



## Legislation Details (With Text)

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**Type:** Action Item    **Status:** Passed  
**File created:** 7/9/2019    **In control:** Board of Port Commissioners  
**On agenda:** 8/13/2019    **Final action:** 8/13/2019  
**Title:** RESOLUTION APPROVING SCHEDULE 3 TO MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT WITH KEY GOVERNMENT FINANCE, INC. TO FINANCE BOARD-APPROVED PURCHASE OF CISCO SMARTNET SUPPORT SERVICES FROM DIMENSION DATA IN AN AMOUNT NOT TO EXCEED \$752,676.00 OVER FIVE YEARS AT ZERO PERCENT INTEREST. FY2020 EXPENDITURES ARE INCLUDED IN THE FY2020 INFORMATION TECHNOLOGY BUDGET. FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BUDGETED IN THE APPROPRIATE FISCAL YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 5. 2019-0271 Attachment A, 2. 5. 2019-0271 Attachment B, 3. 5. 2019-0271 Draft Resolution

Date	Ver.	Action By	Action	Result
8/13/2019	1	Board of Port Commissioners	adopted	

**DATE:** August 13, 2019

**SUBJECT:**

**RESOLUTION APPROVING SCHEDULE 3 TO MASTER TAX-EXEMPT LEASE/PURCHASE AGREEMENT WITH KEY GOVERNMENT FINANCE, INC. TO FINANCE BOARD-APPROVED PURCHASE OF CISCO SMARTNET SUPPORT SERVICES FROM DIMENSION DATA IN AN AMOUNT NOT TO EXCEED \$752,676.00 OVER FIVE YEARS AT ZERO PERCENT INTEREST. FY2020 EXPENDITURES ARE INCLUDED IN THE FY2020 INFORMATION TECHNOLOGY BUDGET. FUNDS REQUIRED FOR FUTURE FISCAL YEARS WILL BUDGETED IN THE APPROPRIATE FISCAL YEAR, SUBJECT TO BOARD APPROVAL UPON ADOPTION OF EACH FISCAL YEAR'S BUDGET.**

**EXECUTIVE SUMMARY:**

On May 14, 2019, the Board approved the purchase of a five-year Cisco SmartNet maintenance contract with Dimension Data, in an amount not to exceed, \$752,676.00. A net zero-percent financing option that allows for equal payments over five years is available to acquire these services without an up-front investment of the full amount. This option represents an estimated 40% savings over annual contracts for the same services and reduces the administrative overhead. A Master Services Agreement with Key Government Finance, Inc. has been in effect with the District since 2009 and has been used for financing Cisco equipment and services in the past. Staff recommends the addition of Schedule 3 to the Master Agreement with Key Government Finance, Inc. to engage the zero-percent financing option.

## **RECOMMENDATION:**

Adopt a resolution approving Schedule 3 to Master Tax-Exempt Lease/Purchase Agreement with Key Government Finance, Inc. to finance Board-approved purchase of Cisco SmartNet Support Services from Dimension Data in an amount not to exceed \$752,676.00 over five years at zero percent interest.

## **FISCAL IMPACT:**

Funds for the first year of this expenditure were approved and accrued in the FY2019 Information Technology budget. Funds for the second year of this expenditure are included in the FY2020 Information Technology budget. Staff estimates an annual cash requirement of approximately \$150,535.20 for an additional three years, for a total cash requirement of \$752,676.00. Funds for future fiscal years will be budgeted in the appropriate year subject to Board approval upon adoption of each fiscal year's budget.

## **DISCUSSION:**

On May 14, 2019, the Board approved the purchase of a five-year Cisco SmartNet maintenance contract with Dimension Data, in an amount not to exceed, \$752,676.00. (See Attachment B.) The District relies on Cisco technology for its voice and data network. A healthy network is vital for the District's business as well as citizen safety. As Cisco technology matures, older technology is retired and no longer supported. District Information Technology relies on Cisco SmartNet to ensure current network technology remains supported and operational.

A net zero-percent financing option that allows for equal payments over five years is available to acquire Cisco SmartNet Services without an up-front investment of the full amount. District Information Technology has financed the acquisition of Cisco equipment and support in the past through a Master Services Agreement with Key Government Finance, Inc., which has been in effect with the District since 2009.

For the Board-approved purchase, exercising this financing option will yield an estimated 40% savings over an annual renewal strategy for the same services. This net zero-percent financing option arises from the business partnership between Cisco and its government resellers, including Dimension Data, whereby the interest payment is covered by Cisco Systems, Inc.

Staff recommends the addition of Schedule 3 to the Master Agreement with Key Government Finance, Inc. to engage the zero-percent financing option.

## **General Counsel's Comments:**

The Office of the General Counsel has reviewed and approved this agenda, the proposed Schedule 3, and resolution, as presented, as to form and legality.

## **Environmental Review:**

The proposed Board action, including without limitation, a resolution approving an amendment to the Master Agreement with Key Government Finance, Inc. for the purchase of Cisco Smartnet Support

Services from Dimension Data, does not constitute an “approval” or a “project” under the definitions set forth in California Environmental Quality Act (CEQA) Guidelines Sections 15352 and 15378 because no direct or indirect changes to the physical environment would occur. CEQA requires that the District adequately assess the environmental impacts of projects and reasonably foreseeable activities that may result from projects prior to the approval of the same. Any project developed as a result of Board’s action that requires the District or the Board’s discretionary approval resulting in a physical change to the environment will be analyzed in accordance with CEQA prior to such approval. CEQA review may result in the District, in its sole and absolute discretion, requiring implementation of mitigation measures, adopting an alternative, including without limitation, a “no project alternative” or adopting a Statement of Overriding Consideration, if required. The Board’s action in no way limits the exercise of this discretion. Therefore, no further CEQA review is required.

In addition, the proposed Board action complies with sections 21, 35, and 81 of the Port Act, which allow for the Board to pass resolutions, to do all acts necessary and convenient for the exercise of its powers, and to use District funds for expenses of conducting the District. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for “development,” as defined in Section 30106 of the California Coastal Act, or “new development,” pursuant to Section 1.a. of the District’s Coastal Development Permit (CDP) Regulations because they will not result in, without limitation, a physical change, change in use or increase the intensity of uses. Therefore, issuance of a Coastal Development Permit or exclusion is not required. However, development within the District requires processing under the District’s CDP Regulations. Future development, as defined in Section 30106 of the Coastal Act, will remain subject to its own independent review pursuant to the District’s certified CDP Regulations, PMP, and Chapters 3 and 8 of the Coastal Act. The Board’s action in no way limits the exercise of the District’s discretion under the District’s CDP Regulations. Therefore, issuance of a CDP or exclusion is not required at this time.

#### **Equal Opportunity Program:**

Not applicable.

#### **PREPARED BY:**

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#### **Attachment(s):**

Attachment A: Key Government Finance, Inc., Property Schedule No. 3  
Attachment B: Board Resolution 2019-046