

1000.8 SUBJECT: REVIEW OF EXISTING EQUIPMENT LEASES

:1 OBJECTIVE:

Review equipment leases to determine if leased equipment should be purchased.

:2 AUTHORITY:

This procedure amended by City Council September 15, 2003.

:3 DIRECTION:

Director of Purchasing and Materials Management, as an appointed official, serves at the pleasure of, and receives direction from the Mayor through the General Administration Department Director.

:4 METHOD OF OPERATION:

A. General

The Director of Purchasing and Materials Management with the concurrence of the responsible appointed official, shall determine, after proper review, if equipment leases except copying and telephone equipment should be renegotiated to a lease/purchase or purchase agreement.

B. Department Responsibility

The City Clerk/General Administration Department Director, Director of Purchasing and Materials Management, or the Department Director responsible for the equipment individually or collectively may review and evaluate existing equipment leases except copying and telephone equipment to determine the acquisition or method for retention best suited to the City's needs. In such review, the following criteria should be considered:

1. Equipment application and use;
2. Period service will be needed;
3. Comparable cost of funding alternatives, considering maintenance as well as leasing cost of purchase, lease/purchase or lease;
4. Expected growth in need of service;
5. Maintenance history of equipment;
6. Life expectancy and potential obsolescence of equipment;
7. Alternative equipment that can perform the service more efficiently.

C. Recommendations

Recommendations of the reviewers shall be submitted to the responsible Department Director (through the appropriate appointed official if not a party to the review). The Department Director shall note his endorsement and/or comments to the Chief Administrative Officer for further consideration and appropriate action.

D. City Clerk/General Administration Department Director/Audit Director Responsibility

City Clerk/General Administration Department Director shall review periodically all existing equipment lease agreements except copy and telephone equipment to:

1. Determine changes in use patterns.
2. Determine changes in market trends, such as a change from lease to lease/purchase emphasis by the vendor.
3. Assess other measurable changes.
4. Evaluate advantages of lease/purchase or purchasing equipment currently under lease.

5. In coordination with Purchasing & Materials Management, request the using appointed official to re-evaluate the existing equipment lease.
6. Assist the using appointed official in evaluating all the criteria and alternative equipment available to perform the needed service;
7. Make recommendations, when requested, to the using appointed official on course of action;
8. Effect necessary budget transfer between the operating and capital appropriations, pursuant to the execution of either a lease/purchase or purchase agreement.

E. Director of Purchasing and Materials Management's Responsibilities

The Director of Purchasing and Materials Management shall:

1. Obtain and furnish, to the reviewers, information and costs of existing and alternative equipment capable of performing the level of service recommended by the using department;
2. Furnish information concerning use of equipment's special features and capability of equipment;
3. Coordinate inclusion of specific terms which may be required by the City on the Lease/Purchase contract such as:
 - a. Guaranteed maintenance for the life of the lease/purchase term and any extension thereto;
 - b. Replacement of equal equipment during term of agreement;
 - c. Annual evaluation and/or contract extension clause.

The Director of Purchasing and Materials Management, with the concurrence of the appointed official responsible for the equipment, shall take the necessary action to execute the contract or recommend to Council as appropriate. Whenever Council action is required, it will be the responsibility of the Director of Purchasing and Materials Management to submit the recommendations to Council for final action.

:5 FORMS:
None.

:6 COMMITTEE RESPONSIBILITIES:
None.

:7 REFERENCE:
Procedure amended by City Council October 21, 1985, Item 16, A-11; amended August, 1988, Item 14, A-13; amended July 26, 1993; amended April 17, 2000, Item 3-D; amended September 15, 2003; policy section # changed from 191.8, April 2004.

:8 EFFECTIVE DATE:
This procedure effective September 15, 2003.