



AGENDA MEMORANDUM

Action Item for the City Council Meeting of July 16, 2019

DATE: July 16, 2019

TO: Peter Zaroni, City Manager

FROM: Peter Collins, Interim Director of Information Technology
PeterC@cctexas.com
(361) 826-3735

Kim Baker, Director of Contracts and Procurement
KimB2@cctexas.com
(361) 826-3169

Buyout of Leased IT Equipment

CAPTION:

Motion authorizing the purchase of leased Information Technology (IT) equipment in good, working order that has reached the end of lease schedule by September 30, 2019 for a total of \$137,950.00 for Fiscal Year 2019 and authorizing the purchase of leased IT equipment that will reach the end of lease schedule by September 30, 2020 for a total of \$192,271.45 for Fiscal Year 2020, from CSI Leasing, Inc. of Saint Louis, Missouri for a grand total amount not to exceed \$330,221.45 funded through the IT Fund.

PURPOSE:

This item is to approve the purchase of leased IT equipment as it reaches the end of its respective lease schedule as evidenced on the attached Price Sheet. The lease agreement stipulates that all lease payments must be made throughout the term of the lease – at which time either a buy-out option can be exercised, or the equipment can be returned. If neither option is exercised, then monthly lease payments would continue to be required. As of June 30, 2019, 11 of the 28 leases have come to the end of their term – with six additional leases expiring by the end of September 30, 2019. Since the City's leased IT equipment is in good, working order, City staff is recommending exercising the buy-out option for those leases expiring in both FY2019 and FY2020.

BACKGROUND AND FINDINGS:

Since 2014, the City has leased IT equipment (laptops, desktops, peripherals, and servers) through CSI Leasing, Inc. The lease schedules are ending as noted in the attached Price Sheet, but the equipment is still in good, working order. The total amount needed for lease schedules ending this current fiscal year is \$137,950, with the remaining

leases ending in fiscal year 2020 for \$192,271.45 – for a grand total not to exceed \$330,221.45.

The lease was originally procured through a Texas Department of Information Resources (DIR) cooperative contract number DIR-SDD-1880. This purchase exercises the buyout option of the lease schedules.

ALTERNATIVES:

Not applicable

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

This purchase conforms to the City's purchasing policies and procedures and State statutes regulating procurement.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

Information Technology

FINANCIAL IMPACT:

X Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2018-2019	Current Year	Future Years	TOTALS
Line Item Budget	\$955,391.78	\$192,271.45	\$1,147,663.23
Encumbered / Expended Amount	\$665,797.64	\$0	\$665,797.64
This item	\$137,950.00	\$192,271.45	\$330,221.45
BALANCE	\$151,644.14	\$0	\$161,644.14

Comments: Funding for this comes from the following 3 orgs in the Info Tech Fund: IT Public Safety Services, IT Network Services, and Service Desk.

Funding Detail:

Fund: 5210 Info Tech
Mission Element: 241 Provide & support technology infrastructure
Project # (CIP Only): N/A
Account: 530180 Non-Capital Lease Payments

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Price Sheet