COUNTY OF Placer

MEMORANDUM
ADMINISTRATIVE SERVICES DEPARTMENT
PROCUREMENT DIVISION
County of Placer

TO:	Board of Supervisors	DATE:	October 23, 2018
FROM:	Brett Wood, Purchasing Manager		
SUBJECT:	Master Lease Agreements - Dell Financial Services and Hewlett-Packard Financial Services Company		

ACTION REQUESTED
Approve the use of existing master lease agreements with Dell Financial Services of Round Rock, TX and Hewlett-Packard Financial Services Company of Murray Hill, NJ for the lease of computer servers, data storage, and other computer equipment for the period of October 1, 2018 to September 30, 2020.

Authorize the Purchasing Manager to sign individual lease schedules upon departmental concurrence and available funding.

BACKGROUND
The Administrative Services Information Technology Division (IT) establishes technology standards for equipment that is installed within, and used in conjunction with, the County's data networks. IT has established Dell and Hewlett-Packard (HP) systems as the County standards for network servers, desktop computers, and laptops. Standardization of this equipment is necessary to support the County's various data systems.

On September 15, 2015, your Board approved the continued use of existing master lease agreements with Dell and HP through September 30, 2018. Both leases are "Fair Market Value" leases, otherwise known as operating leases. Ownership of the equipment is retained by the lessor. At the end of the term, the County has the option of extending the lease period, purchasing the equipment at the then fair market value, or returning the equipment at the County's cost. The leasing terms in the master lease with Dell are based on Treasury Constant Maturity rates, as published by the Federal Reserve. The master lease with HP contains a benchmark for equipment and financing based California Multiple Award Schedule (CMAS) pricing.

These master leases enable County departments to acquire equipment that needs regular replacement due to technical obsolescence. Purchasing the equipment can be more costly at the onset, and disposal of obsolete equipment can present additional challenges. When replacement equipment is needed, County staff solicits pricing from the most economical equipment providers. If it is determined that leasing is the most appropriate option, staff solicits lease proposals from Dell and HP based on terms of each master lease, and selects the lessor that offers the best overall rate.

These master leases do not contain expiration dates, but remain in full force and effect until mutually terminated. Your Board's approval is requested to extend the authority to use the existing master lease agreements with Dell and HP.

FISCAL IMPACT
There is no immediate fiscal impact to the extended use of these master lease agreements. The costs for the individual leases will be included in the requesting departments' budget for the appropriate fiscal year, or as part of a project budget, or will be requested separately as appropriate for the intended use of the equipment.