

**MEMORANDUM  
COUNTY OF PLACER  
DEPARTMENT OF ADMINISTRATIVE SERVICES**

TO: Honorable Board of Supervisors

FROM: Jerry Gamez, Director of Administrative Services *J.A.*

DATE: September 25, 2012

SUBJECT: Approve a Five-Year Capital Lease with AT&T Capital Services, Inc., for a Total of \$249,852 to Upgrade the County's Enterprise Data Network Infrastructure and Equipment.

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**ACTION REQUESTED**

A. Enterprise Data Network Upgrade Project:

1. Approve a five-year capital lease with AT&T Capital Services, Inc. for the acquisition of Cisco data network equipment and maintenance services to support the County's Enterprise Data Network Upgrade Project, with a budgeted net County cost of \$49,971 per year for a total cost of \$249,852;
2. Approve a Budget Revision within the appropriate accounts of the Telecommunication Division's Budget in the amount of \$156,644;
3. Add the appropriate components to the Administrative Services Telecommunication Division's Master Fixed Asset List;
4. Authorize the Purchasing Manager to execute all related procurement documents upon approval by County Counsel and Risk Management;
5. Authorize the Director of Administrative Services to take all other actions necessary to implement the project.

**BACKGROUND**

The Administrative Services Department (Department) is responsible for the administration, support and maintenance of the County's Enterprise Data Network. The Enterprise Data Network supports approximately 4000 data ports and is comprised of various Cisco and Hewlett Packard brand hardware. Systems and applications supported include Integrated Public Safety Systems, Performance Accounting System (PAS), ACORN Payroll/Personnel System, Property Management System, Geographical Information System (GIS), Intranet services, voice, and streaming video services.

On February 6, 2001, your Board approved a three-year lease and upgrade to the County's Enterprise Data Network Infrastructure, in the amount of \$448,000, to facilitate the transition of the County's data transport services and equipment linking County facilities in Auburn, South Placer and Lake Tahoe to a platform that allowed for increased data transfer speeds, improved network manageability and tightened network security. The upgrade standardized on Cisco networking hardware and AT&T's high speed/high bandwidth Asynchronous Transfer Mode (ATM) Services.

The Cisco network hardware and ATM transport services deployed in 2001 are nearing technical obsolescence and are no longer supported by the manufacturer. Currently no expansion capabilities exist and no further software revision upgrades are supported.

The Department enlisted the assistance of AT&T, the County's primary voice and data service provider and Cisco Platinum Partner, to develop a comprehensive solution to upgrade the County's

legacy transport technologies with new managed Ethernet services and Cisco hardware in a fiscally sound manner.

On August 15, 2012, AT&T provided County staff with a proposal in the amount of \$249,852 to upgrade the County's legacy transport technologies with new Cisco hardware in accordance with the County's Information Technology Strategic Plan and the Department's Capital Replacement Plan. The proposal is comprised of equipment costs in the amount of \$156,644 and 5-year maintenance costs in the amount of \$80,335. The equipment and services would be acquired via a 5-year capital lease with an interest rate of 2.35 percent. The use of lease agreements is in accordance with the County's Information Technology Capital Replacement Plan that enables the County to replace network equipment in a fiscally sound manner to avoid technical obsolescence.

AT&T's proposal is based on the State of California CALNET 2 contract pricing, a competitively bid public agency contract, that supplies State and local government agencies with Cisco brand equipment at a volume discount rate of 41 percent below the manufacturer's list price. In addition, Cisco Networks has extended an additional 4 percent discount that AT&T will pass through as an additional savings to Placer County.

The proposed AT&T solution meets current County Information Technology standards and improves the overall reliability of the County's Enterprise Data Network. Improvements over the legacy infrastructure include increased performance speed/bandwidth capabilities, enhanced security features, "live" software upgrade capabilities, seamless fail over functionality, software based redundancy functionality, and reduced transport and on-going maintenance costs.

In accordance with Purchasing Policy Manual 1.3(e) (3), purchases against another public agency's competitively awarded contract are exempt from competition. AT&T's State of California CALNET 2 pricing proposal meets this criterion.

