TO: Board of Trustees  
FROM: Douglas Treadway  
DATE: July 12, 2006  
SUBJECT: Authorization to Suspend District Regulation 9.2.3.2 in order to award a Sole Source Purchase of Apple Computers

District Regulation 9.2.3.2 states: *Purchases of services, equipment, or leases that are subject to Public Contract Code Section 20651, as referenced below shall be published in a formal Notice Calling for Bid and shall be awarded by the Board.* Board Policy 2410 also states *Any policy or regulation may be suspended by a majority vote of the entire Governing Board, which vote will be taken by roll call and will be entered in the minutes of the meeting.*

The Associate Vice President of Information Technology, in conjunction with Ohlone College faculty, staff, and administrators, has identified the general need to replace the college’s aging personal computer (PC) inventory for classrooms, labs, administrative and business functions. The college has also identified the need to acquire additional new PCs to support Title III project and Local Bond Initiatives. Descriptions of proposed personal computer replacements and new computer acquisitions are based upon an analysis of prioritized needs and available financial resources. Included with each of the descriptions is a recommendation from the Associate Vice President of Information Technology that the replacement and new PCs be replaced with Apple Computers Intel processor-based PCs.

**Apple Computer – Intel Core Duo Processors**

In January 2006 Apple Computer introduced a new line of personal computers designed around a new Intel processor, the Intel Core Duo. The Intel Core Duo represents an order-of-magnitude leap in processor design. It’s actually two processors (cores) engineered onto a single chip — offering virtually twice the computational power of a traditional single processor in the same space.

These new Apple Intel Core Duo based systems have been demonstrated to faculty, staff, and students. Additionally, IT staff and several students have conducted extensive evaluations of these computers running program applications. Consistent feedback from the demonstrations and evaluations by faculty, staff, and students have been positive. Faculty, staff, and students are in agreement that the new Apple computers not only run the software required for the programs, but also do so under both MAC and Window’s Operating systems, and much faster than the existing computer processors.

**Fine Arts, Business & Broadcasting**

The Dean of Fine Arts, Business & Broadcasting and program faculty working along with the Associate Vice President of Information Technology have determined that 127 personal computers in classrooms/labs HH115, HH116, HH119, 2205, and 4104B need to be replaced. The computers are more than five years old, have exceeded their useful life, and are often in need of repair. Additionally these computers do not have the processor and/or memory capability needed to run several of the Multimedia software applications used in the programs taught in these classrooms/labs. Not having computer equipment capable of running current industry standard software for the programs taught compromises the integrity of these programs and their appeal to our students.

In response to the need for new computers to support the above-mentioned classrooms/labs, the IT staff has made a thorough investigation of various options for replacement computers. The investigation of possible Apple Lease
replacement options was guided by faculty requirements for operating systems support, processor capability, memory capacity, and systems flexibility. Furthermore, given that these classrooms/labs are used to teach software application classes that run under both Apple’s MAC Operating System (OS) and Microsoft’s Windows OS, the required systems need to support both OS environments. While various manufacturers make personal computers, only one manufacturer meets all of the faculty’s specifications for the new computers, Apple Computer, Inc.

**Bond Project**

One of the projects identified for Ohlone College Measure A Bond is classroom/lab upgrades. As a part of these projects, classrooms 1402 and 1406 have been selected for renovation. This renovation includes new smart classroom equipment, wireless infrastructure and laptop computers for student use.

Working with the Learning College Task Force (LCTF), interested faculty, staff, and administrators, the Associate Vice President of Information Technology has identified the need for 80 laptop computers to meet the faculty and program needs for the two classrooms. Based upon the equipment specifications gathered at several faculty focus groups, the Associate Vice President is recommending Apple MacBooks for this acquisition. Among the specifications received, one in particular, the flexibility to run both Apple OS (Operating System) applications and Windows OS applications, can only be met by the Apple MacBook PCs.

**Title III Projects**

Ohlone College’s Title III project includes several goals for strengthening institutional programs. Toward meeting the Academic Program Goal – To develop across the curriculum teaching methods and technologies which hold the most promise for increasing success rates of under prepared students, the Learning College Task Force is requesting the acquisition of 12 laptop computers for its Teaching and Learning Institute. These computers will be used in training faculty on variety of pedagogical and technological approaches to improving student success. Because the range of technology options span multiple operating systems (e.g. MAC, Windows, Linux), the requested computers must possess the capability to run these multiple operating systems. As stated above currently only Apple Computers meet this requirement. Therefore the Associate Vice President also recommends that the acquisition of these 12 laptops be made with Apple MacBooks PCs.

