



CITY OF LONG BEACH

R-37

DEPARTMENT OF TECHNOLOGY SERVICES

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6455 • FAX (562) 570-5270

February 12, 2008

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 under the Master Lease Agreement with SunTrust Leasing Corporation for the financing of personal computers and computer related equipment in an amount not to exceed \$1,374,000, including interest, payable over a four-year period. (Citywide)

DISCUSSION

In 1997, the Technology Services Department 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 new innovations to enhance workforce productivity and to reduce the ongoing support costs associated with the maintenance of older equipment and software.

As part of the replacement program, the City began leasing PCs. This financing method allows the City to maintain level annual expenditures. Departments were able to spread the acquisition cost over three years, 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 a part of the City's Financial Strategic Plan. This strategy was successful and substantially reduced the number of personal computers purchased and associated costs. In the five-year period ending in Fiscal Year 2007 (FY 07), the program will have reduced PC acquisition costs by over \$4,000,000 or approximately \$800,000 per year when compared to Fiscal Year 2002 costs.

In July 2007, the City Council authorized the City to enter into a Master Lease Agreement with SunTrust Leasing Corporation for financing of such items as computers and computer related equipment. The proposed financing provides the resources to replace those machines that have reached the end of the four-year replacement cycle, in addition to new computers and servers to meet City business needs. In Fiscal Year 2008 (FY 08), the City expects to install approximately 1,100 desktop and laptop computers and servers. The estimated cost to replace these computers and servers is \$1,290,000. 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.

This matter was reviewed by Deputy City Attorney Gary Anderson on February 4, 2008, and by Budget Management Officer Victoria Bell on January 31, 2008.

TIMING CONSIDERATIONS

City Council action is requested on February 12, 2008 to ensure timely replacement of personal computers.

FISCAL IMPACT

The total amount to be financed (principal amount) under the Sun Trust Leasing Corporation agreement will not exceed \$1,300,000, and will be financed over a four-year period at 2.68 percent. The total debt service (principal and interest) for the agreement will not exceed \$1,374,000. Of that amount approximately \$172,000 will be paid in FY 08. Sufficient funds have been budgeted in the General Services Fund (IS 385) and in the Technology Services Department (TS) to support this activity. Charges to client departments to cover the cost are included in the FY 08 Adopted Budget.

SUGGESTED ACTION:

Adopt recommendation.

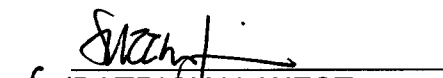
Respectfully submitted,



CURTIS TANI
DIRECTOR OF TECHNOLOGY SERVICES

CT:sps

APPROVED:


for PATRICK H. WEST
CITY MANAGER