



City Council Staff Report

DATE: April 2, 2014

CONSENT AGENDA

SUBJECT: APPROVE A FIVE-YEAR LEASE/PURCHASE AGREEMENT WITH DELL COMPUTER COMPANY TO LEASE 100 DESKTOP COMPUTERS INCLUDING SOFTWARE FOR THE POLICE DEPARTMENT

FROM: David H. Ready, City Manager

BY: Police and Administrative Departments

SUMMARY

The City Council will consider a five-year lease/purchase agreement with Dell Computer, LLC for the lease of 100 desktop computers, including all software, in the amount of \$33,789.39 per year, for a five-year total amount of \$154,983.00.

RECOMMENDATION:

1. Approve a five-year lease/purchase with Dell Computer Company, LLC, to lease 100 desktop computers, including all software, in the amount of \$33,789.39 per year, and a total amount of \$154,983.00 for the five-year term..
2. Authorize the City Manager to execute all necessary documents, subject to final review and approval by the City Attorney.

STAFF ANALYSIS:

The City Manager and Police Chief are recommending the replacement of all the current desktop computers in the Police Department. Replacing all computers at once, with a Departmental standard, will provide a uniform consistency within the Police Department. The Police Department currently has equipment of different ages and types.

The City has standardized the computer equipment across all City departments and functions with Dell. The authorized standardization of equipment, as allowed pursuant to Palm Springs Municipal Code Section 7.05.040, facilitates continuity, training, and ongoing operations in emergencies.

Therefore staff is continuing this standardization on the Dell brand in the best interest of the City. As such, rather than acquire the computer equipment through third party providers the City is taking advantage of going directly to the manufacturer and acquiring the new equipment via the National Authorized Cooperative Purchasing Agreement WN99ABZ through the Western States Contracting Alliance (WSCA) of which the City is a participating member agency.

Pursuant to Palm Springs Municipal Code Section 7.09.010, the City Council is authorized to approve such acquisition methods as the cost is likely to be less through the cooperative purchase method due to economies of scale than what could be achieved through an independent solicitation.

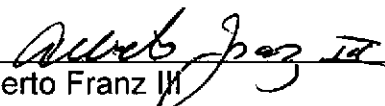
More often, private and government agencies are using a lease-purchase mechanism to replace computer equipment; much like copier and duplicating equipment, which enables the City to replace a large number of computers at a single transaction, which may not be feasible due to the initial capital cost. This is the first time the City has presented such a lease/purchase model for computers, and Administrative Staff will be evaluating the model for further replacements of a variety of computers all past their useful and/or functional life.

The functional life of a desktop computer is now approximately five years. A five-year lease/purchase provides scheduled replacement of the computer at the end of its functional life. However, should future replacement not be obtainable at the end of the five-year period, the City may purchase the computers for \$1.00.

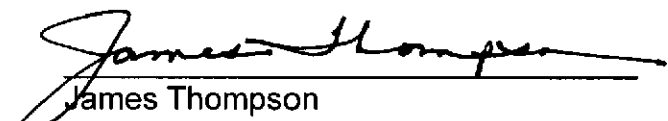
FISCAL IMPACT:

The cost per year is \$33,789.39, and the total amount for the five-year contact is \$154,983.00. The funds for the annual payment for all five-years are available via the annual Supplemental Law Enforcement Services Grant (SLESA) from the State of California.

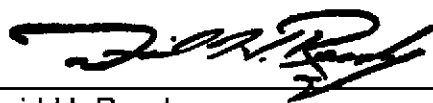
There is no impact to the City General Fund, no General Fund appropriations will be used for the lease/purchase.



Alberto Franz III
Police Chief



James Thompson
Chief of Staff/City Clerk



David H. Ready
City Manager

Attachment:
Dell Financial Services Lease Proposal

DELL FINANCIAL SERVICES LEASE PROPOSAL
 City of Palm Springs, California
 March 27, 2014

| LEASE PROGRAM: | | Tax-Exempt Lease Purchase | | | | | | |
|----------------------|---|---------------------------|------|------------------------|-------------------|---------------------|-------------------|--------------------------|
| Dell Quote # | Equipment | Unit Price | Qty. | Total Financed Amount* | Payment Frequency | Lease Term (months) | Lease Rate Factor | Lease Payments (Advance) |
| 672980750 | VLA OFFICE PRO PLUS 2013 | \$ 334.90 | 100 | \$ 33,490.00 | Annual in Advance | 60 | 0.21802 | \$ 7,301.49 |
| 672979991 | OptiPlex 9020 Mini Tower | \$ 1,183.61 | 100 | \$ 118,361.00 | Annual in Advance | 60 | 0.21802 | \$ 25,805.07 |
| | AX510 black Sound Bar for UltraSharp Flat Panel | \$ 31.32 | 100 | \$ 3,132.00 | Annual in Advance | 60 | 0.21802 | \$ 682.84 |
| \$ 154,983.00 | | | | | | | | \$ 33,789.39 |

LESSEE: City of Palm Springs, California

LESSOR: Dell Financial Services LLC, and/or its successors and assigns.

\$1 PURCHASE OPTION

END OF LEASE OPTIONS:

Options available to lessee upon completion of the base lease term are as follows:

- 1) Purchase the equipment for \$1.
- 2) Return the equipment to the lessor at the lessee's expense

LEASE QUOTE: The Lease Quote is **exclusive** of shipping costs, maintenance fees, filing fees, licensing fees, property or use taxes, insurance premiums and similar items which shall be for Lessee's account. Lessee will pay Payments and all other amounts without set-off, abatement or reduction for any reason whatsoever. Additionally, Lessee shall declare and pay all sales, use and personal property taxes to the appropriate taxing authorities. **If you are sales tax exempt**, please fax a copy of your Exemption Certificate with the Lease Contract.

PURCHASE ORDER: The Purchase Order will be made out to Dell Financial Services, One Dell Way, RR8 Box 23, Round Rock, TX 78682. The Purchase Order will include the quote number, quantity and description of the equipment. Please be sure to indicate that the PO is for a lease order and shows the type of lease, the term length, and payment frequency. The date of the lease quote referenced should be included. Please be sure to include any applicable shipping costs as a line item. Please include your address as the SHIP TO destination.

INSURANCE: The risk of loss on the Equipment is borne solely by the Lessee. Lessee shall be required to purchase and maintain during the Term (i) comprehensive public liability insurance naming Lessor as additional insured; (ii) "all-risk" physical damage insurance in a minimum amount of the Purchase Price, naming Lessor as first loss payee; and, (iii) workmen's compensation insurance.

APPROPRIATION COVENANT: The Lease shall contain an appropriation of funds clause. The Lessee will covenant that it shall do all things legally within its power to obtain and maintain funds from which the payments may be paid and Lessee will not give priority or parity in the application of funds to any functionally similar equipment.

DOCUMENTATION: Fully executed Agreement and other appropriate documents, including, opinions of counsel, UCC financing statements, audited financials and such other documentation as is reasonably requested by Lessor.

PROPOSAL VALIDITY/APPROVALS: This is a proposal based upon market conditions and **is valid for 45 days**, is subject to final credit approval, review of the economics of the transaction, and execution of mutually acceptable documentation.

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