



Legislation Text

File #: 18-0245, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute the necessary documents with Dell Marketing, LP (Dell), utilizing the previously approved Dell Master Purchase Agreement No. 28280, for the purchase of personal computers, in an amount not to exceed \$1,522,000;

Authorize City Manager, or designee, to execute a lease-purchase agreement, and related financing documents, with Banc of America Public Capital Corporation, of Scottsdale, AZ, for the financing of personal computers, in an amount not to exceed \$1,654,000 including escrow fees, principal, and interest, payable over a five-year period; and

Increase appropriations in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) by \$1,200,000, offset by funds available. (Citywide)

City Council approval is requested to execute a five-year lease-purchase agreement through the City's Master Lease Agreement with Banc of America Public Capital Corporation for the financing of personal computers. The Master Lease Agreement was approved by the City Council on May 19, 2015.

Due to space constraints and changing technology needs, the City will be switching to a microcomputer model and will be deploying additional laptops that will take up less space, require less electricity, and still has 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. As part of this action, a one-time appropriation of \$1,200,000 is requested to purchase computer monitors, peripherals, and computer equipment. The computer monitors, peripherals, and computer equipment need was included in the equipment category of the critical technology infrastructure needs presentation to the City Council on December 5, 2017. 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 18 budget.

The Technology and Innovation Department (TI) implemented a program to replace all City-owned computers after four years of use to reflect the industry standard. The replacement cycle will change 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.

Due to the pending new Civic Center move, all City Hall computer replacements were temporarily delayed as of January 1, 2017, and all non-City Hall computer replacements were temporarily delayed as of February 1, 2018. Computers needed for new employees, computer failure replacements, and special funded computer purchases are exempt from this due to operational reasons. TI replaces an average of 750 computers Citywide annually, but with the deferral of computer replacements in 2017 and 2018, computer replacements will take place in 2019.

This purchase will consist of approximately 1,200 computers, which is an increase from previous years due to the deferral of computer replacements in anticipation of the Civic Center. The desktops, laptops, and computer-related equipment will continue to be acquired from Dell Marketing, LP (Dell), utilizing Dell Master Purchase Agreement No. 28280, which was approved by the City Council on April 15, 2003.

It should also be noted that all current purchases from Dell are Energy Star-compliant and have received the EPEAT Gold certification, which is an EPA-sponsored environmental assessment of technology equipment.

This matter was reviewed by Deputy City Attorney Amy R. Webber on February 15, 2018 and by Budget Analysis Officer Julissa José-Murray on February 26, 2018.

City Council action is requested on March 13, 2018, to allow sufficient time to execute appropriate financing agreements, coordinate with vendors on purchase/configuration of computers and related accessories, and coordinate installation efforts prior to 2019.

The total cost of the purchase of personal computers is \$1,654,000, and includes the principal amount of \$1,522,000, the cost for contingency, interest, and escrow administration fee. This equates to an estimated annual payment of \$331,000. There is sufficient appropriation in the FY 18 Budget for these debt service costs, which are recovered from client departments via the annual Technology and Innovation MOU. Debt service costs for future years will be built into the TI MOU, consistent with the funding plan detailed in the December 5, 2017 critical technology infrastructure needs presentation, and will be included as part of the annual budget process.

Because the additional cost for the one-time purchase is unbudgeted, an appropriations increase of \$1,200,000 in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) is requested in the recommendation. Consistent with the critical technology infrastructure needs funding plan, the one-time purchase is supported by General Services Fund funds available. There is no local job impact associated with this recommendation.

Approve recommendation.

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APPROVED:

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