



City of Arts & Innovation

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE:** JANUARY 27, 2026

FROM: INNOVATION & TECHNOLOGY DEPARTMENT **WARDS:** ALL

SUBJECT: PURCHASE OF HYPERCONVERGED INFRASTRUCTURE SOLUTIONS 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

ISSUE:

Approve the purchase of hyperconverged infrastructure (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.

RECOMMENDATIONS:

That the City Council:

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.

BACKGROUND:

The City's current virtualization infrastructure relies on legacy VxRail/vSphere systems supported by Dell with licensing provided by Broadcom. Over the past year, significant market and licensing changes within the VMware/Broadcom ecosystem have created considerable uncertainty and cost risk for municipalities utilizing these platforms. Broadcom's acquisition of VMware has resulted in substantial licensing cost increases, reduced subscription flexibility, and shifting product roadmaps that jeopardize long-term infrastructure stability.

The City currently operates an HCI environment supporting critical municipal operations across multiple clusters serving City Hall and the Emergency Operations Center. This infrastructure manages essential services including utility management systems, financial operations, public safety communications, and citizen-facing applications.

DISCUSSION:

The enterprise virtualization market has experienced significant structural changes that directly affect the City's infrastructure strategy. These changes have resulted in increased licensing complexity, shifts toward subscription-based models, and contract terms that present challenges for public sector organizations. Additionally, broader industry trends toward consolidation and more restrictive licensing frameworks may limit long-term operational flexibility.

The City's virtualization environment has reached a decision point driven by evolving operational requirements, documented historical cost experience, and current fiscal constraints. Five years ago, the City implemented a comparable virtualization solution using VMware software (now Broadcom). That solution, which delivered similar functionality and scope to the proposed replacement, had a total cost of \$4,105,865.03 over a five-year term.

The proposed Nutanix solution provides the core virtualization and hyperconverged infrastructure capabilities necessary to support the City's enterprise workloads at a total cost of \$1,373,174.55 over three years. This represents a substantial reduction compared to the City's prior investment in a similar solution. The comparison is based on documented historical expenditures previously approved by the Council and the fully defined costs associated with the Nutanix proposal.

The Nutanix investment encompasses all components necessary to modernize the City's infrastructure environment, including hardware, software licensing, training, and migration services. Although the initial year reflects higher costs related to hardware acquisition and implementation, the total five-year expenditure remains a fraction of the cost previously incurred by the City for a comparable platform.

Specifically, the Nutanix solution encompasses:

- Hardware provisioning for two production clusters
- Nutanix software licensing for a three-year term
- Comprehensive training and change management services
- Full migration support to ensure continuity of operations

Future phases will involve the planned migration of remaining clusters, enabling the City to spread capital expenditures across multiple fiscal years while maintaining service stability and operational continuity.

Purchasing Resolution No. 24101, Article Six: Acquisition of Goods, Section 602 Exceptions states, "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: ... (f) When Cooperative Purchasing is available and undertaken or when Goods can be obtained through Federal, State and/or other public entity pricing contracts or price agreements."

Purchasing Resolution No. 24101, Article Seven: Acquisition of Services, Section 702 Exceptions states, "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required in any of the following circumstances: ... (f) When Cooperative Purchasing is available and undertaken or when Services can be obtained through Federal, State and/or other public entity pricing contracts or price agreements."

The Purchasing Manager concurs that the recommendations to authorize the purchases are in compliance with Purchasing Resolution 24101.

FISCAL IMPACT:

The total fiscal impact of this action is \$1,373,174.55, which includes a ten percent contingency amount of \$124,834.05. Sufficient funds are budgeted and available in the Measure Z Fund, Technology Replacement Program account 8003301-462310.

Prepared by: Stephanie Gallegos, Administrative Services Manager
Approved by: George Khalil, Chief Innovation Officer
Certified as to availability of funds: Julie Nemes, Interim Finance Director
Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Impex Technologies, Inc., Quotes
2. NASPO Contract AR2472
3. Presentation