I. GENERAL

In some instances it may be more cost effective to lease facilities or equipment rather than purchase them. One of the more common uses of leasing by the District is in the area of facilities when office/warehouse space to support on-going operations is required. In these cases it is the responsibility of the user to identify potential lease sites. Upon site identification, the pertinent details must be provided to the Director, Business Services for negotiations. If it is determined to lease or lease to purchase a material item, the item must be competitively bid in accordance with Policy Number 110.

II. PROCEDURES

In the case of equipment, the Director of Business Services will serve in an advisory capacity for determining when it is in the best interest of the District to lease equipment in lieu of purchasing it. There are two types of leases, capital and operating, of which the requesting department needs to be aware of when considering the lease option. A capital lease is a long term instrument whereby ownership of the property is transferred to the lessee (CTC) at the end of the lease term. An operating lease allows for the acquisition of property on a short term basis and is returned to the lessor at the end of the lease term. The requesting department must forward written concurrence from the cognizant administrative and executive officers to the Director, Business Services. Upon receipt of the necessary information, the Director will perform a technical and cost analysis to determine the advantages/disadvantages to purchasing vis-a-vis leasing or leasing to purchase the equipment and present it to the user. If it is determined advantageous to lease the equipment, the Director will ensure compliance with state and federal laws and will complete the negotiations.

Once a lease is negotiated, copies of the executed lease are provided to the Deputy Chancellor for Resource Management, the responsible operating unit and the Comptroller. The original copy will be maintained in the office of the Director, Business Services. The Deputy Chancellor has identified the Comptroller as the individual responsible for determining whether the lease qualifies as a capital or operating lease. That determination is documented in writing and attached to the lease and returned to the Director, Business Services. The Director of Accounting will verify the use of appropriate account numbers.
The Director of Business Services is designated as the custodian for all District lease files. This office will also maintain a current accounting for all lease agreements which contains the following minimum information.

A. Name of lessor with current address.
B. Description of lease.
C. Term of lease.
D. District obligation by fiscal year - principal.
E. District financial obligation by fiscal year - interest.
F. Deliverables.
G. Other actions/requirements.

No lease will be approved without proper certification of funds. A properly executed purchase order will be issued prior to lease approval.

Any delegation of this authority will be provided in writing by the Director, Business Services.