



## AGENDA MEMORANDUM

Future Item for the City Council Meeting of April 9, 2013  
Action Item for the City Council Meeting of April 23, 2013

**DATE:** April 9, 2013

**TO:** Ronald L. Olson, City Manager

**FROM:** Michael Barrera, Assistant Director of Financial Services  
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### Lease of Dell Computers

#### **CAPTION:**

Motion approving a supply agreement with Dell Financial Services, Round Rock, Texas for lease of approximately 400 desktop computers, 200 laptop computers, 44 servers, and other computer peripherals and related products in accordance with the State of Texas cooperative purchasing program and the City's Master Lease Agreement No. 6656492 for an estimated expenditure of \$1,011,500.93. The term of the contract will be for twelve months with an option to extend for up to three additional twelve month periods subject to the approval of the supplier and the City Manager or designee. Funds have been budgeted by the using departments in FY 2012–2013.

#### **PURPOSE:**

This lease contract will provide for the lease of computers, servers and other computer peripherals and related products to be ordered by various departments throughout the year.

#### **BACKGROUND AND FINDINGS:**

The desktop computers and servers will be leased for a forty-eight month term. The laptop computers will be leased for a thirty-six (36) month term. The decision to lease the laptops for a 36 month term is based upon the expected life and maintenance costs associated with a laptop computer. The laptops are moved from location to location, may be exposed to extreme temperatures and are susceptible to damage. These conditions tend to lower the expected life of a laptop unit and increase the maintenance cost. Desktop computers and servers are normally located in a stable environment that provide for longer term performance.

#### **ALTERNATIVES:**

Not applicable.

#### **OTHER CONSIDERATIONS:**

The lease is a continuation of the City's program to lease computers in lieu of purchasing them outright. The program's objectives are targeted at: 1) providing users with the latest technology once every three years for laptops and four years for desktops 2) providing a disposal process for old computer equipment, 3) spreading the cost associated with acquiring computer equipment over the lease period and 4) decreasing the cost associated with maintaining computer equipment by including a warranty for the duration of the lease period.

**CONFORMITY TO CITY POLICY:**

This purchase conforms to the City's purchasing policies and procedures and Texas State procurement laws.

**EMERGENCY / NON-EMERGENCY:**

Non-Emergency.

**DEPARTMENTAL CLEARANCES:**

Municipal Information Systems (MIS) Department

**FINANCIAL IMPACT:**

X Operating      ☐ Revenue      ☐ Capital      ☐ Not applicable

<b>Fiscal Year: 2012-2013</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$2,207,892.15	\$919,844.18	\$3,127,736.33
Encumbered / Expended Amount		\$834.822.97		\$834.822.97
This item		\$91,656.75	\$919,844.18	\$1,011,500.93
BALANCE		\$1,281,412.43		\$1,281,412.43

Fund(s): Monies are budgeted in the 530180 expense account (non-capital lease payments) of the various operational budgets of the requesting departments.

**Comments:**

The \$91,656.75 financial impact shown above represents four months of expenditures that will be encumbered through the end of this fiscal year. The remaining \$919,844.18 will be requested during each of the following budget years.

The City will order computers as needed and is not compelled to order a minimum number of computers in any given year. If at the end of the twelve-month term of the contract, if all 400 desktop computers, 200 laptop computers and 44 servers are ordered, the City will obligate to the \$1,011,500.93 of the award. Annual funding will be requested during each of the following budget years. The ongoing contract is contingent upon all future budget appropriations.

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Price Sheet.