Measure Z- Datacenter/Disaster Recovery Modernization and Maintenance

Innovation and Technology Department

City Council
January 27, 2026

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BACKGROUND

- The City's datacenters are responsible for the storage, processing, and distribution of large volumes of Citywide data, supporting enterprise applications, billing and financial systems, permitting systems, and public safety systems.

- The City currently operates a primary datacenter along with a backup system failover disaster recovery site located at the Emergency Operations Center (EOC).

- However, the existing datacenter infrastructure is approximately six years old and nearing the end of support, creating increased operational risk.

- If an emergency were to impact City Hall and the EOC failover datacenter simultaneously, internal and public-facing services could experience significant disruption.
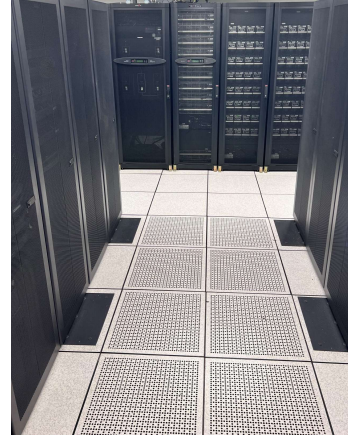
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BACKGROUND

- To address these risks and resolve support deficiencies, modernization of the primary datacenter and the recovery site is required, including equipment upgrades to strengthen the City's continuity of operations.

- In recognition of critical infrastructure gaps, the Budget Engagement Commission and the City Council allocated funding through Measure Z in 2017 to maintain the City's digital infrastructure and improve resiliency to ensure continued City operations during emergencies.
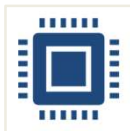

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DISCUSSION

Broadcom's acquisition of VMware has introduced:

-Increased licensing complexity and higher costs

-Less favorable terms for public sector organizations

-Reduced long-term operational flexibility due to industry consolidation

Nutanix offers a compelling alternative:

-Transparent, predictable subscription licensing

-Lower risk of unexpected cost increases

-Proven public-sector support and vendor stability

Strategic outcome:

-Nutanix aligns with the City's goals for cost control, flexibility, and infrastructure sustainability

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DISCUSSION

Five-Year TCO Analysis (2026–2030):

-Nutanix reduces total costs by approximately $2 million compared to historic Dell/Broadcom costs

-Higher Year One investment ($1.25M) offset by significant long-term savings

Cost Structure Benefits:

-3-year Nutanix subscription fully amortized by Year Four

-Ongoing annual maintenance drops to approximately $138K

-Approximate 75% reduction versus Broadcom's historic recurring licensing costs

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DISCUSSION

- **Initial Investment Includes:**
  - Hardware for two clusters
  - Nutanix software licensing (3 years)
  - Training, change management, and full migration support

- **Phased Migration Strategy:**
  - Remaining clusters migrated over multiple fiscal years
  - Maintains service continuity and spreads capital expenditures

- **Funding Status:**
  - Fully supported by existing MZ reserves within the IT operating budget

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FISCAL IMPACT

The total fiscal impact of this action is $1,373,174.55.

Sufficient funds are budgeted and available in the Technology Replacement Program Administration, Capital Purchases, Measure Z Account.

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RECOMMENDATIONS

1. Approve the purchase of HCI solutions utilizing Nutanix technology from Impex Technologies Inc., through the NASPO contract AR2472 in the amount of $1,248,340.50 plus a contingency of ten percent (10%) in the amount of $124,834.05 for a total amount of $1,373,174.55; and

2. Authorize the City Manager, or designee, to execute the agreement, including making minor non-substantive changes.

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