



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6b

ACTION ITEM

Date of Meeting September 24, 2019

DATE: September 17, 2019
TO: Stephen P. Metruck, Executive Director
FROM: Matt Breed, Chief Information Officer
SUBJECT: Server Virtualization Upgrade (CIP #C801142)

Amount of this request: \$368,000
Total estimated project cost: \$368,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) proceed with the Server Virtualization Upgrade project; (2) execute a contract for equipment and vendor implementation services; (3) and use Port staff for implementation for a total project cost not to exceed \$368,000.

EXECUTIVE SUMMARY

Port of Seattle software applications run on a virtualized server platform that maximizes the utilization of our hardware investments by condensing the number of physical servers to virtual servers at a ratio of 35 to 1. This is accomplished because one physical server can host multiple applications. This project will upgrade the server virtualization software at our local and remote data centers and replace servers that are at their published end-of-life. Support for our software ends in March 2020 requiring an upgrade to continue to receive security and other critical updates. Due to technology advancements that increase server capacity, we can further reduce our physical server count by 30% resulting in a 50 to 1 physical to virtual ratio.

Information & Communication Technology (ICT) will complete this project. This project was not budgeted as a large capital project for 2019 but \$368,000 will be transferred from the Technology Infrastructure Small Capital CIP (#C800009) resulting in no change to the 2019-2023 plan of finance. There is no change in estimated recurring maintenance costs as a result of this project.

JUSTIFICATION

This technology platform hosts most of our applications critical for successful Port operations. These include our Financials, Human Resources, Maintenance, Access Control, and Public Safety systems among many other important applications. Supported technology infrastructure with

Meeting Date: September 24, 2019

current security and feature updates is critical to provide a stable and secure environment for continued operations.

Diversity in Contracting

There are no WMBE goals established as it is highly unlikely there will be subcontracting opportunities. Outreach with the support of the Diversity Contracting Office will be conducted to maximize women and minority businesses knowledge of the project.

DETAILS

Scope of Work

- (1) Upgrade virtualization software at our local and remote data centers
- (2) Replace 13 servers at our Sea-Tac data center with 9 servers

Schedule

Commission authorization	2019 Quarter 3
Procurement Completed	2020 Quarter 1
In-use date	2020 Quarter 3

Cost Breakdown

	This Request	Total Project
Hardware/Software	\$310,000	\$310,000
Vendor Services	\$10,000	\$10,000
Port Labor	\$48,000	\$48,000
Total	\$368,000	\$368,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Procure new software via competitive procurement

Cost Implications: \$750,000-\$1,000,000

Pros:

- (1) Current software and maintenance agreements for critical upgrades will decrease risk of failure.

Cons:

- (1) This is the highest cost alternative and will require significantly more time for implementation and training.
- (2) The current software, used over the last 15 years, is an industry leader and meets Port requirements. A formal procurement for new software would likely result in the selection of the same vendor.

This is not the recommended alternative.

Meeting Date: September 24, 2019

Alternative 2 – Upgrade existing software and replace end-of-life servers

Cost Implications: \$368,000

Pros:

- (1) Current software and maintenance agreements for critical upgrades will decrease risk of failure.
- (2) Since licenses are already purchased and software upgrades are included with maintenance agreements, this is the most cost-effective alternative
- (3) Requires minimal training

Cons:

- (1) While current system meets Port requirements, other beneficial features might be available in another system discoverable through a competitive procurement.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$368,000	\$0	\$368,000
AUTHORIZATION			
Previous authorizations	\$0	0	\$0
Current request for authorization	\$368,000	0	\$368,000
Total authorizations, including this request	\$368,000	0	\$368,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project was not budgeted as a large capital project in the 2019-2023 capital budget and plan of finance. \$368,000 will be transferred from the Technology Infrastructure Small Capital CIP (#C800009) for no change to the plan of finance. This project will be funded 88.2% Airport Development Fund and 11.8% General Fund.

Financial Analysis and Summary

Project cost for analysis	\$368,000
Business Unit (BU)	Corporate division allocations
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase
IRR/NPV (if relevant)	NA
CPE Impact	NA

Meeting Date: September 24, 2019

Future Revenues and Expenses (Total cost of ownership)

Recurring costs are not expected to change as a result of this project.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None