



400 South Federal Hwy  
Hallandale Beach, FL 33009

## City of Hallandale Beach City Commission Agenda Cover Memo

Meeting Date:		Item Type:		1 <sup>st</sup> Reading	2 <sup>nd</sup> Reading
<b>1/19/2021</b> File No.: <b>21-461</b>		<input checked="" type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Other</b>	Ordinance Reading	<b>N/A</b>	<b>N/A</b>
			Public Hearing	<input type="checkbox"/>	<input type="checkbox"/>
			Advertising Required	<input type="checkbox"/>	<input type="checkbox"/>
			Quasi Judicial:	<input type="checkbox"/>	<input type="checkbox"/>
Fiscal Impact (\$):		Account Balance (\$):	Funding Source:	Project Number :	
<b>\$449,294.60</b>		<b>\$1,117,116</b>	<b>001-8090-564040</b>	<b>ARPA1</b>	
Contract/P.O. Required		RFP/RFQ/Bid Number:	Sponsor Name:	Department:	
<input checked="" type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>	<b>Florida State Contract 43220000-NASPO-19-ACS</b>	<b>Tristan Lattibeaudiere,CIO</b>	<b>Innovation Technology</b>	
Strategic Plan Focus Areas:					
<input type="checkbox"/> <b>Finance &amp; Budget</b>		<input type="checkbox"/> <b>Organizational Capacity</b>		<input checked="" type="checkbox"/> <b>Infrastructure/Projects</b>	
Implementation Timeline:					
Estimated Start Date: 1/19/2022    Estimated End Date: 9/30/2024					

### SHORT TITLE:

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF HALLANDALE BEACH, FLORIDA, AUTHORIZING THE UTILIZATION OF THE STATE OF FLORIDA CONTRACT 43220000-NASPO-19-ACS, WITH CISCO FOR THE PURCHASE OF NETWORK EQUIPMENT FOR AN AMOUNT NOT TO EXCEED FOUR HUNDRED FORTY-NINE THOUSAND TWO HUNDRED NINETY-FOUR DOLLARS AND SIXTY CENTS (\$449,294.60); AUTHORIZING THE CITY MANAGER TO ENTER INTO A FIVE (5) YEAR LEASE WITH AIP US, LLC THROUGH CISCO FOR AN ANNUAL NOT TO EXCEED PAYMENT OF EIGHTY-NINE THOUSAND EIGHT HUNDRED FIFTY-EIGHT DOLLARS AND NINETY-TWO CENTS (\$89,858.92); AND PROVIDING AN EFFECTIVE DATE.**

## STAFF SUMMARY:

### Summary:

Staff seeks City Commission approval to enter into a lease-to-own agreement with AIP US, LLC through Cisco Capital for the financing, utilizing State of Florida Contract 43220000-NASPO-19-ACS for the acquisition of networking equipment in an amount not-to-exceed \$449,294.60, payable over a period of 5 years (60 months). Furthermore, authorizing a \$89,858.92 yearly expenditure as budgeted each fiscal year for the duration of the agreement.

### Background:

The Information Technology Department facilitates the purchasing of software licenses, hardware equipment, services and maintenance which the City procures annually through various Federal and State Contracts, including Florida State Contract 43220000-NASPO-19-ACS for Data Communication. Staff has identified a critical need to refresh the City's Network Infrastructure due to outdated and vulnerable equipment being utilized. As technology advances, it is critical to have up-to-date infrastructure in order to protect the City's assets from external security threats.

During FY2020-2021, the City Commission approved funding in order to replace aging server infrastructure; however, that was only part of the critical issues affecting the City IT infrastructure. Currently, the City is challenged with additional equipment and systems that have reached the end of their useful life, including employee computer equipment, network switches, and telephone systems. This equipment is critical for productivity, security, and effective internal as well as external communication. This equipment and systems are over seven (7) years old and are no longer suitable for new applications or technological upgrades as they are slow and unresponsive.

Due to budgetary constraints and the cost of replacement, such critical infrastructure had not been kept on a regular replacement schedule. This is no longer sustainable, as the aging equipment and systems no longer support efficiency and functionality. The refresh or replacement of this critical infrastructure requires an investment of approximately \$1.1 million.

### Current Situation:

A plan has been put in place to invest approximately \$1.1 million (approximately \$219,000 per year) in a Refresh Project through a lease-to-own financing strategy. This strategy will allow the City to acquire approximately 340 computers, new network switches, and a new up-to-date telephone system spreading the cost over a period of five (5) years.

The Refresh Project is structured as a three-part project: 1) Computer Refresh, 2) Network Refresh, and 3) Telephone System Refresh. Staff is in the process of pricing this three-part project. Preliminary pricing is shown below.

Item	Vendor	Product Price	Financing	Finance Rate	Annual Lease Pmt.	Cost Over 5 Years
*Computers	Dell	\$ 468,250.80	\$ -	0%	\$ 93,650.16	\$ 468,250.80
*Network Switches	Cisco	\$ 449,294.59	\$ -	0%	\$ 89,858.92	\$ 449,294.59
**Phone System	Cisco	\$ 175,000.00	\$ -	0%	\$ 35,000.00	\$ 175,000.00
*Quote/**Estimate					<b>\$ 218,509.08</b>	<b>\$ 1,092,545.39</b>

This agenda item addresses the **Network Refresh** component of the project. Replacement of outdated network switches will allow the City to better address technology challenges, in addition to increasing employee productivity. New Cisco network switches will be acquired as Cisco is one of the highest ranked network switch manufacturers, providing not only reliable network switches

but outstanding support and warranty to allow the City to make the best use of the equipment for years to come.

The total cost of the equipment, as quoted by AIP US, LLC, is \$449,294.60 (Exhibit 2). Per the Cisco Capital Financing Proposal, the terms of the lease consists of five (5) annual payments in the amount of \$89,858.92 each, for a total lease of \$449,294.60. At the end of the 5-year term, the equipment will be purchased for \$1.00 as allowed by Terms and Conditions No. 17 entitled Purchase Option (Exhibit 4).

**Why Action is Necessary:**

Pursuant to Chapter 23, Section 23-8 Exception to Bid Requirements, (6) Bids and Contracts from Other entities, and Section 23-9 Cooperative Purchasing, the City Manager is authorized to procure all supplies, materials, equipment and services from other governmental units, when the best interests of the City would be served subject to the requirement that any purchase in excess of \$50,000 requires City Commission approval. City Manager is requesting the wavier of the formal written agreement and will only proceed with a Purchase Order once Resolution is approved by the Commission.

**Cost Benefit:**

The benefit of acquiring computer equipment utilizing a lease-to-own strategy is the ability to obtain all equipment up front, and to spread the cost over a five-year period. This critical network switch refresh, which is part of larger \$1.1 million investment, would not otherwise have been financially feasible.

**PROPOSED ACTION:**

Staff recommends approval of the attached Resolution.

**ATTACHMENT(S):**

- Exhibit 1 – Proposed Resolution
- Exhibit 2 – AIP US, LLC Network Cost Proposal
- Exhibit 3 – State of Florida Contract
- Exhibit 4 – Cisco Lease Agreement
- Exhibit 5 – Cisco Capital Financing Proposal

Prepared By: \_\_\_\_\_

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IT Administrator Coordinator

Reviewed By: \_\_\_\_\_

Tristan Lattibeaudiere  
Chief Information Officer

Approved By: *Noemy Sandoval*

Noemy Sandoval  
Assistant City Manager