

MEETING DATE 10/24/05

AGENDA ITEM Purchase of Replacement Personal Computers from Dell

ATTACHMENTS

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Personal Computer Replacement Policies by City

City	PC Policy Life	PC Usual Life	Source Comments from MISAC Members
City of Davis	4	4	We have a 4 year replacement cycle for desktops laptops and servers and collect yearly from each department \$ for a replacement fund (\$500/year/pc)
San Carlos		3 PCs / 4 Laptops	Identical to SAWPA
Santa Ana Watershed Project Authority		3 PCs / 4 Laptops	SAWPA has an (as yet unwritten) policy to replace desktop every 3 years laptops every 4 years and servers every 4 years unless conditions require otherwise Like many others this is a soft number some machines are more than 4 years old By using a flowdown replacement process Power Users (GIS CAD other high end computing users) actually have their machines replaced more often because they have a need for more capability their 18 month old machine is more than enough for folks that do nothing but Word Processing and check email and even though it's an older machine they feel like they are getting a new machine This process requires more labor than doing a direct replacement of an obsolete machine for a brand new one but it seems to help the users better (in my humble opinion) Anybody else have thoughts on this process?
Anaheim	3 PCs / 2 Laptops		In Anaheim we lease our 1600 PCs and Laptops The PC refresh is 3 years and the laptops are 2 years The users like the idea because they know they are going to get the equipment refreshed plus they know how much to budget each year for their lease payments Our servers are replaced as needed I pay for the enterprise servers The users pay for their own specific use servers up front and then I pay for the ongoing maintenance and support for the life of the server
Mountain View	4	3 to 5	The City of Mountain View has an equipment replacement plan for (computers vehicles and radio equipment) In the plan PC have a four year life and are budgeted at \$1 425 each Therefore the each fund that has PC put is 1/4 of the replacement amount each year and in the 4th year there is enough money to replace the machine When it comes to the replacement some PC are replaced sooner (3 yrs but very few) and several go 5 or 6 years depending on need We are now being asked to make more of the PC last 5 years Laptops are also 4 years NT servers 4 years and UNIX servers 7 years
Redding	3		We plan on a 3 year replacement however some departments will go longer It's entirely up to them they budget monies for the replacements and we order/migrate/install Most of the server replacements I T will budget for however if it is a department specific server then again they must provide the dollars If the PC's get too old to do the job they want we inform the department that they must replace the unit With the current budget environment I can see departments using equipment longer than we/they really want



Useful = Kept as long as the device will run the application the OS can be run on it until it can't be repaired or it suffers 3 4 software failures in on month
Policy Life and Usual Life are in years of service

Personal Computer Replacement Policies by City

Torrance	4 PCs / 3 Laptops		The City of Torrance has a replacement fund for PCs (4 years) Laptops (3 years) servers (3 years) We charge the departments each year for replacement costs equipment cost / useful life Once equipment is fully funded in the replacement fund we do not start charging them again unless they actually replace the equipment
Lodi		Useful	We at the City of Lodi created a PC Replacement Fund that covers computer replacements for all departments except enterprise fund departments We have no written policy but handle replacement requests on a case by case basis We will not replace a PC simply because it's 3 years old or the wrong color We retire computers when it's clear that the system has reached the end of its useful life This arrangement has worked well so far but there may come a day when a written document is in order
Redondo Beach	3		Workstations and laptops are on a 3 year replacement cycle (lease with Dell) We generally push servers out to 4 years We just seeded a replacement fund this year and will start using it FY03 04 for all IT equipment not on lease
Inland Empire Utilities Agency	4 PCs		The Inland Empire Utilities Agency replaces workstations every four years Laptops (we only have a few) and servers are not on a set schedule The IS Department budgets for whatever the appropriate number turns out to be in our capital budget each year As I stated in an earlier e mail we replace our PC's every 4 years We try to minimize the trickle down effect because as you state it is very labor intensive However in most cases it would be impractical for us to directly replace the oldest machines with new ones So we try to limit trickle downs to one level (i.e. a power user gets the new machine and his/her replaced machine goes to the person with the obsolete machine to be taken out of service)
Costa Mesa	4	<u>5</u>	For Costa Mesa PC's are supposed to be replaced every 4 years the reality is closer to 5 NT servers and large Data Base HP 9000 systems are sized to last 5 years with the reality being closer to 6 Every year I renew my battle for a replacement fund Every year I hear the same story there isn't enough money to put aside any for this type of program With the current budget issues I probably won't even bring it up this year
Watsonville		<u>4 to 5</u>	In Watsonville we don't have a fixed timetable for replacement IS looks at the support issues with a given platform and establishes minimum configurations about two times a year Because we're starting our budget cycle now we've distributed this to all departments so they can begin planning for next year As a fact we probably get 4-5 years from a PC workstation sometimes longer Amazingly we are still using the original Novell server we installed 8 or 9 years ago (it doesn't do very much anymore but it works) Each department is responsible for budgeting their own workstations There is a centralized Capital Improvement budget set up to take care of centralized servers networking infrastructure and the like IS manages this funding
Moreno Valley	3		At Moreno Valley PCs are replaced every three years We try to replace servers in that time frame also but sometimes that doesn't happen No more than 4 years



