



CITY COUNCIL STAFF REPORT



April 23, 2024

ITEM TITLE

Equipment Lease Agreement and Appropriation: Approve an Equipment Lease Agreement with Lenovo Financial Services to Purchase Mobile Data Computers for the Police Department and Appropriate Funds for That Purpose

Report Number: 24-0058

Location: No specific geographic location

Department: Police

G.C. § 84308: Yes

Environmental Notice: The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Recommended Action

Adopt a resolution approving an equipment lease agreement with Lenovo Financial Services to fund the purchase of Mobile Data Computers from CDW+G LLC for the Police Department and appropriating funds for that purpose. **(4/5 Vote Required)**

SUMMARY

The Police Department has conducted extensive research regarding replacing the fleet of mobile data computers in police vehicles and is requesting authorization to purchase mobile data computers from CDW+G LLC. The purchase of the mobile data computers will be financed through a four-year equipment lease with Lenovo Financial Services.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

In coordination with the Finance Department, the Police Department entered into four-year lease agreements in 2015 and 2019 to acquire mobile data computers (MDC). The most recent lease agreement expired in October 2023. After extensive research conducted by Police Department staff, the Police Department is recommending the lease of Panasonic Toughbook computers from CDW+G LLC (CDW).

Since 2020, the Police Department has had issues with the current fleet of MDC's manufactured by Dell. The two main, critical issues resulting in the consideration of other makes and manufacturers of these MDC's are:

1. GPS (Global Positioning System) Chip – required to relay Officer location data accurately to the Computer Aided Dispatch System (CAD). It is imperative that accurate location data is displayed for Officer and Public Safety. Inaccuracy can result in delays for calls for service.
2. Battery Life – The MDC's are supposed to be designed to last a 12 hour shift. Hardware design flaws and docking station compatibility have led to these devices becoming inoperable during shifts that can last anywhere between 8-12 hours.

To address the above issues:

1. GPS – The IT department opened numerous trouble tickets with Dell to address the issue. Resolution to these issues included custom software package updates, and (if software updates were unsuccessful) replacing the GPS hardware within the machine, often with new, but identical hardware. The issues continued to persist even after these remedies were applied.
2. Battery Life – As above, support issues have been brought to the manufacturer's attention resulting in customized chipset software updates that still did not resolve the issue.

Because of these critical needs, other brands were considered as replacements. The two brands that were considered for evaluation were the Dell Latitude 5430, and the Panasonic FZ-55 based on similar performance, technical specification, and price\value. Over a period of months, it was determined through feedback from Patrol Officers in the field and hardware and performance analysis by the Police Technology Unit, that the performance of the Dell Latitude 5430 was not significantly different from the current fleet. The Panasonic FZ-55 (Panasonic Toughbook), however, has excelled in current operation of software, as well as provided accurate and reliable GPS data compared to the Dell device.

The Panasonic Toughbook has proven to be a highly reliable and rugged tool for officers in the field. Officers can access their email, various criminal databases, gather information from CAD system, write reports utilizing the report management system (NetRMS), and a whole host of other software solutions. Normal turnover for these types of computers is four years.

Pursuant to Municipal Code Section 2.56.110 (Cooperative Purchasing Agreements) the City can strategically leverage cooperative purchasing programs to procure supplies, equipment and services. The lease of 153 mobile data computers and associated equipment from CDW is outlined in a cooperative contract through Omnia Partners contract number 2018011-01. The cost for the MDC lease is outlined in the chart below.

