



Amendment to Master Lease Agreement to Fund Additional Equipment

Budget & Finance Committee Meeting

July 25, 2012

Item # 2



Background

- City utilizes lease purchase short-term financing option to acquire vehicles and equipment
- On May 22, 2012, the City Council approved Master Lease Agreement to fund vehicles and equipment
 - Lessor - JP Morgan Chase
 - Total authorization - \$25.3 million
- Proposed amendment to current agreement to fund two additional projects:
 - Information Technology Equipment (\$2.6 million)
 - Balboa Park Trams (\$970,000)



Amendment to the Master Lease Agreement

- Authorization of the not-to-exceed amount to increase by \$3.6 million
 - Total not-to-exceed amount of \$28.9 million
- All other terms and conditions remain the same as those under the original agreement



Timeline & Requested Action

- Request Budget and Finance Committee to forward to City Council, the amendment of the Master Lease Agreement with JPMorgan Chase Bank, N. A. increasing the amount by \$3.6 million
- September 11, 2012 Introduction of Ordinance
- September 25, 2012 Approval of Ordinance
- October 2012
 - Amendment to Master Lease Agreement executed
 - Commence placing vendor orders for equipment



Balboa Park Trams

- City Council approved the *Plaza de Panama Improvement Agreement* on July 9, 2012 (R-307558)
- Committee agreed to provide tram service and fund tram system expenses during construction of the parking structure
 - If necessary, Committee to rent trams until permanent vehicles are procured through the EVFP tax-exempt funding mechanism
 - Committee to make all rental and EVFP lease payments during construction
- City to assume responsibility for tram operating expenses, including EVFP lease payments, upon completion of construction
 - Expenses to be paid from parking fee revenue from the proposed parking structure



Balboa Park Trams

- Passenger trams to provide service to and from key locations in Balboa Park
- General Specifications:
 - 3 Power Units and 9 Trailers
 - ◆ Each set (power unit + 3 trailers) to hold up to 100 passengers
 - Low floor design
 - ADA (wheelchair) access for two (2) wheelchairs per power unit
 - PA/DVD system including monitors and speakers in all trailers
- Expected useful life of 10-20 years
- Procurement process and contract award expected by October 2012



Balboa Park Trams

- Total cost estimated \$970,000
 - Actual cost to be determined through a competitive procurement process conducted by the City's Purchasing & Contracting
- 7-year term
- Based on the lease purchase terms, the effective interest rate as of July 5, 2012, is estimated at 1.38%
- Estimated annual lease payment of \$146,000 in FY14 - FY20
- Committee projected to fund first 14 months of rental and lease payments during construction
- Revenue from parking garage to fund lease payments for the remaining term, approximately 6 years



IT Equipment-Background

- 5/14/2012 – Contract awarded to Atos IT Solutions & Services as part of the IT Sourcing Strategy
- As part of the transition of services to Atos, the City would own the Data Center assets where the city's valuable data resides
- Ownership enables ability to transfer the physical computing equipment containing the data to a new vendor/provider



IT Equipment

What are Data Center Resources?

Servers

- ❖ Hosts the City's business-class applications (e.g. SAP, Email, Website hosting)
- ❖ Provides computational power to support emerging, real-time operational requirements (e.g. live video feeds)

Storage

- ❖ Stores and maintains the integrity of sensitive and valuable data.

Network

- ❖ Transports data from Servers and Storage resources to the information owner or customer.
- ❖ Provide network security



IT Equipment - Historical Costs

- Under SDDPC, Data Center assets were procured and refreshed annually via SDDPC rates and, in some cases, directly by departments (then managed by SDDPC). The City will continue to bear the annual costs of refreshing these assets
- For FY13, this cost is estimated at \$3.7 million
- Through centralized management, the City will look for opportunities to use the assets more effectively thus reducing the City's long term cost



IT Equipment - Lease Costs

- Information Technology Equipment (\$2.6 million)
 - Equipment to be ordered in October and installed in December
 - 5-Year Term
 - 1.25% Effective Interest Rate (estimated)
 - Estimated total payments \$2.7 million
 - Annual payments of \$540,000 in FY14 through FY17
 - ◆ One semi-annual payment of \$270,000 due in FY13 and in FY18



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END OF PRESENTATION

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