

**ITEM: INFORMATION SYSTEMS SERVER REPLACEMENTS  
AND SOFTWARE LICENSES**

**RECOMMENDATION: Adopt a Resolution Approving a Lease Purchase Agreement with Hewlett Packard Financial Services for End-of-Life Server Replacements and Software Licenses Provided by Solid Networks, Inc. for Disaster Recovery Site**

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**SUMMARY:**

The City has been utilizing a disaster recovery site to minimize downtime for redundancy purposes in the event that City Hall is not available due to a security breach or natural disaster. A disaster recovery site is an essential business process for proper operations in today's information systems climate. These services are crucial for protecting the City's business continuity in the event of a security breach or natural disaster.

As part of keeping the information systems secured, it is necessary for the City to acquire the most up to date equipment and software. As vendors announced their end-of-life milestone for their equipment and software, it is imperative to replace them. Staff requested quotes from authorized vendors for the replacement of two servers due to its end-of-life status with the renewal of software licensing. The City received the following three (3) proposals:

	<b>Vendor</b>	<b>Quote</b>
1	Solid Networks	\$137,915.36
2	Southern Computer Warehouse	\$255,863.90
3	GHA Technologies, Inc.	\$271,722.75

Solid Networks presented the lowest cost proposal for \$137,915. This provides the necessary hardware and software licenses to replace the end-of-life servers located at the City's designated disaster recovery site. In order to purchase from Solid Network, Inc., the City would enter into a lease purchase agreement with Hewlett Packard Financial Services (Attachment "B"). The lease would allow the City to pay monthly installments at 0% interest rate, instead of paying the full cost upfront. The monthly lease payment would be \$3,831 for 36 months and at the end of the term, the City will purchase the equipment for \$1.

Tonight, staff is requesting Council adopt a resolution approving a lease purchase agreement with Hewlett Packard Financial Services for Solid Networks, Inc. to provide the necessary hardware and software licenses to replace the end of-life equipment and licensing at the City's disaster recovery site.

**BACKGROUND:**

The City has been utilizing a disaster recovery site to minimize the impact of a data loss, security breaches, or natural disasters. Disaster recovery sites are an essential

**CITY MANAGER'S REPORT**  
**JANUARY 10, 2022 REGULAR CITY COUNCIL MEETING**  
**LEASE PURCHASE AGREEMENT WITH HEWLETT PACKARD FINANCIAL SERVICES**

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business process for the proper operations of data in today's information systems climate.

These services are crucial for protecting the City's business continuity in the event of data loss, security breaches, or natural disasters. The current system has reached its end-of-life cycle and is no longer supported by the manufacturer.

Therefore, staff requested quotes from authorized vendors for the replacement of servers and software licensing. The City received three proposals. Solid Networks, Inc. was the lowest cost proposal for \$137,915. The proposal provides the necessary hardware and software licensing to replace the end-of-life servers and software licenses. In order to purchase from Solid Network, Inc., the City would enter into a lease purchase with Hewlett Packard Financial Services. The lease would allow the City to pay monthly installments at 0% interest rate instead of paying the full cost upfront. The monthly lease payment would be \$3,831 for 36 months.

**REASON FOR RECOMMENDATION:**

Staff is requesting Council adopt a resolution approving the lease purchase agreement with Hewlett Packard Financial Services for Solid Network, Inc. hardware and software licensing. The current hardware and software licensing has reached its end-of-life cycle for the disaster recovery site, this new hardware has a minimum life span of three years.

**FISCAL IMPACT:**

The lease term of the agreement is 36 months or \$3,831 per month, at 0% interest rate. The terms include a \$1 buyout at the end of the 36 month lease. Sufficient funding for the lease payments were anticipated and is included in the FY 2021-23 Biennial Budget. No additional budget amendment is needed.

**ATTACHMENTS:**


- A. Resolution Approving Lease Purchase Agreement with Hewlett Packard Financial Services for End-of-Life Server Replacements and Software Licenses Provided by Solid Networks, Inc. for the Disaster Recovery Site
- B. Hewlett Packard Financial Services Financial Services Proposal

**CITY MANAGER'S REPORT  
JANUARY 10, 2022 REGULAR CITY COUNCIL MEETING  
LEASE PURCHASE AGREEMENT WITH HEWLETT PACKARD FINANCIAL  
SERVICES**


**APPROVALS:**

  
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Tony Fernandes  
Chief Information Officer

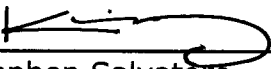
1-4-2022  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Carl James  
Finance Director

1/5/2022  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Salvador Navarrete  
City Attorney

1-5-2022  
\_\_\_\_\_  
Date

 FOR  
\_\_\_\_\_  
Stephen Salvatore  
City Manager

1-6-2022  
\_\_\_\_\_  
Date

**RESOLUTION NO. 22-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP  
APPROVING A LEASE PURCHASE AGREEMENT WITH HEWLETT PACKARD  
FINANCIAL SERVICES FOR END-OF-LIFE SERVER REPLACEMENTS AND  
SOFTWARE LICENSES PROVIDED BY SOLID NETWORKS, INC. FOR THE  
DISASTER RECOVERY SITE**

