

MEMORANDUM
COUNTY OF PLACER
DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES DIVISION

TO: Honorable Board of Supervisors

FROM: Jim Boggan, Purchasing Manager *JB*

DATE: April 7, 2009

SUBJECT: Approve an Amendment to the Dell Financial Services Master Lease Agreement to Allow an Option for Four-Year Leases of Computer Servers and Related Equipment

ACTION REQUESTED

Approve an amendment to the Dell Financial Services Master lease agreement to allow an option for four-year leases of computer servers and related equipment and authorize the Purchasing Manager to sign the resulting documents.

BACKGROUND

On July 11, 2006 your Board approved the use of master lease agreements with Hewlett Packard and Dell through August 31, 2009. Dell and HP systems are the County standards for servers and related equipment. Standardization of these servers is necessary to run the County Network Systems. The current master lease agreement allows for two-year or three-year leasing terms. The use of these lease agreements allows the County to continue to plan and schedule the replacement of its computer servers and equipment in a timely manner, reduces the risk of technical obsolescence and provides a cost effective method of acquiring required equipment.

On occasion departments have a requirement to lease equipment for specific applications where a four-year lease would be more advantageous than a two-year or three-year lease. This would allow departments to spread the lease cost over a four-year period and realize a cost savings of approximately \$1,000.00 per lease. See Attachment A for a cost analysis of a typical lease. This would also save the staff hours required to extend a lease at the end of the expired term when it makes business sense to do so. Approving the option of allowing four-year leases will expand the County's ability to best match leasing terms with departmental requirements.

FISCAL IMPACT

There is no fiscal impact associated with this action.

Attachment A: Lease Comparison Worksheet

2/6/1

Dell 3 Year Lease with a 1Yr. Extension vs 4 Year Lease Comparison

Dell Quote #	Equipment: example of typical server leased	Lease Term, months	Lease Rate Factor	Annual Lease Payment	Property Tax	Sales Tax	Total Annual Payment	Total Lease Cost	Avg. 1 Yr. Extension	Avg. 4th Year Maint. Cost	Total cost to extend a 3yr. Lease by 1 Yr.
478415072	E5405 Server	36 mo.	0.3148	2,142.03	62.62	159.84	2,364.49	7,093.46	\$900.00	\$1,400.00	\$9,393.46
478424583	E5405 Server	48 mo.	0.2657	1,888.08	65.38	141.63	2,095.08	8,380.34	N/A	Included	\$8,380.34
								Estimated Cost Savings			\$1,013.12

The total cost for a three-year lease with a one year extension is \$9,393.46, compared to the total cost of a four-year lease at \$8,380.34 which results in cost savings of \$1,013.12

2/09