

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET AND LEGISLATIVE ANALYST

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June 15, 2021

TO: Government Audit and Oversight Committee

FROM: Budget and Legislative Analyst



SUBJECT: June 18, 2021 Special Government Audit and Oversight Committee Meeting

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Item 4 File 21-0530	Department: Real Estate Division
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution would approve an agreement between the City and the California Office of Technology Services, for a three-year term July 1, 2021 through June 30, 2024, and a total not to exceed amount of \$2,015,961. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The agreement would provide for the continued use of space and communication services at 3101 Gold Center Drive, Rancho Cordova, California, which serves as the designated location to store backup information under the City’s Disaster Recovery Plan in the event of a local disaster. • The proposed renewal agreement decreases the annual total cost by \$117,360, or 15 percent, from the annual total cost under the existing agreement, due to lower rates established by the State in the California Department of Technology. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The total cost of the agreement is \$2,015,961. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Administrative Code 23.27 states that any lease with a term of one year or longer or with rent of \$15,000 or more per month and where the City is the tenant is subject to Board of Supervisors approval.

BACKGROUND

In May 2013, following Board of Supervisors approval, the City entered into a new two-year agreement from July 1, 2013 through June 30, 2015 with the State of California Technology Agency, Office of Technology Services for data cabinet space and communication services at a shared data facility located at 3101 Gold Center Drive, Rancho Cordova, California. The total not to exceed amount of the agreement was \$265,891 for the two years, with options to extend. The initial agreement provided for six dedicated data cabinets and communication services at the facility.

The data cabinets and communication services serve as backup, providing for the recovery or continuation of information and communication technology infrastructure critical to the City's business functions after a natural or human-induced disaster.

The number of cabinets reserved for the agreement term is the City's Department of Technology estimate based on the amount of total data storage that will be needed by Departments as they consolidate their data systems into the shared Rancho Cordova site as part of their emergency continuity of operations plans.¹ The City pays only for the data cabinets that are used; a number that fluctuates throughout the term.

In June 2015, the City renewed its agreement with the State, extending the term for three years, for a total term from July 1, 2015 to June 30, 2018, budgeted at \$467,448 per year in 2015 and increasing by 5 percent each year for a total three-year maximum of \$1,473,630. The maximum number of cabinets available for use grew from six to 20.

In June 2018, the City renewed the agreement again for three years through June 30, 2021, for an initial amount of \$756,840 for the first year, and the second and third year totals increasing annually by 5 percent for a total three-year maximum under the agreement of \$2,385,938. Although 30 cabinets were available under the 2018 renewal agreement, the City's Department of Technology used only 22 cabinets, resulting in actual and projected agreement expenditures of \$1,743,840, or \$642,098 less than the agreement not-to-exceed amount of \$2,385,938.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a renewal agreement between the City and the State of California Technology Agency, Office of Technology Services, for a three-year term commencing

¹ All City departments are required to develop and implement disaster-related planning for information technology systems and data (IT Continuity of Operations Plans).

July 1, 2021 through June 30, 2024, at a total annual rate of \$639,480, and three-year total not to exceed amount of \$2,015,961.

The agreement would provide for the continued use of space and communication services at 3101 Gold Center Drive, Rancho Cordova, California, which serves as the designated location under the City's Disaster Recovery Plan to store backup information so that in the event of a local disaster, business critical operations of the City may continue until normal business operations resume.

Under the proposed renewal agreement, 30 data cabinets are available but the City would continue to pay only for the data cabinets it uses.

FISCAL IMPACT

The annual total for the first year under the proposed agreement is \$639,480. The second and third year totals increase annually by 5 percent, for a total three-year maximum under the agreement of \$2,015,961, as shown in Table 1, below. The rates charged under the proposed agreement are established by the State in the California Department of Technology Rate Schedule (FY 2020/21 Rate schedule) and are not negotiated.

Table 1. Annual Rates Under Proposed Agreement

Year 1 total	\$639,480
Year 2 total (year 1 plus 5%)	671,454
Year 3 total (year 2 plus 5%)	705,027
3-year total	\$2,015,961

Source: Appendix B to the Agreement

The proposed renewal agreement decreases the annual total cost by \$117,360, or 15 percent, from the annual total cost under the existing agreement of \$756,840, due to lower State rates for cabinet, power and connectivity unit prices (see Table 2). According to Real Estate Division staff, the funds are available and have been allocated for the first year of the proposed renewal contract.

Table 2. Changes to Unit Prices, Budget Under Proposed Agreement

	2018-21 Agreement			Proposed 2021-24 Renewal Agreement			Change
	Annual unit price	Units	Total	Annual unit price	Units	Total	
Cabinets ^a	20,508	30	615,240	17,184	30	515,520	
Power Exceeding 3.5 kW	1,404	30	42,120	1,176	30	35,280	
Subtotal, cabinets and power			657,360			550,800	(106,560)
Cable Installation	1,050	4	4,200	1,050	4	4,200	
Connectivity	30,000	2	60,000	24,600	2	49,200	
Cloud Provider	35,280	1	35,280	35,280	1	35,280	
Subtotal, cloud provider gateway^b			99,480			88,680	(10,800)
Total, Annual Base Amount			\$756,840			\$639,480	(117,360)

Source: Real Estate Division

^a Data cabinets are not a property that is calculated per square foot, rather a fixed rate set by the State.

^b The “Cloud provider gateway” refers to the process of connecting City Departments to a secure and managed cloud provider.

RECOMMENDATION

Approve the resolution.