



# San Bernardino County

## Legislation Text

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**File #: 862, Agenda Item #: 44**

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### **REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION**

**August 20, 2019**

#### **FROM**

**LAURIE ROZKO, Director, Purchasing Department**

#### **SUBJECT**

Amendment to Agreement with IBM Credit LLC

#### **RECOMMENDATION(S)**

Approve Amendment No.1 to Agreement No. 16-658 with IBM Credit LLC exercising the first one-year option to extend the contract from August 23, 2019 to August 22, 2020 to provide fair market value lease financial services up to \$10 million.

(Presenter: Laurie Rozko, Purchasing Director, 387-2074)

#### **COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Improve County Government Operations.**

**Operate in a Fiscally Responsible and Business-Like Manner.**

#### **FINANCIAL IMPACT**

This item will not result in the use of additional Discretionary General Funding (Net County Cost). Departments are responsible for ensuring that sufficient appropriation is available when a lease of equipment is initiated, and that appropriation for any financing agreements is budgeted in subsequent fiscal years.

#### **BACKGROUND INFORMATION**

On August 23, 2016 (Item No. 108), the Board of Supervisors (Board) approved Master Lease Agreement No. 16-658 with IBM Credit, LLC (IBM) to provide fair market value (FMV) lease financial services for information technology (IT) hardware up to \$10 million per year from August 23, 2016 through August 22, 2019, including two one-year options to extend the term, and authorizing the Purchasing Agent to execute schedules and required documents, pursuant to review and approval by County Counsel. A FMV lease is treated as a rental. It offers alternatives to either return equipment, continue the lease at the FMV renewal rate at the end of the term, or to buy the asset at its FMV at the end of the lease term.

The original Agreement with IBM Credit LLC, was for FMV leases of any brand of IT hardware including, but not limited to, storage, networking equipment, desktops, laptops and tablets (excluding software and services). In February 2019, the Purchasing Department received notification from IBM that it will no longer provide FMV leases for non-IBM products. This extension will be for IBM products only.

The Purchasing Department is working to identify other options for FMV leases of non-IBM equipment and anticipates making a recommendation to the Board within the next three months.

**PROCUREMENT**

The Purchasing Department issued a Request for Proposal (RFP) for lease financial services on December 23, 2015. Five vendors responded to the RFP, and Banc of America Public Capital Corp. and IBM Credit, LLC were awarded a contract based on qualifications and experience, interest rates, and references.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Suzanne Bryant, Deputy County Counsel, 387-5455) on July 29, 2019; Finance (Joon Cho, Administrative Analyst, 387-5402) on July 31, 2019; County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on July 31.