**WHEREAS**, the City has been a utilizing disaster recovery site to minimize downtime for redundancy purposes in the event that City Hall is not available due to security breaches or natural disasters; and

**WHEREAS**, disaster recovery sites are an essential business process for the proper operations in today's information systems climate; and

**WHEREAS**, these services are crucial for protecting the City's business continuity in the event of a security breaches or natural disasters; and

**WHEREAS**, as part of keeping the information systems secured, it is necessary for the City to acquire the most up to date equipment and software; and

**WHEREAS**, the lowest cost proposal was provided by Solid Networks, Inc for a sum of \$137,915 for all the necessary hardware and software licenses to replace the end-of-life servers located at the City's disaster recovery site; and

**WHEREAS**, in order to purchase from Solid Network, Inc., the City would enter into a lease purchase agreement with Hewlett Packard Financial Services to allow the City to pay monthly installments at 0% interest rate, instead of paying the full cost upfront.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Lathrop does hereby authorized the City Manager to execute all necessary documents and lease purchase agreement with Hewlett Packard Financial Services for end-of-life server replacements and software licenses provided by Solid Networks, Inc. for the City's designated disaster recovery site at a cost of \$3,831 per month for 36 months at 0% interest rate.

The foregoing resolution was passed and adopted this 10<sup>th</sup> day of January, 2022, by the following vote of the City Council, to wit:

AYES:

NOES:

ABSTAIN:


ABSENT:

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Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:



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Teresa Vargas, City Clerk

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Salvador Navarrete, City Attorney



HP Integrated Financial Services

## Financial Services Proposal

Prepared for: City of Lathrop, CA.

Submitted: January 4, 2022

**Create financial vitality. Any tech. Anytime. Anywhere.**

Do more with your budget. Accelerate your migration. With technology changing every day, leasing provides you with the flexibility you need to meet your ongoing business needs, as well as being a cost effective way to use operating capital and preserve bank credit lines. The following payment alternatives are available from HP Financial Services.

### Tax Exempt Installment Sale (\$1 Buyout)

In a Tax-exempt Installment Sale structure, payments consist of both principal and interest, with the interest being excludable from the Lessor's gross income for Federal income tax purposes. During the term of the Lease the Concluding Payment – primarily consisting of unpaid principal would decline as each Lease Payment was made and applied. Under this structure Title typically passes to the Lessee at the Lease Acceptance and the Lessor would file a security interest in the equipment. Once the original base Lease Payments are made the Lessee owns the equipment free and clear.

**Licenses**

Product cost	\$ 52,894.80 (excludes sales tax)
Purchase Option	TEIS
Lease Term	36 months
Payments:	\$ 1,469.30 – monthly arrears payments
Rate:	0%

**With approved credit. Pricing is valid only if product is delivered and accepted by March 25, 2022. TEIS pricing is only valid for 100% public accounts only.**

We appreciate the opportunity to provide you with this proposal. Please call me if you have any questions, or if I can be of further help.

Sincerely,

**Ezra Shepard**  
HPE Financial Services  
Public Sector Sales  
Desk: 970-898-4052  
Cell: 505-235-4772  
Fax: 866-251-2418  
[ezra.shepard@hpe.com](mailto:ezra.shepard@hpe.com)

**Confidentiality:**

This letter is delivered to you with the understanding that neither this letter nor its substance shall be disclosed by Lessee to any third party.

**Basis of Proposal:**

This letter is a proposal for discussion purposes only and does not represent either an offer or a commitment of any kind on the part of HPEFS. It does not purport to be inclusive of all terms and conditions that will apply to a leasing transaction between us. Neither party to the proposed transaction shall be under any legal obligation whatsoever until, among other things, HPEFS has obtained all required internal approvals (including credit approvals) and both parties have agreed upon all essential terms of the proposed transaction and executed mutually acceptable definitive written documentation. This proposal can be modified or withdrawn by HPEFS at any time.

Either party may terminate discussions and negotiations regarding a possible transaction at any time, without cause and without any liability whatsoever.



HP Integrated Financial Services

## Financial Services Proposal

Prepared for: City of Lathrop, CA.

Submitted: January 4, 2022

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#### **Hardware**

Product cost	\$ 85,020.56 (excludes sales tax)
Purchase Option	TEIS
Lease Term	36 months
Payments:	\$ 2,361.68 – monthly arrear payments
Rate:	0%

\*Sales tax due in full upfront with payment-1\*

**With approved credit. Pricing is valid only if product is delivered and accepted by March 31, 2022. TEIS pricing is only valid for 100% public accounts only.**

We appreciate the opportunity to provide you with this proposal. Please call me if you have any questions, or if I can be of further help.

Sincerely,

**Ezra Shepard**  
HPE Financial Services  
Public Sector Sales  
Desk: 970-898-4052  
Cell: 505-235-4772  
Fax: 866-251-2418  
[ezra.shepard@hpe.com](mailto:ezra.shepard@hpe.com)



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