

August 4, 2020

R-34

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute the necessary documents with Dell Marketing, LP (Dell), utilizing the approved Dell Master Purchase Agreement No. 28280, for the purchase of personal computers, in an amount not to exceed \$1,200,000; and,

Authorize the City Manager, or designee, to execute a lease-purchase agreement, and related financing documents, with Banc of America Public Capital Corp, of San Francisco, CA, for the financing of personal computers, in an amount not to exceed \$1,290,000 including escrow fees, principal, and interest, payable over a five-year period. (Citywide)

DISCUSSION

City Council approval is requested to execute a lease-purchase agreement through the City's Master Lease Agreement with Banc of America Public Capital Corp (BAPCC), for the financing of personal computers for a five-year period. Due to changing technology needs, the City recently changed to a microcomputer model and is deploying additional laptops that will take up less space, require less electricity, enable employee mobility, and still have the computing power to run all existing City applications. The new computers, along with associated peripheral devices, align with redesigned desktop experience standards that focus on mobility, online collaboration, and equipping City staff with industry standard productivity tools. The cost for personal computer replacements are included in the City's ongoing annual computer replacement cycle program and, as a result, funding is already included in the Proposed FY 21 Budget.

The Technology and Innovation Department (TI) implemented a program to replace all City-owned computers after a five-year use to reflect the industry standard. The replacement cycle changed from four years to five years due to improvements in technology. The replacement cycle was designed to refresh the technology to take advantage of the latest innovations and to reduce the ongoing costs associated with maintaining older equipment and software. TI leveraged lease financing for the replacement program to allow the City to maintain a level of annual expenditures and enable departments to spread acquisition costs over the term of the financing, rather than budgeting large one-time capital outlay expenditures.

TI replaces an average of 700-800 computers Citywide annually. The desktops and laptops will continue to be acquired from Dell, utilizing Dell Master Purchase Agreement No. 28280, which was approved by the City Council on April 15, 2003.

HONORABLE MAYOR AND CITY COUNCIL

August 4, 2020

Page 2

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley and Deputy Finance Director Sandy Tsang-Palmer on July 8, 2020, and by Budget Management Officer Rhutu Amin Gharib on July 14, 2020.

TIMING CONSIDERATIONS

City Council action is requested on August 4, 2020, to allow sufficient time to execute appropriate financing agreements and ensure timely replacement of personal computers.

FISCAL IMPACT

The total cost to purchase the personal computers will not exceed \$1,290,000, and includes the principal amount of \$1,200,000, the cost for contingency, interest, and escrow administration fee. This equates to approximately \$258,000 in debt service costs annually and is budgeted in the General Services Fund Group in the Technology and Innovation Department and is recovered from client departments via the annual Technology and Innovation Memorandum of Understanding (MOU). Debt service costs for future years will be built into the MOU. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LEA D. ERIKSEN
DIRECTOR OF TECHNOLOGY AND INNOVATION

APPROVED:



THOMAS B. MODICA
CITY MANAGER