



# Monterey County

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## Board Report

Legistar File Number: 15-0783

July 21, 2015

**Introduced:** 7/7/2015

**Current Status:** Scheduled PM

**Version:** 1

**Matter Type:** General Agenda Item

- a. Approve and authorize the Auditor-Controller to execute a CenturyLink Loyal Advantage Agreement ("Master Agreement"), with CenturyLink Communications, LLC, in an aggregate amount not to exceed \$2,700,000 over the three year period from August 2015 to July 2018, providing Disaster Recovery, Data Center and Managed Services for the Enterprise Resource Planning (ERP) System, and Co-location and Disaster Recovery Services for Natividad Medical Center;
- b. Authorize the Office of the Auditor-Controller (AC) to serve as the primary contract holder to the Master Service Agreement, and subordinate service level agreements (SLAs) which are a part of the Master Agreement; and
- c. Approve an increase for ERP appropriations totaling \$394,000 in Systems Management, 001-1110-8373 Appropriation Unit AUD001 offset by an increase in Interfund Reimbursements 001-1110-8373-7304, and the transfer of appropriations in the amount of \$272,000 from General Fund Contingencies, 001-1050-8034 Appropriation Unit CAO020 to Systems Management, 001-1110-8373 Appropriation Unit AUD001 (4/5ths Vote Required).

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Auditor-Controller to execute a CenturyLink Loyal Advantage Agreement ("Master Agreement"), with CenturyLink Communications, LLC, in an aggregate amount not to exceed \$2,700,000 over the three year period from August 2015 to July 2018, providing Disaster Recovery, Data Center and Managed Services for the Enterprise Resource Planning (ERP) System, and Co-location and Disaster Recovery Services for Natividad Medical Center; and
- b. Authorize the Office of the Auditor-Controller (AC) to serve as the primary contract holder to the Master Service Agreement, and subordinate service level agreements (SLAs) which are a part of the Master Agreement; and
- c. Approve an increase for ERP appropriations totaling \$394,000 in Systems Management, 001-1110-8373 Appropriation Unit AUD001 offset by an increase in Interfund Reimbursements 001-1110-8373-7304, and the transfer of appropriations in the amount of \$272,000 from General Fund Contingencies, 001-1050-8034 Appropriation Unit CAO020 to Systems Management, 001-1110-8373 Appropriation Unit AUD001 (4/5ths Vote Required).

### SUMMARY/DISCUSSION:

In October 2000, an outside audit supported the Auditor-Controller's earlier request for disaster recovery and data center redundancy, and recommended that these services be acquired to provide security to the County's mission critical systems in the event of a systemic failure or, a natural catastrophe.

After years of efforts to obtain disaster recovery and redundant data center services through County resources, the Auditor-Controller opened a Request for Proposal (RFP#10500) in October 2014 to acquire these services. Both County ITD and external vendors were invited to respond. Upon completion of the County's RFP protocols and processes, CenturyLink Technology Solutions (CTL) was recommended as having the best solution for meeting all requirements defined in the RFP. The RFP sought proposals for both "co-location" (a secure secondary or redundant off-site location away from the physical risks to which the County facilities may be susceptible) and "managed" services. Managed service includes the maintenance of equipment, redundancy, and security services at an off-site location, but does not involve the actual performance of County ERP-specific functions, such as payroll processing and accounts payable.

The County's Enterprise Resource Planning (ERP) system includes multiple components that support AC functions integral to the County's operations. These mission-critical functions include all general accounting functions (as the County system of record), creation and distribution of bi-weekly payroll for employees, disbursement and payment of contracts and purchasing, management of County assets and debt, and performance of internal audits. Accordingly, it is imperative that the County have both redundancy in its electronic data, and a disaster recovery plan to guard against major disruptions, such as those caused by earthquakes or malware. Currently, without significant disaster recovery or data center redundancy, operational continuity of these critical County functions is jeopardized, placing the County at significant risk for the non-payment of services, should the ERP system fail.

In addition to the ERP requirements, the RFP also included co-location services for Natividad Medical Center (NMC) whose operational systems also require a high degree of reliability and continuity. By consolidating AC and NMC requirements into a single agreement, the County will benefit from economies of scale; and enable the AC and NMC to implement a long-term strategy for managing and ensuring business continuity of their respective systems.

The NMC data center presently operates within hospital space classified for patient care, and does not fully comply with the requirements set by the Office of Statewide Health Planning and Development (OSHPD) under whose jurisdiction NMC falls. These OSHPD requirements stipulate that the data center be fully earthquake proof, and that fire suppression, preferably with a pre-action system, be in place. In order to bring the NMC data center into OSHPD compliance, and to ensure continuity of its operations, NMC has provided written commitment to support and fund this disaster recovery and co-location data center effort (see Attachment 1).

The selection of CTL is based on the company's past performance with similar government and healthcare organizations, and the ability to scale its offerings to County-specific requirements. CTL is a Fortune 500 company providing disaster recovery, data, voice, co-location, and managed services, to business and government clients worldwide. Its 58 data center locations provide geographic diversity for redundancy, IT asset protection and equipment failover, and are seismically engineered to mitigate the impact of potential earthquake activity.

As part of this process, and before coming to any recommendation, the potential impact to existing employees resulting from the development of adequate redundancies and disaster recovery was considered. No existing jobs are threatened as a result of the County entering into

a contract with an outside provider for either co-location or managed services. Managed services will not eliminate the ITD staff members who are currently dedicated to supporting the application-specific requirements of the ERP system. This information was conveyed to represented employees in conversations between SEIU representatives and the AC Office.

Upon approval from the Board of Supervisors, it is anticipated that the services will start August 2015, and redundant data center, managed co-location and disaster recovery solutions will be fully operational within 90 days of initiation.

OTHER AGENCY INVOLVEMENT:

The RFP was prepared in cooperation with Contracts/Purchasing, Natividad Medical Center, and the County Administrative Office. The Agreement was the subject of negotiations including both Risk Management and County Counsel, and they have each approved the Agreement as to form. This proposal was previously presented to both the Capital Improvements Committee, and the Budget Committee.

FINANCING:

Requesting approval for a County commitment to a three-year contract for disaster recovery, data center, and co-location based on AC and NMC requirements. The first-year cost for ERP managed services, setup and installation will be approximately \$667,524; and decrease to \$644,184/yr. for the subsequent two years. An amount of \$394,000 is being reimbursed from Fund 403-Capital Projects Automation for the first year of ERP costs, with the remaining \$272,000 to be offset by General Fund Contingencies, which is sourced with one-time funding. The FY 2015-16 budgeted General Fund Contingencies is \$5,399,351. Thus far, transfers from General Fund Contingencies in the amount of \$380,406 have been approved by the Board in FY 2015-16. With this requested action, the remaining General Fund Operational Contingencies budget would be \$4,746,945

First-year costs for NMC co-location and setup will be approximately \$164,087, with subsequent service years decreasing to \$147,669/yr. Subsequent years' funding will be included in the appropriate department's budget. Funds for the initial year of NMC costs are already budgeted and approved within the 2015/2016 fiscal year.

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755-5040

Attachments:  
CenturyLink Loyal Advantage Agreement