

FILE NUMBER: 2025-138

DATE: Friday, June 6, 2025

SUBJECT: Cisco SmartNet Services Agreement with NTT America Inc., and Installment Payment Agreement With Asset Finance Group, Inc.

DESCRIPTION: Resolution (1) Authorizing a Purchase Order With NTT America, Inc. for the Purchase of Five-Year Cisco SmartNet Maintenance Not To Exceed a Five-Year Total Cost of Ownership of \$669,820.38, financed through Asset Finance Group, Inc.; and (2) Authorizing an Installment Payment Agreement With Asset Finance Group, Inc. to Finance the Purchase of Cisco SmartNet Support Services From NTT America in an Amount Not to Exceed \$669,820.38 Over Five Years at Zero-Percent Interest. FY2025 Expenditures are Included in the Technology Management Program Budget. All Funds Required for Future Fiscal Years will be Budgeted in the Appropriate Fiscal Year, Subject to Board Approval Upon Adoption of Each Fiscal Year's Budget.

EXECUTIVE SUMMARY:

The District's Information Technology department has standardized on Cisco network, wireless, and datacenter compute equipment. Currently the District leverages 110 network switches, 150 wireless access points for a total of more than 600 Cisco components, across all District locations. Cisco equipment requires Cisco's SmartNet support and maintenance subscription to ensure Cisco support engineers and parts replacements are available both for routine maintenance, and in an emergency.

The proposed five-year maintenance agreement with financing through Asset Finance Group, Inc. provides the best pricing as it ensures subsequent support years are paid at current pricing levels. For the current renewal, NTT America, Inc. has provided pricing on a five-year subscription, under the National Association of State Procurement Officials (NASPO) cooperative agreement, NASPO AR3227. Asset Financial Group is providing the District with an annual payment plan through a zero-percent financing agreement for the full cost of the five-year subscription. Without the financing agreement, the five-year maintenance contract would be due upfront – \$669,820. With the financing agreement in place, staff is able to present an option that smooths the expense over time – \$133,964 annually – and without a financial penalty.

Staff recommends that the Board authorize a purchase order to renew Cisco SmartNet services and the associated zero-percent financing agreement.

RECOMMENDATION:

Resolution (1) Authorize a Purchase Order With NTT America, Inc. for the Purchase of Five-Year Cisco SmartNet Maintenance Not To Exceed a Five-Year Total Cost of Ownership of \$669,820.38, financed through Asset Finance Group, Inc.; and (2) Authorize an Installment Payment Agreement With Asset Finance Group, Inc. to Finance the Purchase of Cisco SmartNet Support Services From NTT America in an Amount Not to Exceed \$669,820.38 Over Five Years at Zero-Percent Interest.

FISCAL IMPACT:

The five-year cost to the District is \$669,820.38. Funding for the first-year expenditure is expected to be \$133,964.07 and is included within the Technology Management Program's FY 2025 non-personnel expense budget.

Future funding will be budgeted annually in the appropriate fiscal year and cost account, subject to Board approval upon adoption of each fiscal year's budget.

Cash Requirement Forecast	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Equipment Maintenance	\$133,964	\$133,964	\$133,964	\$133,964	\$133,964
	\$ 669,820	Total Cash Requirement			

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A thriving and modern maritime seaport.
- A Port that is a safe place to visit, work and play.
- A Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

The District's Information Technology department has standardized on Cisco network, wireless, and datacenter compute equipment to ensure that as our communication and security needs evolve, that the technology in place can evolve with those needs. Cisco is a leader in the communications technology space and has served our needs for nearly 30 years.

Currently the District leverages 110 network switches, 150 wireless access points for a total of more than 600 Cisco components, across all District locations. This gear supports public safety, maritime services, staff ethernet services, cameras, and a growing set of devices as part of electrification efforts on District terminals.

Cisco equipment requires Cisco's SmartNet support and maintenance subscription to ensure Cisco support engineers and parts replacements are available both for routine maintenance, and in an emergency. For a stable business like the District's, it can be good practice to enter into a five-year maintenance agreement. This commitment provides the best pricing as it ensures subsequent support years are paid at current pricing levels.

In 2019 the Board approved the previous Cisco maintenance purchase order and financing agreement in Resolutions 2019-046 and 2019-097, respectively. For the current renewal, NTT America, Inc. has provided pricing on a five-year subscription, under the

National Association of State Procurement Officials (NASPO) cooperative agreement, NASPO AR3227. Asset Financial Group is providing the District with an annual payment option. It includes a zero-percent financing agreement, for the full cost of the five-year subscription. Without the financing agreement, the five-year maintenance contract would be due upfront – \$669,820. With the financing agreement in place, staff is able to present an option that smooths the expense over time – \$133,964 annually – and without a financial penalty.

Staff recommends that the Board authorize a purchase order to renew Cisco SmartNet services and the associated zero-percent financing agreement.

Procurement Details:

This purchase utilizes the National Association of State Procurement Officials (NASPO) pre-competed contract number AR3227.

General Counsel's Comments:

The General Counsel's Office reviewed this agenda and approved the proposed purchase order and financing agreement as to form and legality.

Environmental Review:

The proposed Board action, including without limitation a resolution authorizing a purchase order with NTT America, Inc. for a five-year Cisco SmartNet maintenance agreement and an installment payment agreement with Asset Finance Group, Inc. to finance the purchase of Cisco SmartNet support services, does not constitute a project under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because there is not a potential to result in a direct or indirect physical change in the environment. Therefore, the proposed Board action is not subject to CEQA and no further action under CEQA is required.

The proposed Board action complies with Sections 21 and 35 of the Port Act, which allow the Board to pass resolutions and to do all acts necessary and convenient for the exercise of its powers. 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 Regulations. Therefore, issuance of a Coastal Development Permit or an exclusion finding is not required.

Diversity, Equity, and Inclusion Program:

Not applicable.

PREPARED BY:

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IT Infrastructure Supervisor

Attachment(s):

Attachment A: Draft PO 4500024910 with NTT America, Inc

Attachment B: Installment Payment Agreement CAA163-1