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Policy Life and Usual Life are in years of service

Personal Computer Replacement Policies by City

Simi Valley	4		Simi Valley has created a replacement program for different types of computer and network equipment including desktop PCs. The program is documented through our annual budget policy items as well as our five year IT Strategic Plan (INSIGHT 2007 in final revision). Not all equipment we want to be added gets approved. Last year we tried to get our mainframes and laptops added to the contribution process but no go. Perhaps this year. We review/update our strategic plan annually and then get buy in from the City Manager/City Council. In theory we establish the replacement amount and life span i.e. PC/Desktop = \$2 400/4 yrs. Since we have approx 400 desktop PCs 25% (100) can get replaced each year. During the annual budget appropriation phase we add \$600 each year for each PC in the inventory to our Computer Replacement Fund. During the annual budget process we identify what needs to be replaced and hopefully we get the approval to spend the money. For the current FY02 03 we got approval to replace 100 obsolete PCs but only ordered 60. Next year will involve around 130+ obsolete PCs.
Lodi	3 to 4		The City of Lodi has a PC Replacement fund that is administered by the IS division. The criterion for replacement has mostly to do with serving the needs of the user rather than age of the machine or any other arbitrary factor. We have no written policy at this time because we've elected to consider requests on an as-needed case by case basis. The policy has worked well so far. We have some PCs that have been replaced after three years but we have a number of 4 year-old boxes still in service. Servers are replaced when they can no longer provide suitable performance for the demands made upon it. As you can see we have no absolute recipe for box replacement we try to squeeze the last drop of use from each machine until it is impractical to keep them.
Pinole	3 to 4		In Pinole we are currently on a 3 year rotation for PCs per directive of the City Manager however with the recent budget problems we will be proposing a 4 year cycle. We have about 125 PCs in all offices so there would be a decent savings. Laptops are on the same rotation schedule as the PCs and servers are on a 4-5 year cycle depending on increased requirements placed on them. IS budgets all computer peripheral and software related costs with the annual budget.
Santa Barbara	4	4	In Santa Barbara our replacement policy is all PCs Servers and Laptops are eligible after four years. IT budgets for all General Fund replacements and Enterprise Funds budget for their own. At Eastern Municipal Water District we replace computers when one of the following conditions exist: 1 It breaks down and can't be fixed 2 It blue screens 3 or 4 times in a month 3 It won't run the application needed 4 It can't run the standard operating system. We are standardized on 100% (almost) NT workstations. We have a very few W 2000. We plan to upgrade to XP this year and next. We have some computers that have been in place for 6 years and are working fine. We try to extract every bit of value out of them we can.
Eastern Municipal Water District	Useful	Useful	



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QUOTATION

QUOTE # 247212944
Customer # 39723471
Contract # N39913654

Customer Agreement # NASPO|WSCA # A63307

Quote Date 9/29/05
Date 9/29/05 9 36 47 PM Customer Name CITY OF CULVER CITY

TOTAL QUOTE AMOUNT:	\$115,939.52		
Product Subtotal	\$106,357 04		
Tax	\$8,774 48		
State Environmental Fee	\$808 00		
Shipping & Handling	\$0 00		
Shipping Method	Ground	Total Number of System Groups	1

GROUP:	QUANTITY:	SYSTEM PRICE:	GROUP TOTAL:
1	101	\$809.87	\$81,796.87

Base Unit	OptiPlex GX620 Minitower Pentium 4 650/3 4GHz 2M 800FSBHyperThreading (221 8365)
Processor	NTFS File System Factory Install (420 3699)
Memory	1 0GB Non ECC 533MHz DDR2 2x512 OptiPlex GX620 or 520 (311 5021)
Keyboard	USB Enhanced Multimedia Keyboard English OptiPlex (310-6611)
Monitor	No Monitor Selected OptiPlex (320 3704)
Video Card	Integrated Video GMA950 Dell OptiPlex GX620 (320-4269)
Hard Drive	80GB SATA II 7200 RPM Hard Drive with Data Burst Cache OptiPlex GX620 or GX520 (341 2247)
Floppy Disk Drive	3 5 inch 1 44MB Floppy Drive OptiPlex GX620 or GX520 (341 2266)
Operating System	Windows XP Home Service Pack 2with Media Dell OptiPlex English Factory Install (420-4849)
Mouse	Dell USB 2 Button Optical Mouse with Scroll Dell OptiPlex (310 6609)
TBU	RoHS Compliant Lead Free Chassis and Motherboard Dell OptiPlex (341 2663)
CD ROM or DVD ROM Drive	48X32 CDRW/DVD Combo with Cyberlink Power DVD Dell OptiPlex GX620 or GX520 Desktop or Minitower (313 3337)
Sound Card	Integrated AC97 Audio OptiPlex (313 8170)
Speakers	Internal Chassis Speaker Option Dell OptiPlex GX620 or GX520 Minitower (313 3350)
Service	Type 3 Contract Next Business Day Parts and Labor On-Site Response Initial Year (900 6630)
Service	Type 3 Contract Next Business Day Parts and Labor On Site Response 2YR Extended (960 2402)
Dirline	Gold Technical Support ServiceOptiplex 3 Years 1 866 876 3355 (DELL) (960 2692)
Installation	Standard On Site Installation Declined (900 9987)
Misc	Execute Disable Bit for Microsoft Windows XPSP2 set toOFF Dell OptiPlex (463 7780)