Therefore, in order to proceed with a five-year capital lease with AT&T Capital Services, Inc. for the acquisition of Cisco data network equipment and maintenance services to support the County's Enterprise Data Network Upgrade Project including adding the appropriate components to the Administrative Services Telecommunication Division's Master Fixed Asset List, a budget revision in the amount of \$156,644 to the Telecommunications Division budget, authorizing the Purchasing Manager to execute all related procurement documents, and authorization for the Director of Administrative Services take all other actions necessary to implement the project, your Board's approval is required.

#### **FISCAL IMPACT**

The Capital Lease Agreement interest rate through AT&T Capital Services, Inc. is 2.35 percent and the costs include hardware, tax and 5-year maintenance. The total contract amount over a five-year period is \$249,852. This amount will be recovered over the term of the agreement through the Telecommunication Division's (02100) monthly equipment charges to County User Departments. The capital lease agreement includes a \$1 buyout of the equipment at the end of the 5-year term. The net impact to the Telecommunications budget will be a savings of approximately \$128,910 in transport and equipment maintenance costs over the term of the agreement.

#### Attachment(s)

cc: Kathy Buchanan, Deputy Director of Information Technology  
Andy Marks, Information Technology Manager  
Melissa Nunnink, Administrative & Fiscal Operations Manager (WOC)  
Allison McCrossen, Budget Analyst  
Brett Wood, Purchasing Manager

## FISCAL IMPACT STATEMENT

TO: Honorable Board of Supervisors

FROM: Melissa Nunnink, Administrative & Fiscal Operations Manager (WOC)

DATE: September 25, 2012

SUBJECT: **Fiscal Impact Statement**  
Approve a Five-Year Capital Lease with AT&T Capital Services, Inc., for a Total of \$249,852 to Upgrade the County's Enterprise Data Network Infrastructure and Equipment.

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The Administrative Services Department (Department) is responsible for the administration, support and maintenance of the County's Enterprise Data Network. The Cisco network hardware and ATM transport services deployed in 2001 are nearing technical obsolescence and no longer supported by the manufacturer.

The Capital Lease Agreement interest rate through AT&T Capital Services, Inc. is 2.35 percent and the costs include hardware, software, tax and 5-year maintenance. The total contract amount over a five-year period is \$249,852. This amount will be recovered over the term of the agreement through the Telecommunication Division's (02100) monthly equipment charges to County User Departments. The capital lease agreement includes a \$1 buyout of the equipment at the end of the 5-year term. The net impact to the Telecommunications budget will be a savings of approximately \$128,910 in transport and equipment maintenance costs over the term of the agreement.

**ADDITIONS TO MASTER FIXED ASSET LIST  
TELECOMMUNICATIONS DIVISION**

<u>QTY</u>	<u>DESCRIPTION</u>	<u>UNIT COST</u>	<u>TOTAL COST</u>
2	CISCO 6509 Router	\$53,197	\$106,394
2	CISCOASR 1002 Router	\$25,125	\$ 50,250
	<b>Total Fixed Asset Additions</b>		<b>\$156,644</b>

**BUDGET REVISION**

PAS DOCUMENT NO.

**POST DATE:**

DEPT NO.	DOC TYPE	Total \$ Amount	TOTAL LINES
10	BR	313,286.32	2

Cash Transfer Required

Reserve Cancellation Required

Establish Reserve Required

Auditor-Controller *9/17/12*

County Executive

Board of Supervisors

**ESTIMATED REVENUE ADJUSTMENT**

**APPROPRIATION ADJUSTMENT**

DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT	DEPT NO.	T/C	Rev	Fund	Sub Fund	OCA	PCA	OBJ 3	PROJ.	PROJ. DTL	AMOUNT
01	006				520001	NISSV	8958			156,643.16	01	014				520001	NISSV	4451			156,643.16
<b>TOTAL</b>										156,643.16	<b>TOTAL</b>										156,643.16

REASON FOR REVISION:  Budget revision to increase Capital Lease Proceeds in the amount of \$156,643.16, for a five year capital lease with AT&T Capital Services for the acquisition of Cisco data network equipment to support the County's Enterprise Data Network Upgrade Project.

Prepared by Melissa Nunnink Ext 4208

Department Head *[Signature]*

Board of Supervisors \_\_\_\_\_

Date: 9/14/12

Page: \_\_\_\_\_

Budget Revision # \_\_\_\_\_ FOR INDIVIDUAL DEPT USE

*525*

