



# CITY OF LONG BEACH

# R-23

DEPARTMENT OF TECHNOLOGY SERVICES

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August 11, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute a lease-purchase agreement and related financing documents with Banc of America Public Capital Corp for the financing of personal computers, computer related equipment, and servers in an amount not to exceed \$1,446,000 including interest, payable over a four-year period; and authorize the City Manager to execute a Master Purchase Agreement with GTSI, Inc. (Citywide)

## DISCUSSION

In 1997, the Technology Services Department (TSD) implemented a plan to replace all City-owned personal computers (PCs) after three years of use. The three-year replacement cycle was designed to refresh the technology to take advantage of innovations and to reduce the ongoing support costs associated with the maintenance of older equipment and software. Lease financing of the replacement program allows the City to maintain level annual expenditures and departments are able to spread the acquisition cost over the term of the financing, rather than budgeting large one-time capital outlay expenditures.

In an effort to reduce PC related expenditures, the City implemented a program to extend the replacement cycle for PCs from three to four years as part of the City's Financial Strategic Plan. This strategy was successful and substantially reduced the number of personal computers purchased and associated costs. The City expects to install approximately 1,100 replacement and new computers and servers. The estimated cost to replace these computers and servers is \$1,288,000. The equipment will continue to be acquired from Dell Marketing L.P., utilizing Dell Master Purchase Agreement No. 28280, which was previously approved by the City Council in April 2003.

To ensure that the City is receiving the best pricing possible, TSD researched other procurement opportunities, such as consolidated purchase programs with other governmental institutions. Through these efforts, the City was able to negotiate a better deal with Dell effectively reducing the personal computer price per unit by almost 18 percent, or \$150, totaling close to \$150,000 annually. It should also be noted that all current purchases from Dell are EnergyStar compliant and have received the EPEAT Gold certification, which is an EPA-sponsored environmental assessment of technology equipment. Next year, as part of the annual computer and server purchase, the City will issue an RFP to once again ensure that the City is realizing the lowest possible price for these essential assets.

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In addition to TSD's annual personal computer and server financing, the Department of Health and Human Services, Animal Care Services Bureau (Bureau), is requesting approval for the financing of twelve (12) Panasonic Toughbooks laptop computers with docking stations and related equipment to be installed in the Bureau's mobile units and kennels at an estimated cost of \$70,000. This equipment will support the automation of administrative tasks associated with dispatch, investigations, animal care, kennel management, licensing and emergency field services, through the newly acquired Chameleon Software.

Working with TSD, representatives from the Bureau selected the Panasonic Toughbooks product for its time-tested performance in the field of public safety and animal control services. The product was field-tested in January and February by Bureau staff to ensure operational capabilities and compatibility to its operations. Currently, animal care and control agencies in Orange County, and public safety agencies in the City of Long Beach (Police and Fire Departments), utilize Panasonic Toughbooks for field operations. The company GTSI, Inc. was selected because the City currently receives special pricing as a result of their contract for Police and Fire Department computers.

The Department of Financial Management conducted a bid process to secure the most favorable financing terms for this acquisition. Requests for bids were solicited from 181 firms, of which 21 downloaded the RFP and three firms responded. Of the 21 firms, five were Women-owned Business Enterprises (WBEs), three were Minority-owned Business Enterprises (MBEs), and one was classified as a Small Business Enterprise (SBE). After an evaluation of the proposals, Banc of America Public Capital Corp, of Los Angeles, offered the best terms with a rate of 3.09 percent and is, therefore, recommended to provide the required financing.

This matter was reviewed by Chief Assistant City Attorney Heather Mahood on July 24, 2009 and by Budget and Performance Management Bureau Manager David Wodynski on July 27, 2009.

#### TIMING CONSIDERATIONS

City Council action is requested on August 11, 2009 to ensure timely replacement of personal computers and servers.

#### FISCAL IMPACT

The total amount to be financed (principal amount) under the Banc of America Public Capital Corp agreement will not exceed \$1,358,000, and will be financed over a four-year period with an interest rate of 3.09 percent. The total debt service (principal and interest) for the agreement will not exceed \$1,446,000. Of that amount, \$1,372,000 is dedicated to TSD's annual purchase of personal computers and servers. The remaining \$74,000 is for the purchase of mobile computers for Health and Human Services' Animal Care Services Bureau. FY 09 debt service costs will be approximately \$30,000, of which \$29,000 will be borne by Technology Services. FY 10 debt service costs will total approximately \$361,000, of which \$343,000 will be borne by Technology Services, and the remaining

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\$18,000 by Health and Human Services. Sufficient funds have been budgeted in the General Services Fund (IS 385) and in the Technology Services Department (TS) to support the personal computer and server financing. Charges to client departments to cover the cost are included in the FY 09 Adopted and FY 10 Proposed Budgets.

The Department of Health and Human Services, Animal Care Services Bureau requested an enhancement to support the debt service payments as part of the FY 10 Proposed Budget. Offsets in the General Fund (GP) and the Health and Human Services Department (HE) have already been identified to keep the financing of the Panasonic Toughbooks fiscally neutral over the next four years. These reductions and enhancements will be structural to provide for ongoing support of the dispatch and animal care management system.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CURTIS TANI  
DIRECTOR OF TECHNOLOGY SERVICES

RONALD R. ARIAS  
DIRECTOR  
HEALTH AND HUMAN SERVICES



LORI ANN FARRELL  
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APPROVED:



PATRICK H. WEST  
CITY MANAGER