

## A G E N D A



## Recommendation for Council Action (Purchasing)

|  |   |       |               |     |
|--|---|-------|---------------|-----|
| Austin City Council  | Item ID:  | 60165 | Agenda Number | 14. |
| Meeting Date:  | August 4, 2016  |       |               |     |
| Department:  | Purchasing  |       |               |     |
| Subject  |   |       |               |     |
| <p>Authorize negotiation and execution of a 60-month contract through the STATE OF TEXAS DEPARTMENT OF INFORMATION RESOURCES cooperative purchasing program with DELL FINANCIAL SERVICES LLC., to provide lease purchase of personal computers, workstations, and laptops in an amount not to exceed \$12,100,000. Related to Item # 13</p>  |   |       |               |     |
| Amount and Source of Funding   |   |       |               |     |
| <p>Funding in the amount of \$2,200,000 is contingent upon approval of the proposed Fiscal Year 2016-2017 Operating Budget of the Communications and Technology Management Department. Funding in the amount of \$220,000 is contingent upon approval of the proposed Fiscal Year 2016-2017 Operating Budgets of various City departments. Funding for the remaining 48 months of the original contract period is contingent upon available funding in future budgets.</p> |   |       |               |     |
| Fiscal Note  |   |       |               |     |
| A fiscal note is not required.   |   |       |               |     |
| Purchasing Language:   | Multiple cooperative purchase programs were reviewed for these goods and services. The Purchasing Office has determined this Contractor best meets the needs of the departments to provide the goods and services required at the best value for the City. The recommended Contractor is the current provider for these goods and services. |       |               |     |
| Prior Council Action:  |   |       |               |     |
| For More Information:  | Sai Xoomsai Purcell, Senior Buyer Specialist, 512-974-3058  |       |               |     |
| Boards and Commission Action:  |   |       |               |     |
| Related Items:   |   |       |               |     |
| MBE / WBE:   | This contract will be awarded by a cooperative purchase agreement with the Texas Department Information Resources in accordance with Chapter 2054 of the Texas Government Code; therefore, goals were not established.  |       |               |     |
| Additional Backup Information  |   |       |               |     |

The contract is for the lease purchase of Dell personal computers (PC), workstations, and laptops to replace the City's aging equipment. The contract will provide replacement of the PCs, workstations, and laptops for the general fund and support services departments that are five years old or older. The need to invest in the replacement of the City's PCs, workstations and laptops became increasingly evident as demand rises for support services to maintain these older systems. Industry research indicates that as PCs, workstations, and laptops reaches the five-year point, organizations can expect to lose worker productivity and face rapidly increasing support costs for each additional years of operation. To mitigate these concerns, the Communications and Technology Management Department (CTM) has developed a PC lifecycle program based on best practice policy from Gartner Research to more systematically modernize and refresh the City's PCs and laptops.

The City has been on a PC life cycle program since 2010. Since that time, CTM has seen a 20% reduction in hardware related calls to the service desk. The five year PC lifecycle program has improved City staff productivity by reducing hardware related issues. Additionally, City staff can take advantage of new software that requires improved PC resources to enhance operations. Regular refreshes will ensure that the City can take full advantage of the regular releases of Windows operating systems and associated software applications from Microsoft under the existing Microsoft Enterprise License Agreement.

Industry experts have estimated that the total cost of ownership of a PC and laptop today are about the same for a four year PC life cycle as for a six year life cycle. After four years, cost for support begins to increase and productivity of the end users decreases which essentially zeros out any perceived cost savings.

Continuation of the five year PC lifecycle program is required to enable the City to maximize the investment in Microsoft Office 365 and other future software products, and to maintain and/or improve customer service levels

This contract will replace approximately 9,000 desk-top PCs, laptops, and workstations in the general fund and support services departments over the 60-month period. A contingency amount is built into the contract for special projects that may require the purchase of equipment in addition to the expected replacements. The five year lifecycle lease purchase program through Dell Financial Services allows the City to spread the costs of each annual purchase over the subsequent year.

This Recommendation for Council Action (RCA) is one of two RCAs that, when combined together, fulfill the City's goal to continue to maintain PC hardware and software for the general fund departments.

Dell Financial Services LLC. is contracted through the State of Texas Department of Information Resources (DIR) cooperative purchasing program to provide these services to public entities. The use of DIR contracts saves taxpayer money by leveraging the state's volume-buying power to drive down costs on more than 600 technology contracts and deliver business value and maximize buying power through integrated technology supply chain services and through a streamlined cooperative purchasing program.