

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: April 19, 2024

To: Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Donna Brown-Martin, Director, Department of Transportation

Subject: From the Director, Department of Transportation and the Airport Director, Department of Transportation requesting approval to enter into a capitalized lease with the low-bid lender for replacement of the Airport Security Camera System Information Technology Infrastructure and to enter into an agreement with Convergent LLC for the project implementation funded from the capitalized lease transaction.

File Type: Action Report

REQUEST

The Director of Transportation and the Airport Director are requesting approval of the attached resolution to 1) enter into a capitalized lease with the low-bid lender for replacement of the Airport Security Camera System Information Technology Infrastructure (IT Infrastructure) in an amount not to exceed \$2,000,000 and 2) enter into an agreement with Convergent LLC (Convergent) for the project implementation funded from the capitalized lease transaction.

The attached resolution authorizes the Airport Director to execute the lease, provides the lease parameters, authorizes appropriation transfers to facilitate the lease transaction, and allows the Airport to enter into an agreement with Convergent for the project implementation. The Airport Director's approval is limited to the terms outlined in the resolution.

POLICY

Per Wisconsin Statutes, 59.52 (31), approval by the County Board is required for multi-year agreements that commit funds from future budgets.

BACKGROUND

As part of its multifaceted and federally approved Airport Security Plan (ASP), Milwaukee Mitchell International Airport (Airport) has an extensive security camera system with over 600 cameras. The system is continuously available and constantly recording. The security camera footage is replicated to both a primary and secondary data center, where the information is retained.

The Airport received a grant from the United States Department of Homeland Security Transportation Security Administration (TSA) totaling \$10,147,221 in 2013 to procure

and install the existing security camera system. Over time, different system components must be replaced as they age and become obsolete. The IT Infrastructure supporting the security camera system has reached the end of its useful life. The manufacturer has sunset production of both the equipment and replacement parts. As the IT equipment has continued to age, purchasing support for the IT Infrastructure has become prohibitively expensive and only covers the storage hardware, which is only one component of the larger IT Infrastructure. The most recent annual renewal on the storage hardware totaled \$474,350. The broader and much larger remainder of the IT Infrastructure has aged to the point where it can no longer be supported or updated. The legacy technology poses cybersecurity concerns that need to be remediated.

Capitalized Lease – the Financing for the IT Infrastructure Replacement

The Airport intends to work with the Office of the Comptroller to bid on financing for the capitalized lease to obtain the most favorable lending terms. Upon approval of the attached resolution, the Airport will enter into an agreement with the low-bid lender to replace the IT Infrastructure. The not to exceed amount of \$2,000,000 (approximately \$400,000 annually) includes both principal and interest and is inclusive of the buyout option at the conclusion of the lease. The term of the capitalized lease is expected to be five years with the lease payment at the beginning of the annual period and an interest rate not to exceed 8 percent.

Convergent – the Implementation of the IT Infrastructure Replacement

Convergent is the Airport's existing support and maintenance provider for the security cameras themselves. The existing support arrangement for the security cameras between the Airport and Convergent is based on a competitive Sourcewell cooperative purchasing agreement. Because Convergent knows the camera layout and already supports other aspects of the camera system as well as has intimate knowledge of the recently replaced separate physical access control system that must work in concert with the security camera system, the Airport is planning to enter into a sole source agreement for Convergent to implement the IT Infrastructure replacement funded from the capitalized lease transaction.

Replacement of the IT Infrastructure accomplishes multiple objectives. It replaces aged equipment and enables the entire infrastructure to be covered under a support agreement that is handled by Convergent rather than a small Airport IT staff with limited bandwidth, remediates cybersecurity concerns that cannot be addressed with the current aged system, and ensures the Airport remains compliant with its TSA approved ASP. With the proposed IT Infrastructure replacement, these objectives are accomplished at an annual cost that is lower than what is currently being paid to have coverage on just the storage hardware component of the system.

ALIGNMENT TO STRATEGIC PLAN

3B: Enhance the County's fiscal health and sustainability.

FISCAL EFFECT

The total cost of the capitalized lease is estimated at \$2,000,000 over five years or approximately \$400,000 annually beginning in 2024. It includes the hardware, software, implementation costs, including labor, and the option to buy out the lease at the conclusion of the lease term. The capitalized lease will be at an interest rate not to exceed 8 percent. The Airport's operating budget includes the amount of the payment to be made in 2024. The attached resolution allows an administrative appropriation transfer to move the expenditure authority from the services/commodities series to reflect that a capitalized lease arrangement will be utilized.

TERMS

The term of the capitalized lease agreement is from approximately May 2024 and continues for five years, at which time the Airport intends to execute the buyout option in the lease, and the IT Infrastructure will become the property of the Airport. The capitalized lease will be at an interest rate not to exceed 8 percent.


VIRTUAL MEETING INVITES

Donna Brown-Martin, Director, MCDOT
Brian Dranzik, Airport Director, MCDOT, Airport Division
James H. Martin, Director for Finance and Administration, MCDOT, Airport Division

PREPARED BY:

James H. Martin, Director for Finance and Administration, MCDOT, Airport Division

APPROVED BY:



Donna Brown-Martin, Director, Department of Transportation

ATTACHMENTS:

- Resolution
- Fiscal Note

cc: Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors
Janelle M. Jensen, Legislative Services Division Manager, Office of the County Clerk