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SOFTWARE & ACCESSORIES

Product	Quantity	Unit Price	Total
Dell E173FP 17 Inch Flat Panel17 0 Inch Viewable Image Size OptiPlex and Precision Customer Install (320 3997)	101	\$243 17	\$24 560 17
State Environmental Fee for display 15 inches less than 35 inches (600-0002)	101	\$8 00	\$808 00
Number of S & A Items: 2		S&A Total Amount: \$25,368.17	

COMMENTS

CONTRACT PRICE 1335 19
5 % = 106357 04
TAKE ALL AT ONCE
CHRIS HERRY

SALES REP Derek Shade 7AM 5PM CT Mon Fri PHONE 1 800 879-3355
Email Address Derek_Shade@Dell com (Dell Quote) Phone Ext 72 80421

For shipments of certain products to California, a State Environmental Fee of up to \$10 per item has been added to your quote

For your convenience, your sales representative, quote number and customer number have been included to provide you with faster service when you are ready to place your order You may also place your order online at www.dell.com/quote

This quote is subject to the terms of the agreement signed by you and Dell, or absent such agreement, is subject to the applicable Dell terms and conditions agreement

Prices and tax rates are valid in the U S only and are subject to change

****Sales/use tax is a destination charge i e based on the ship to address on your purchase order**

Please indicate your taxability status on your PO If exempt, please fax exemption certificate to

**Dell Tax Department at 512 283 9276 referencing your customer number
If you have any questions regarding tax please call 800 433 9019 ****

All product and pricing information is based on latest information available Subject to change without notice or obligation

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Buy/Lease Survey Comments

Hesperia

One time purchases seem to be easier for City Council's to swallow as opposed to a lease that may span several budget years

Santa Ana

In Santa Ana, we buy PCs Without the tax consequences of the private sector leasing just doesn't pencil out for us

Ventura

In the past I have leased servers but I have always bought desktop systems It may be worth doing a cost analysis on buying versus leasing but at today's prices buying is probably the better way to go Besides how would Public Safety pick our pockets if we leased everything?

Covina

I agree with the fact leasing is not cost effective also, a \$0 value PCs can still be use in many ways Leasing doesn't give you flexibility in modification of the unit Most of the time when the lease term is up the vendor may hesitate to pickup the \$0 value PC, leaving the disposing work for the City anyway i.e. other use for old/obsolete PCs spare parts for troubleshooting/testing? training computers? terminal emulation? monitoring machines? or just simply donate them to local schools etc ,

Monrovia

The last time I checked leasing was not cost effective Leasing shines when you have a residual value or you don't use all of the 'useful life' On PC's, our previous messages on the list-server have shown that most departments are replacing the systems every three years After a three year lease the residual value is zero The lease basically becomes a time pay We buy PC's for cash The total lease payment assuming no residual after three years is basically a loan I believe that it was around \$300 more than purchasing the unit outright

Leasing could make sense if your procedures for disposing of assets is cumbersome At the end of the lease you just have them pick it up – No auction no paperwork etc We donate the systems to the boys and girls club, the school district or another local organization Then comes the question of " does the computer need to be capitalized?" In our case we are writing off the system as this years expense The dollar value of a system is getting below the threshold that we want to track

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Buy/Lease Survey Comments

San Bernardino

We buy Vendors haven't made it cost effective to lease yet When they do we'll consider leasing

National City

BUY National City used to lease equipment and contract out network services Last year, the City's IT infrastructure was revamped, the IS Dept was created, and we have gone ahead to purchase all of our equipment

Westminster

Buy---but I have also been asked to look into leasing---so let me know what you find out

Beverly Hills

We buy everything John I have looked at this issue but the cost of money is such that it is better for us to use our own internal funds for the purchases and with depreciation just bank the replacement fees for the future Everyone has different conditions to deal with but for us at this time it is better to just purchase the equipment

Bakersfield

MIS buys and leases to departments (equipment replacement fund)

Anaheim

In July we went out and leased desktops and laptops from Gateway for all of the General Fund departments Some of the non General Fund departments chose to buy I hope this helps

Pasadena

We do not lease PC's Our past studies have shown that it is not cost effective for us For additional information, you might contact our purchasing administrator (who did a lot of the cost studies)

Hermosa Beach

We buy! However, I personally would rather lease especially big ticket items in order to justify more frequent upgrades

Camarillo

We looked into leasing and decided to buy We are continuing that practice

Buy/Lease Survey Comments

Downey

We have started leasing our computers from Tangent

Glendale

Buy But are considering Lease

Irvine

Buy - and I would like a copy of the statistics if I could get them when you are done My council is asking the same question!