| Item Description | Quantity | Unit Cost | Subtotal | Sales Tax | TOTAL |
|-----------------------------------|----------|------------|---------------------|--------------------|---------------------|
| Panasonic Toughbook | 153 | \$3,347.28 | \$512,133.84 | \$44,811.71 | \$556,945.55 |
| Panasonic Service Package | 153 | \$508.77 | \$77,841.81 | \$0.00 | \$77,841.81 |
| Panasonic Desktop Docking Station | 28 | \$349.92 | \$9,797.76 | \$857.30 | \$10,655.06 |
| Panasonic Power Adapter | 28 | \$64.29 | \$1,800.12 | \$157.51 | \$1,957.63 |
| Installation Bundle Solution | 140 | \$1,490.81 | \$208,713.40 | \$0.00 | \$208,713.40 |
| CA Recycling Fee | 153 | \$8.00 | \$1,224.00 | \$0.00 | \$1,224.00 |
| TOTAL MDC COSTS | | | \$811,510.93 | \$45,826.52 | \$857,337.45 |

Similar to previous payment options, a four-year equipment lease agreement is being proposed to acquire the MDCs (\$810,286.93 principal and \$98,368.83 interest). Since sales tax and California recycling fees are not included in the lease amount, those one-time costs will be paid in July 2024. The chart below outlines the amortization schedule over the four-year term.

| Payment # | Date | Payment | Interest | Principal | Balance |
|-----------|-----------|---------------------|--------------------|---------------------|--------------|
| Loan | 6/15/2024 | | | | \$810,286.93 |
| 1 | 7/14/2024 | \$227,163.94 | \$5,207.52 | \$221,956.42 | \$588,330.51 |
| 2 | 7/14/2025 | \$227,163.94 | \$45,454.12 | \$181,709.82 | \$406,620.69 |
| 3 | 7/14/2026 | \$227,163.94 | \$31,415.31 | \$195,748.63 | \$210,872.06 |
| 4 | 7/14/2027 | \$227,163.94 | \$16,291.88 | \$210,872.06 | \$0.00 |
| | | \$908,655.76 | \$98,368.83 | \$810,286.93 | |

At the end of the lease term in July 2028, the City has the option to pay for the MDCs for \$1.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware and has not been informed by any City Council member of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

Approval of this resolution will result in authorizing the Police Department to lease 153 mobile data computers and associated equipment from CDW+G LLC in the amount of \$857,337.45. To minimize the fiscal impact in each fiscal year, the City will enter into a 4-year lease agreement with Lenovo Financial Services. The lease amount is \$810,286.93, which covers the purchase, excluding \$45,826.52 sales tax and \$1,224.00 recycling fees. At a 7.725% interest rate, the annual lease payment is \$227,163.94 per year, which is scheduled to begin in July 2024.

Approval of this resolution will also result in a one-time appropriation of \$47,050.52 to the supplies and services category of the Asset Seizure Fund. This appropriation will cover the \$45,826.52 sales tax and \$1,224.00 recycling fee, which is not included in the lease amount.

ONGOING FISCAL IMPACT

Beginning in fiscal year 2024-25, the lease purchase of the MDCs will be paid by both the General Fund and the Measure A Fund. As the Measure A fund is currently funding vehicle replacement for 40 police vehicles, the cost of 40 MDCs is already included in the Measure A vehicle budget. The lease of the remaining 113 MDCs will be funded by the General Fund. The table below outlines the ongoing fiscal impact of the lease until it is fully paid in July 2027.

| COST BY FUND | FY 2025 | FY 2026 | FY 2027 | FY 2028 | TOTAL |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| GENERAL FUND (113 MDCs) | \$167,774.67 | \$167,774.67 | \$167,774.67 | \$167,774.67 | \$671,098.68 |
| MEASURE A FUND (40 MDCs) | \$59,389.27 | \$59,389.27 | \$59,389.27 | \$59,389.27 | \$237,557.08 |
| TOTAL MDC LEASE COSTS | \$227,163.94 | \$227,163.94 | \$227,163.94 | \$227,163.94 | \$908,655.76 |

The Police Department will coordinate with the Finance Department to include these annual lease costs during the budget development process in subsequent fiscal years.

ATTACHMENTS

1. Lenovo Financial Services Equipment Lease Agreement and documents
2. Quote from CDW for MDC purchase

*Staff Contact: Chief Roxana Kennedy, Police Department
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