

ORDINANCE/RESOLUTION REQUEST

1. **Title:** *(Include a one sentence description that clearly indicates the type of request – grant acceptance, contract execution, municipal code change, supplemental request, etc.)*

The purpose of the ordinance request is to amend an equipment lease purchase agreement currently in place with Chase Equipment Finance, Inc., (Lessor).

2. **Requesting Agency:** Department of Finance- Treasury Division

3. **Contact Person with actual knowledge of proposed ordinance**

Name: Lupe Gutierrez

Phone: 720-913-9370

Email: lupe.gutierrez@denvergov.org

4. **Contact Person with actual knowledge of proposed ordinance who will present the item at Mayor Council**

Name: Lupe Gutierrez

Phone: 720-913-9370

Email: lupe.gutierrez@denvergov.org

5. **Describe the proposed ordinance, including what the proposed ordinance is intended to accomplish, who's involved, scope of work, duration, location, affected Council district, benefits, and costs. (This is intended to give a brief overview of the ordinance. For additional background and history, please attach an executive summary).**

The purpose of this ordinance request is to amend a lease purchase agreement entered into by the City on November 6, 2009 with Chase Equipment Finance, Inc. (Contract #CE95038). The amendment consists of modifying Exhibit A- Description of Equipment, at no additional cost to the City. The equipment financed under the lease agreement is being provided by Qwest, who recently informed the City that routers included in the lease agreement have been discontinued and introduced a replacement router model. The modification to the lease agreement would not involve adjusting the current lease amount or other terms of the agreement. Approval of this ordinance request would only allow amending Exhibit A to switch out the routers. Chase Equipment Finance, the Lessor, has been informed of this request and approves the modifications to the lease purchase agreement if approved by Council.

This ordinance is being submitted along with a Technology Services initiated ordinance request to modify the equipment contract with Qwest.

6. **Is there any controversy surrounding this ordinance, groups or individuals who may have concerns about it? Please explain.**

No.

(Completed by Mayor's Office): **Ordinance Request Number:**

Date:



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

TREASURY DIVISION
WEBB BUILDING
201 WEST COLFAX AVE.
DENVER, COLORADO 80202
720-913-9370

**John W.
Hickenlooper
Mayor**

Executive Summary

An ordinance to authorize an amendment to a capital lease agreement with Chase Equipment Finance, Inc.

Introduction

This ordinance request seeks to amend an existing lease agreement with Chase in order to swap out routers that have been discontinued by Qwest, the equipment vendor, and replaced with a new model. This ordinance request is being submitted to comply with the City's Charter which requires Council approval of modifications to existing agreement in excess of \$500,000.

Background- Prior Council Action

On October 26, 2009 The Department of Finance received Council approval to fund a network and optimization project provided by Qwest through a capital lease purchase agreement on behalf of Technology Services.

The financed equipment will help improve a system which supports much of the network infrastructure for the City's office computers and phones. The total cost of the equipment and services is \$3,961,422 and is being financed over a five-year lease purchase provided by Chase Equipment Finance, Inc., (who was selected through a competitive RFP process). The lease purchase transaction is subject to the annual appropriation by the City Council, and if the City makes all annual lease payments, the total amount paid to finance and acquire the proposed improvements will be \$4,310,920. The current capital lease structure allows for the pre-payment of this lease 24 months after the 11/6/2009 closing date.

Purpose of Ordinance Request

The installation of the improvements has since commenced but Qwest had notified the City, that 14 routers, model #3845, financed under the lease agreement have been discontinued and replaced with a new model #3945. The benefits of switching to the new router model include greater performance over the older routers and extended longevity of not purchasing a router that will no longer be sold. Additionally, this modification will not increase the total cost of the equipment and will not require an adjustment to the lease amount, as the combined cost of the router hardware and licensing makes the switch cost neutral.

This ordinance request seeks to modify the lease agreements Exhibit A (Description of the Equipment) to switch out the older router models with the replacement model. It is important to note that the proposed modification to the lease agreement does not impact the existing lease terms or lease amount.

This ordinance request is being submitted in conjunction with an ordinance prepared by Technology Services to amend the equipment contract with Qwest, also approved by Council on October 26, 2009.

