



Legislation Text

File #: 19-0587, **Version:** 1

Recommendation to authorize 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 \$800,000; and

Authorize City Manager, or designee, to execute a lease-purchase agreement, and related financing documents, with Banc of America Public Capital Corporation, of San Francisco, CA, for the financing of personal computers, in an amount not to exceed \$881,000 including escrow fees, principal, and interest, payable over a five-year period. (Citywide)

On September 18, 2018, the City Council awarded a contract (Master Lease Agreement) with Banc of America Public Capital Corporation (BAPCC), in an amount not to exceed \$200,000,000, for a period of five years, with an option to extend the contract for three additional one-year periods, to provide the City with lease financing services, on an as-needed basis, to facilitate the acquisition of eligible assets. The Master Lease Agreement allows the City to lease finance assets, such as computers, software systems, fire trucks, public safety equipment, and street sweepers in an efficient, low-cost manner. Each acquisition and related individual lease financing under the Master Lease Agreement must be approved by the City Council.

City Council approval is requested to execute a lease-purchase agreement through the City's Master Lease Agreement with BAPCC for the financing of personal computers for a five-year period. Due to space constraints and 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, and still have the computing power to run all existing City applications. These 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 costs for computer replacements are included in the City's ongoing annual computer replacement cycle program and, as a result, funding is already included in the FY 19 budget.

The Technology and Innovation Department (TI) implemented a program to replace all City-owned computers after five years of 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 also leveraged lease financing for the replacement program to allow the City to maintain level 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.

This matter was reviewed by Deputy City Attorney Amy R. Webber on May 23, 2019, Purchasing Agent Tara Yeats on May 22, 2019, and by Budget Management Officer Rhutu Amin Gharib on May 31, 2019.

City Council action is requested on June 18, 2019, to allow sufficient time to execute appropriate financing agreements and ensure timely replacement of personal computers.

The total cost to purchase the personal computers will not exceed \$881,000, and includes the principal amount of \$800,000, the cost for contingency, interest, and escrow administration fee. This equates to approximately \$177,000 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 TI Memorandum of Understanding (MOU). Debt service costs for future years will be built into the TI 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.

Approve recommendation.

LEA ERIKSEN
DIRECTOR OF TECHNOLOGY AND INNOVATION

APPROVED:

PATRICK H. WEST
CITY MANAGER