

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT BOARD OF EDUCATION
AGENDA STATEMENT

No. 8 c.

MEETING OF January 25, 2023

ITEM TITLE:

NEW BUSINESS

Motion to approve the purchase of licenses and license support from Vmware and Veem to support the district server/storage needs.

REVIEWED BY:


Superintendent
 Finance
 IT

SUBMITTED BY: Crystal Vail Board Clerk

CONTACT PERSON/TELEPHONE:

Jurgen Johansen 247-2102

APPROVED FOR SUBMITTAL:



Superintendent

SUMMARY STATEMENT:

The School Board is being asked to approve the purchase of licenses and support from Vmware and Veem to support the district server/storage needs.

ISSUE: Board Policy governs the district's purchasing and contracting procedures. Board Policy requires Board approval for expenditures and financial obligations over \$25,000.

BACKGROUND:

The School Board approved the lease to purchase and financing agreement with TechPower Solutions, Inc. at the school board meeting of September 22, 2021, at the time of approval the Board was notified of the total cost including the support being requested at this meeting. The Board voted on and approved the lease of the hardware and the process is now at the point where the licensing purchase and licensing support is needed. The District is seeking approval for the yearly licensing support cost of \$20K and a onetime license purchase of \$30K.

RECOMMENDATION:

Approval of the District's purchase of licensing and support from Vmware and Veem.

ATTACHMENTS:

- KGBSD Server Project Summary & Recommendation (provided with approval of the lease and financing agreement approved by the Board on 9/22/21)
- TechPower IT Solutions Public Sector Pricing Proposal (provided with the approval of the lease and financing agreement approved by the Board on 9/22/21)

FISCAL NOTE:

EXPENDITURE REQUIRED:
\$*50,000

AMOUNT BUDGETED:
\$50,000**

RECOMMENDED ACTION: "I move that the Board of Education approve the District's purchase of licenses and license support from Vmware and Veem in order to support the district server/storage needs in the amount of \$50, 000."

KGBSD Server Project Summary & Recommendation

Prepared by IT and the Business Office

The IT Department is recommending implementation of a plan to ensure the District's network and IT infrastructure supports the growing needs of the District and allows us to operate in a secure modern industry standard environment. The District is in need of replacing old and aging server/storage equipment and system infrastructure, and has been developing a plan for the replacement and upgrade of the system for the last couple of years. During that time, new priorities of the District have been identified, namely the Districtwide security system upgrades and installation of digital video camera & security systems in all District schools, which requires additional server and storage capabilities. A strong, well-functioning IT infrastructure is needed now more than ever, as the District's system is now constrained to meet existing IT needs and these new, emerging needs of the District require immediate implementation of a long-term plan.

Project Justification & Costs

The District has maintained a server environment for more than 20 years, the storage portion of which has cost approximately \$20-30k per year over the last five years. These are currently stored in four (4) locations, and need to be consolidated down to only two (2) as part of the long-term upgrade plan. Our existing equipment age spans between 2013-2016. The oldest equipment needs to be permanently retired and the newest existing equipment should remain in service in some capacity for the next 5 years. (Maintenance servers are older than 2006 and have not been maintained.) The District is in need of approximately 6-10 servers over the next five years—6 at minimum to support existing system needs, 10 to expand the system to support emerging needs—at an approximate cost of \$25,000 for each server, for between \$150,000-\$250,000 for the servers alone. (This does not include licensing & other equipment/supplies costs.)

The cost of this appears prohibitive on its face. However, purchasing hosted solutions for our servers (rather than maintaining these locally/in-house) would cost approximately 5-10 times this, around \$1.1 million annually, with only a fraction of the performance (1/24).

The worst-case scenario is no action.

In the event that no action is taken to maintain our server storage environment, existing services will only continue to operate until software requirements exceed our hardware capabilities. Server maintenance will result in regular periodic outages, no new services can be added or facilitated, and any hardware failure will result in the loss of 1/3 to 1/4th of our entire environment. Consolidation plans will stop, no security upgrades can be supported, maintenance servers will be unsupported, and our environment will transition from end of life to legacy which we will maintain until failure without warranties of any sort.

Therefore, IT is recommending the District convert the cost of server replacement and upgrades to a yearly recurring cost through a lease to purchase agreement through Tech Power Solutions, Inc., which is before the Board for approval. This will convert the lump sum cost of the server/storage environment replacement and upgrade to a set annual lease amount where the company retains ownership and responsibility for the equipment until the District completes the terms for a \$1 buyout (see quote). This provides both predictability for budgeting purposes and discounts on the lease/purchase of needed equipment. (The one-time license costs if purchased before Sept 15th will save the district \$70k and the financed option will provide the district with new equipment immediately allowing for our environment to operate in a non-legacy and non-transitional state.)

The districts server/storage needs over the next five years are projected to be:

- 1: \$49k yearly for hardware.
2. \$20K yearly for licensing.

3: \$30k one-time purchase for new licenses.
Totaling approximately \$375,000

The Districts storage needs over the next five years are projected to be: 1:

\$24k yearly for hardware.
2: \$22k one-time purchase for new licenses.

