



City of San Antonio

Agenda Memorandum

File Number:20-2631

Agenda Item Number: 14.

Agenda Date: 6/18/2020

In Control: City Council A Session

DEPARTMENT: Information Technology Services Department (ITSD)

DEPARTMENT HEAD: Craig Hopkins

COUNCIL DISTRICT(S) IMPACTED: City Wide

SUBJECT: Approval of a Lease and Funding Agreement for the City's Alamo Regional Security Operations Center (ARSOC)

SUMMARY:

Consideration of the following items related to the Alamo Regional Security Operations Center ("ARSOC") located at Port San Antonio:

A. Authorizing a Primary Lease Agreement between the City of San Antonio as Tenant and Port Authority of San Antonio as Landlord to lease approximately 20,363 square feet of space at 638 Davy Crockett, Building 940 located at Port San Antonio in order for the City to establish the Alamo Regional Security Operations Center ("ARSOC").

B. Authorizing a Funding Agreement between the City of San Antonio, CPS Energy, and Port Authority of San Antonio to design and build out the facility for which the Alamo Regional Security Operations Center ("ARSOC") will be located, and a Sublease Agreement between the City of San Antonio and CPS Energy to be entered into upon commencement of the Primary Lease Agreement.

The total project budget is \$4 million comprised of \$2.5 million from the City's Capital Budget and a contribution of \$1.5 million from CPS Energy. The Primary Lease is zero rent for 15 years with a 5 year renewal option. It includes a tenant improvement allowance of up to \$2,705,895 by Port SA, of which \$2,205,885 is due within 30 days of commencement of the Primary Lease and \$500,010 by December 31, 2021. A \$10 interest charge will be assessed by Port SA, and is included in the total allowance above, so long as the tenant improvement balance is paid by December 31, 2021; otherwise, the remaining balance will be repaid by

City on a mortgage style amortization with equal monthly payments over the remaining term of the Lease plus 7% annual interest rate applied on a 30/360-day basis.

The tenant improvement allowance of \$2,705,895 is paid to Port SA from the following sources: \$1,205,895 from the City's Capital Budget allocation and CPS Energy's \$1.5 million contribution. The remaining allocation of \$1,294,105 from the City's Capital Budget (allocation for security projects of \$2,500,000 less the \$1,205,895 paid towards the tenant allowance) will be used to purchase furniture and equipment to be used at the facility and solely owned by the City.

The City will enter into a Sublease with CPS, and CPS shall have the right to participate in all aspects of the Project to the same extent as the rights of the City. CPS will also have dedicated office space and parking spaces, to be specified upon finalization of the design and architectural plans. CPS will contribute its pro rata share of the maintenance and utility costs after the third year anniversary of the date the Primary Lease begins.

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. The ARSOC will provide a 24x7 operational facility committed to protecting San Antonio's infrastructure and critical systems from threats using advanced and emerging technology, developing public-private partnerships in support of cyber security, collaborative skills development and regular training exercises for regional municipal organizations. The ARSOC will allow the San Antonio region to monitor, train, defend and respond together to cybersecurity threats facing the community and become the model Urban Cyber Security Center of Excellence.

Key functions include:

COSA ITSD Security Operations (primary site)

COSA Service Desk Operations (primary site)

COSA Public Safety Radio Operations (primary site)

COSA Network Operations (primary site)

CPSE Cyber Intel Analysis (primary site)

CPSE Security Operations Center (tertiary site)

CPSE Supervisory Control and Data Acquisition (SCADA) Lab & Training

Joint ARSOC Operations Floor (multi-tenant)

Joint ARSOC Training and Conference Rooms

ISSUE:

This Ordinance authorizes: A) a Primary Lease Agreement between the City of San Antonio and Port Authority of San Antonio to lease approximately 20,363 square feet of space located at Port San Antonio, Building 940, 638 Davy Crockett, for a 15 year term with a five-year renewal option and zero rent; B) a Funding Agreement between the City of San Antonio, CPS Energy, and Port Authority of San Antonio under which the City will contribute \$1,205,895 and CPS Energy will contribute \$1,500,000 towards the repayment of a \$2,705,895 tenant improvement allowance provided by Port SA for the design and build out of the facility to include, among other specifications, the construction of offices, restrooms, demising walls, architectural plans, and other mutually agreed upon standard tenant improvements; and a Sublease Agreement between City and CPS Energy to be entered upon commencement of the Primary Lease.

The City will utilize the remaining \$1,294,105 budgeted for this project in the City's Capital Budget to

purchase necessary equipment and furniture, some of which will be for joint use among future subtenants and participants, at the facility.

During the term of the lease, ITSD will be responsible for day-to-day facility operations to include staffing, utilities, equipment, and maintenance. After the third year into the Primary Lease, other subtenants, including CPS, will begin contributing towards facility maintenance and utility costs as specified in their sublease agreements.

This Funding Agreement and Lease Agreement will allow the City to standup the ARSOC which represents one of the most significant strategic assets and investments that the City of San Antonio will make to support the growth of the regional cybersecurity ecosystem. The ARSOC will create a physical environment and virtual partnerships that bridges education, training, critical infrastructure defense and continuity of government operations. The establishment of the ARSOC will signal San Antonio's dedicated focus to becoming a national leader in cybersecurity.

ALTERNATIVES:

Should the lease with Port Authority of San Antonio not be approved, the City of San Antonio will continue to lack the ability to provide a centralized location for ITSD Security Operations, ITSD 24x7 Customer Call Center, Public Safety Radio Operations and COSA Network Operations. Space allocations with the closure of 515 S. Frio will need to be addressed for ITSD staff that are programmed for space within the ARSOC. COSA would lose the immediacy, efficacy and collaborative agency participation gained by having a single facility operating 24/7/365 days for the prevention and mitigation of Cyber-attacks. The City would also lose the ability to share personnel, training and security tool resources with our partner agencies.

FISCAL IMPACT:

This ordinance authorizes project funding of \$4,000,000 including \$2,500,000 allocated from the City's Capital Budget for ITSD Security Projects and a \$1,500,000 project contribution from CPS Energy. Funding in the amount of \$150,000 for the annual operating costs will be funded from the ITSD Operating Budget. Funding for future years of the operational obligations, enhancements, and operating contracts are subject to city council approval of the annual budget.

RECOMMENDATION:

Staff recommends the approval of the Ordinance authorizing a lease with Port Authority of San Antonio (Landlord), to establish the ARSOC and Funding Agreement with CPS Energy as a contributing Partner. The Lease and Funding Agreement are attached.