



# City of San Antonio

## Legislation Details (With Text)

**File #:** 21-2176

**Type:** Miscellaneous Item

**In control:** City Council A Session

**On agenda:** 3/18/2021

**Title:** Ordinance approving the first amendment to the lease agreement between the City of San Antonio as tenant and the Port Authority of San Antonio as landlord, approved on June 18, 2020.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Amendment to Lease Agreement, 2. Amendment to Funding Agreement, 3. Draft Ordinance A, 4. Draft Ordinance B, 5. Ordinance 2021-03-18-0179

Date	Ver.	Action By	Action	Result
3/18/2021	1	City Council A Session		

**DEPARTMENT:** Information Technology Services Department (ITSD)

**DEPARTMENT HEAD:** Craig Hopkins

**COUNCIL DISTRICT(S) IMPACTED:** City Wide

**SUBJECT:** An Ordinance authorizing amendments to Lease and Funding Agreement for the City's Alamo Regional Security Operations Center (ARSOC)

### SUMMARY:

Staff is requesting City Council action to approve amendments to agreements related to the Alamo Regional Security Operations Center ("ARSOC") located at Port San Antonio: as follows:

- First Amendment to Lease Agreement between the City of San Antonio as Tenant and Port Authority of San Antonio as Landlord, passed and approved on June 18, 2020; and
- First Amendment to Funding Agreement between the City of San Antonio, CPS Energy, and Port Authority of San Antonio to design and build out the facility, passed and approved June 18, 2020.

These actions authorize a one-time capital improvement expenditure in an amount not to exceed \$470,939 payable to Port SA, of which \$207,000 will be an increase in the overall project budget and appropriates funds in the amount of \$207,000 for the ARSOC project from Information Technology Services Department security capital funds.

## **BACKGROUND INFORMATION:**

The ARSOC vision is for a centralized security operations facility to provide real-time, collaborative, cyber-security information sharing among municipally owned entities in the San Antonio Area including City of San Antonio, CPS Energy, San Antonio Water System (SAWS), and VIA Metropolitan Transit.

On June 18, 2020, City Council approved through Ordinance No. 2020-06-18-0417 a Lease Agreement between the City of San Antonio as Tenant and Port Authority of San Antonio as Landlord. The Lease is zero rent for 15 years with a 5-year renewal option. Also on June 18, 2020, City Council approved through Ordinance No. 2020-06-18-0418 a Funding Agreement between the City of San Antonio, CPS Energy, and Port Authority of San Antonio to provide funding to Port SA for the design and buildout of the ARSOC at the leased property. During the design phase the global pandemic occurred and identified the need to add COVID health and safety facility enhancements and design changes to the project. An amendment is requested to include additional funds paid by City to Port SA and to extend the date for completion of the Project by Port SA.

## **ISSUE:**

Integrating COVID enhancements and construction changes into the final design resulted in a \$470,939 increase to the total construction cost paid to Port SA of which \$207,000 will be an increase in the overall project budget. The \$470,939 increase will be covered by transferring \$263,939 from the original ARSOC Furniture and Equipment Project allocation and adding \$207,000 from the Information Technology Services Department's ("ITSD") FY2021 security capital allocation. Under the amended Funding Agreement and Lease Agreement, the Tenant Improvement Allowance ("TI Allowance") is increased to \$3,176,824, of which \$2,676,824 will be repaid by Tenant within 30 days of the Commencement Date. The remaining TI Allowance of up to \$500,000 will be repaid by December 31, 2021 with an interest charge of \$10.00. The TI Allowance is paid to Port SA from the following sources: \$1,676,834 from the City's Capital Budget allocation and CPS Energy's \$1.5 million contribution. In addition to the remaining \$823,166 budgeted for this project (original project allocation of \$2,500,000 less the \$1,676,824 to be paid towards the tenant allowance and less the \$10 to be paid towards interest), the City will also utilize \$207,000 from the ITSD security capital allocation to purchase furniture and equipment to be used at the facility and solely owned by the City (estimated cost of \$1,003,377.79) and to hold a \$26,788.21 contingency fund to cover possible incidental costs.

As a result of the COVID enhancements, the "Move-in ready" date has also been amended to September 1, 2021, plus any additional days for delays that are beyond Landlord's control. "Move-in ready" means that Tenant has been granted a Certificate of Occupancy identifying City of San Antonio as Tenant for the Premises and the Premises are finished-out according to the requirements of this Lease, except for minor items such as are routinely corrected with a punch list. The completion date was affected by the time needed in the final design phase to research and include the COVID enhancements and design changes as well as cost saving options and quotes needed to reduce the funding impacts of the final design.

## **ALTERNATIVES:**

City Council could choose not to approve the Funding and Lease Agreement First Amendments, which will impact the ability to include COVID health and safety enhancements and design features to support the COVID enhancements into the facility. The construction phase will be further impacted by additional design changes required to remove the enhancements.

**FISCAL IMPACT:**

This is an authorized one-time capital improvement expenditure in the amount not to exceed of \$470,939 payable to Port SA, of which \$207,000 will be an increase in the overall project budget. This ordinance also authorizes the appropriation of funding of \$207,000 from the ITSD security capital allocation for the ARSOC project.

**RECOMMENDATION:**

Staff recommends the approval of the First Amendment to the Funding Agreement and Lease Agreement to include additional funds to be paid by City to Port SA and extend the date for completion of the Project by Port SA. The Lease and Funding Agreement First Amendments are attached.