Totaling approximately \$96,000

Implementing the project in this way will allow the district to accomplish the following:

- Have equipment to continue to operate as modern industry standard environment
- Provide for licensed backups, emergency failover and core system hardware warranties
- Facilitate the absorption of the failing legacy maintenance servers
- Transition to newer technologies increasing overall performance
- Facilitate projected wireless services, server services, future security upgrades and allow for the repurpose of certain mechanical components for video storage and backups
- Allow for continued progress in the effort to consolidate district servers

At the end of the 5-year lease, it is intended that the existing equipment (which the District can purchase for \$1) will transition to recording and back up servers as new equipment is purchased.

Proposal Alternative

The immediate server/storage alternative is:

1: \$44k one-time purchase for Hardware.
2: \$12K one-time purchase for new licenses.

The immediate storage alternative is.

3: \$10k one-time purchase for new licenses.

Totaling \$66,000 for one year

However, this would not accomplish the long-term goals of the District. This would strictly be to fill the service deficit placed on our equipment in 2019-2020. It will bring the environment back to a minimum level of reasonable resiliency to allow the maintenance of the server/storage environment without regular outages. In the event of a single hardware failure, existing equipment would float our services until the failed units could be replaced. However, this is a risky alternative in that it will add no new storage, and though it would negate the 24H transitional time for maintaining the hardware where security services are stored, it would not accomplish this for the backup data. Consolidation plans will stop, no security upgrades can be supported, maintenance servers will be unsupported, our environment will operate in a legacy mode on varying levels of new and old equipment. No hardware warranties will be active, and environmental needs would still need to be readdressed next year. The cost of storage licenses have increased to \$10k each which will cost the district an additional \$80K in the next few years. Cost of certain enterprise equipment between 2019-2021 increased by 400%; therefore, it should be assumed that the costs reflected for the server maintenance hardware as a one time cost this year will be significantly more next year, costing the District more money in the long- term.

RECOMMENDATION

In summary, IT is recommending moving forward with the lease to purchase agreement as presented, which is expected to lock in rates that will save the District money in the long term and accomplish all of the District's goals for both short-term and long-term server storage infrastructure needs.



Public Sector Pricing Proposal

Customer:

Ketchikan Gateway Borough SD
 Thane Peterson
 333 Schoenbar Road
 Ketchikan , AK 99901
 907-225-0744*
 Project Name
 DL380 G10+ G6326 NVMe 512 6xNICs 5YrTCB

Date:	8/26/2021
Exp Date:	9/25/2021
Payment Terms:	TBD
Prepared By:	Maryanne Caras

*Purchase Order Payee: TechPower Solutions, Inc.
 *Contract: HP NASPO ValuePoint Master Agreement number (MNNVP-134)
 *Participating Addendum: Alaska State Contract Number: 2015PC0015B




Line #	Part #	Description	Qty	Unit Price	Ext Price
1		DL380 G10+ Server			
2	P05172-B21	HPE DL380 Gen10+ 8SFF NC CTO Svr	10	\$21,281.00	\$212,810.00
3	P05172-B21#ABA	HPE DL380 Gen10 ICX CTO Mod-X 8SFF	10		
4	P36932-B21	INT Xeon-G 6326 CPU for HPE	20		
5	P36932-B21#0D1	Factory Integrated	20		
6	P06035-B21	HPE 64GB 2Rx4 PC4-3200AA-R Smart Kit	80		
7	P06035-B21#0D1	Factory Integrated	80		
8	P27194-B21	HPE DL300 Gen10+ 2U 8SFF x1Tmode U.3 Kit	30		
9	P27194-B21#0D1	Factory Integrated	30		
10	P14587-B21	HPE DL38X Gen10+ x8/x16/x8 Sec Riser Kit	10		
11	P14587-B21#0D1	Factory Integrated	10		
12	P26934-B21	HPE 1.6TB NVMe MU HH PM1735 SSD	10		
13	P26934-B21#0D1	Factory Integrated	10		
14	P37038-B21	HPE DL380 Gen10+ x8/x16/x8 Prim FIO Kit	10		
15	P04220-B21	Microchip SmartRAID SR932i-p x32 Lanes 8GB Wide Cache NVMe/SAS 24G Controller	10		
16	P04220-B21#0D1	Factory Integrated	10		
17	P08443-B21	INT E810 10/25GbE 2p SFP28 Adptr	30		
18	P08443-B21#0D1	Factory Integrated	20		
19	P01366-B21	HPE 96W Smart Stg Li-ion Batt 145mm Kit	10		
20	P01366-B21#0D1	Factory Integrated	10		
21	P10106-B21	INT E810 10/25GbE 2p SFP28 OCP3 Adptr	10		
22	P10106-B21#0D1	Factory Integrated	10		
23	P14608-B21	HPE DL38X Gen10+ Max Perf Fan Kit	10		
24	P14608-B21#0D1	Factory Integrated	10		
25	P38995-B21	HPE 800W FS Plat Ht Plg LH Pwr Sply Kit	20		
26	P38995-B21#0D1	HPE 800W II FS Plat HtPlg Pwr Supply Kit	20		
27	BD505A	HPE iLO Adv 1-svr Lic 3yr Support	10		
28	BD505A#0D1	Factory Integrated	10		
29	873763-B21	HPE 8SFF Front Remove SPEC Perf FIO	10		
30	P22018-B21	HPE DL38X Gen10+ 2U SFF EI Rail Kit	10		
31	P22018-B21#0D1	Factory Integrated	10		
32	P27095-B21	HPE DL380 Gen10+ High Perf Heat Sink Kit	20		
33	P27095-B21#0D1	Factory Integrated	20		
34	HU4B2A5	HPE 5Y Tech Care Basic SVC	1		
35	HU4B2A5#R2M	HPE iLO Advanced Non Blade Support	10	\$42.00	\$420.00
36	HU4B2A5#ZSB	HPE ProLiant DL380 Gen10+ Support	10	\$1,439.00	\$14,390.00
37		HPE Services			
38	HA842A1	HPE Customer Image Load Service - for Vmware 6.7 u3	1	\$27.00	\$270.00