Title III also contains an Institutional Management Goal – To improve student, faculty, and administrator use of ERP data for decision-making. The Associate Vice President of Information Technology is recommending the acquisition of 12 Apple MacBook PCs to pilot the implementation of a suite of integrated Apple collaboration tools to help achieve this goal.

**Summary**

The College is requesting a total of 231 new computers for the initiatives outlined above. Based upon the equipment specifications provided, the Associate Vice President of Information Technology is recommending Apple Computer PCs be used to fulfill these requests. Apple’s Intel Core Duo-based computers that support MAC OS and Windows OS applications are the only computers currently available that meet the faculty specifications. Furthermore, since we can only purchase these directly from Apple Computer Inc., (See Attachment A), staff believes that the only option is to purchase the units from Apple Computer as a sole source purchase. Apple Computer is the sole source of Apple and Macintosh branded hardware products. Additionally, Apple Authorized Resellers are not authorized to sell standard Apple hardware products to public and private nonprofit educational institutions in the United States.

District legal counsel has reviewed this recommendation and is in agreement that a sole source purchase is warranted for the Apple Computers.

The 127 computers for Fine Arts, Business & Broadcasting will be acquired under a 3 year lease with Apple Computer. The total cost of the equipment lease is $271,873.71 with annual lease payments of $90,624.57.
This acquisition method represents the most effective use of district funds to acquire new computers at the lowest Total Cost of Ownership (TCO). Funds to cover the cost of this lease-acquisition and the annual lease payments will be paid from the Hyman Hall Endowment Fund, and allocated Instructional Equipment Block Grant funds.

The 80 computers for the Bond Project – Classroom renovation will be acquired as a direct purchase from Apple Computer, Inc. The total cost for the 80 laptops and associated components is $121,008.27. Funds to cover the cost of this direct purchase acquisition are available and will be paid from the Bond Project Item Number 3-28.

The 12 computers for the Title III – Academic Program Goal project will be acquired as a direct purchase from Apple Computer, Inc. The total cost for the 12 laptops and associated components is $17,349.68. Funds to cover the cost of this direct purchase acquisition are available and will be paid from the Title III Project Activity “Center for Innovation & Technology”

The 12 computers for the Title III – Institutional Management Goal project will be acquired as a direct purchase from Apple Computer, Inc. The total cost for the 12 laptops and associated components is $21,665.97. Funds to cover the cost of this direct purchase acquisition are available and will be paid from the IT Department TTIP Budget.

The total cost of these acquisitions is $431,897.63.

**RECOMMENDATION:**

The President/Superintendent recommends that the Board of Trustees authorize a suspension of District Regulation # 9.2.3.2 and authorize the sole source acquisition of the following, totaling $431,897.63:

1) 127 Apple Computers for $271,873.71 via a 3-year equipment lease with annual lease payments of $90,624.57.

2) purchase acquisition of 104 computers as a direct purchase from Apple Computer, Inc., with a cost of $160,023.92.

Attachments:
Apple Sole Source Letter  1 page
Apple Computer, Inc. ("Apple") is, and will continue to be, the sole source of Apple and Macintosh branded hardware products to you. An Apple or Macintosh branded product is one manufactured or sold by Apple with the Apple logo.

In general, Authorized Apple Resellers are not authorized to sell standard Apple hardware products to public and private nonprofit educational institutions in the United States, including yours. Exceptions exist, however, including the following: (1) Apple does authorize certain Value Added Resellers ("VARs") to sell standard Apple products to educational institutions if these products are combined with proprietary, add-in enhancement "Solution" Systems; (2) a few resellers are allowed to sell consumables (toner cartridges, for example) to educational institutions; and (3) under very limited circumstances, Apple authorized resellers may be permitted to sell a limited amount of product, usually at the end of the product's commercial life, to education customers. In all such cases, the resellers are responsible for establishing their own resale prices. Apple is not involved in their pricing decisions.

Another program Apple makes available is the Authorized Apple Education Agent Program. In this program, Agents act on behalf of Apple to promote the purchase of Apple products from Apple by select higher education institutions and K-12 schools. While the use of sales agents in the program allows Apple to extend its presence in the education community, this program does not affect Apple's status as your sole source of Apple products.

In your case, Apple will continue to have a direct sales and purchasing relationship. Apple has no present intention to utilize agents, and has not authorized any reseller to provide Apple products and services to you.

Please be reminded that because, with the few exceptions noted above, Apple authorized resellers are prohibited from selling in the education market by the terms of their contracts with Apple, the sale of products into these markets, by anyone, other than Apple (selling directly or through an agent) generally cannot occur unless an Apple reseller has breached its contract with Apple. You can count on Apple to continue to be your sole source for all the Apple branded products and services that you purchase in the ordinary course of your product acquisition.

Sincerely,

APPLE COMPUTER, INC.