Service Level Agreement and the Agreement, the terms of the Agreement shall control.

Schedule 1
Approved ANSI/NFPA/NEC 70 Power Standards

1. NEC Table 210.21(B)(2) shows that the maximum load on a given circuit is 80% of the receptacle rating and circuit rating.
2. Primary/secondary circuits are 80% usable total across both circuits for failover purposes, typical utilization are 40% and 40% utilization per circuit. Secondary circuits are used as backups (i.e. connected to redundant power supplies) and not as primary power.

Any primary electrical circuit delivered to a customer may be utilized up to a maximum of 80% of its nominal value, for instance, 16 Amps usage on a 20 Amps circuit. Any secondary circuit may be utilized to 80% of its nominal value, unless it is a redundant circuit in combination with a primary circuit. In a redundant combination, each circuit, i.e. the primary and the secondary circuit, may only be used to 40% of the primary's nominal value for ensuring fail-over capability.

UnitedLayer will monitor and enforce the above utilization limits based on ANSI/NFPA/NEC 70 standards for primary, secondary, and redundant combination circuits delivered on behalf of City.

Schedule 2
Cold Aisle/Hot Aisle Data Center Layout

[Attached]