

Legislation Text

File #: 15-6747, Version: 1

Innovation and Technology Data Center Lease Agreement Amendment

Action:

Approve an amendment to the original lease agreement with Digital 125 N. Myers, LLC to modify the term of the lease.

Staff Resource(s):

Jeff Stovall, Innovation and Technology
Mike Davis, Engineering and Property Management
Tony Korolos, Engineering and Property Management

Explanation

- On June 24, 2003, the Innovation and Technology Department (I&T) executed a 10-year lease with two, five-year renewal options for 6,627 square feet at 125 N. Myers Street in uptown Charlotte. This space is used to operate the City's data center equipment including the core network and server infrastructure.
- The City currently pays \$208,498 per year, or \$31 per square foot, in rent with three percent annual rate increases.
- The data center space is distinct from the new I&T administrative facility located at 5516 Central Avenue approved by City Council on October 23, 2017. The administrative facility will be used to consolidate personnel in a traditional office environment, whereas the data center is occupied primarily by equipment rather than employees.
- City staff recommends I&T continue a long-term lease because of the significant expense associated with data center relocation and construction. City staff estimates potential costs to construct a new data center to exceed \$10,000,000.
- Terms of the proposed amendment are as follows:
 - One, five-year renewal option, and
 - \$238,572 per year, or \$36 per square foot, in rent with three percent annual rate increases. This rate is consistent with market rates.
- All other lease terms will remain the same.

Fiscal Note

Funding: I&T Operating Budget

Attachment(s)

Map