Subtotal: \$227,890.00
 Est. Freight: None

60 month lease options (see separate attachment for details)
60 month Fair Market Value (FMV) annual payment amount = \$45,549.39
60 month \$1 Buyout (\$1BO) annual payment amount = \$48,089.35

If you have any questions about this price quote, please contact:
 Sean Donlin (425) 883-9112 x3009, sdonlin@techpowerusa.com
 Maryanne Caras, (425) 979-3238, mcaras@techpowerusa.com
Thank You For Your Business!

 Hewlett Packard Enterprise Financial Services An HPE Company
 10000 Central Expressway
 Berkeley Heights, NJ, 07922
 August 26, 2021

Hewlett Packard Enterprise Financial Services Company "HPEFS" is pleased to provide Ketchikan Gateway Borough SD with the following proposal for a possible lease/financing transaction with HPEFS subject to the terms of this letter.

Lessor: Lessee: Hewlett Packard Enterprise Financial Services Company Ketchikan
 Supplier/Vendor: Gateway Borough SD
 Lease Plan/Type: TechPower
 Lease Term/Term (in months): 60
 Equipment: See TechPower's Quote DL380 G10+ G6326 NVMe 512 6xNICs 5YrTCB
 Payment Structure:

Amount Financed /Leased:	\$227,890.00
\$1 Buy Out / Installment Sale	
Annual Pmt:	\$48,089.35
Rate:	2.75%
FMV Fair Market Value Lease	
Annual Pmt:	\$45,549.39
Rate:	0.00%
**Sales Tax not included and will be added if applicable	

Quote Expiration: The pricing set forth in this proposal shall expire as of 10/31/2021
 Net Lease: Lessee shall be responsible for any and all taxes , fees, maintenance, insurance, registration and other fees and charges relating to the purchase, lease, ownership, possession and use of the Equipment.

End of Lease Term Options: FMV Purchase Option (applicable only if Lease Plan above is FMV purchase option):
 Upon expiration of the original FMV lease term, Lessee may exercise the following options:
 a) Continue to lease on a month-to-month basis
 b) Renew and extend lease at a reduced rate
 c) Request a Fair Market Value buyout from HPEFS
 d) Return the equipment to HPEFS
\$1.00 Purchase Option (applicable only if Lease Plan above is \$1.00 purchase option): Upon expiration of the \$1.00 Buyout lease term, Lessee may purchase the equipment for \$1.00

Documentation: All documentation to be provided by HPEFS, and is subject to the parties' agreement on mutually acceptable terms and conditions.
 Confidentiality: This letter is delivered to you with the understanding that neither this letter nor its substance shall be disclosed by Lessee to any third party.
 Basis of Proposal: This letter is a proposal for discussion purposes only and does not represent either an offer or a commitment of any kind on the part of HPEFS. It does not purport to be inclusive of all terms and conditions that will apply to a leasing transaction between us. Neither party to the proposed transaction shall be under any legal obligation whatsoever until, among other things, HPEFS has obtained all required internal approvals (including credit approvals) and both parties have agreed upon all essential terms of the proposed transaction and executed mutually acceptable definitive written documentation. This proposal can be modified or withdrawn by HPEFS at any time. Either party may terminate discussions and negotiations regarding a possible transaction at any time, without cause and without any liability whatsoever.
 Expiration Date: If HPEFS does not receive this proposal letter executed by you, by the 15th of the prior month, same year, from the above Rate Expiration date, this proposal letter shall expire and will no longer be effective unless extended by HPEFS.

Sincerely,
 HEWLETT PACKARD ENTERPRISE FINANCIAL SERVICES COMPANY

HPEFS FAM:	<u>Ryan Magers</u>	Customer:	Ketchikan Gateway Borough SD
E-mail:	<u>ryan.magers@hpe.com</u>	Print Name:	
Phone:	<u>505 206 0896</u>	Signature:	