Incorporating Electronics Stewardship Goals into Federal Information Technology Leases and Seat Management Contracts

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PURPOSE

This document explains how a federal agency or facility can meet its federal electronics stewardship goals when using information technology leases or seat management contracts.

FEDERAL INFORMATION TECHNOLOGY LEASES AND SEAT MANGEMENT CONTRACTS

Electronic equipment provided through leases or provisioned under seat management contracts are covered in the scope of the federal electronics stewardship goals of Executive Order 13514, *Federal Leadership in Environmental, Energy, and Economic Performance.*

If your organization already leases equipment or utilizes a seat management contract, consider integrating environmental objectives into your contract vehicles. If your organization currently purchases its equipment, you might look into leasing or seat management as a strategy to manage some or all of your electronics stewardship activities.

Different leasing and seat management contractors and vendors do not offer the same environmental advantages. With some research about the environmental impact of the equipment and the environmental policies of vendors and leasing companies, your organization may be able to procure greener electronic equipment, improve operation and maintenance of the equipment, extend the product life cycle, and ensure the proper management of equipment at the end of life.

Contracting Options

There are three principal leasing options used in federal government contracting: Lease to Ownership Program (LTOP), Lease with Option to Purchase (LWOP) and Lease. With a LTOP, or if the government elects to exercise the purchase option in a LWOP, equipment ownership is transferred to the governmental entity at the end of the lease term. Equipment upgrade, redeployment and ultimate disposition become the responsibility of the government. At the end of a traditional Lease, or if the government does not elect to exercise the purchase option in a LWOP, ownership remains with the contractor or vendor who then has responsibility for disposition. Under most leases, operation and maintenance of deployed equipment is the responsibility of the federal leasee during the term of the contract.

Under a seat management contract, the vendor is responsible for the procurement, operation and maintenance, and disposition of the electronic equipment included in the scope. Typically, included equipment is specified to support "seats" in the organization. For example, one deployed seat may support one employee with a laptop computer and docking station; a separate monitor; peripherals; and access to a group printer and/or multifunction imaging device. Similar to leases, seat management contracts may include options to purchase at the end of the contract.

Integrating Electronics Stewardship Goals

Below are some examples of how leases and seat management contracts can be used to help your organization address federal electronic stewardship goals. The procurement, operation, resale and recycling practices of leasing vendors vary. Careful screening and selection of vendors is necessary to ensure that environmental requirements can and will be met.

Acquisition
- Vendors and contractors for these contracts can be a powerful influence in the marketplace for electronic products since they procure a significant volume of computer assets. The vendors and contractors typically make large purchases based on the criteria and attributes specified by the end user. To that end, federal customers can influence the lessors' and manufacturers' product offerings through their equipment requirements.
  - Require Electronic Product Environmental Assessment Tool (EPEAT)-registered, ENERGY STAR qualified, and Federal Energy Management (FEMP)-designated products, when applicable.

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- o Consider requiring electronic products with other positive environmental attributes, as identified in the FEC resource, *Key Environmental Attributes for Electronics Acquisition*, available at: http://www2.epa.gov/fec/key-environmental-attributes-electronics-acquisition-619201.
- Vendors and contractors also may offer used equipment alternatives that meet your organization's functional needs at a lower cost, extending the useful life of already manufactured equipment and promoting reuse.

Operation and Maintenance
- Under seat management contracts, the contractor is responsible for equipment operation and maintenance during its use. Require the implementation of power management and automatic duplexing on applicable equipment, in line with your agency or facility goals.
- Some leases for imaging equipment may cover the provision of ink, toner, and/or paper through print management contracts. Federal customers may require remanufactured or refilled ink and toner cartridges; recycled content paper; and reuse or recycling of used ink and toner cartridges.

Product Life Extension
- Vendors and contractors have an incentive to preserve the value of computer assets by extending the product's useful life. This can ensure that provisioned equipment may be of value for purchase at the end of the contract.
  - o Assess hardware and software needs at the end of the lease period, and decide whether to extend the lease, purchase the equipment, or lease new equipment.
  - o Request maintenance and software cost caps up front for the potential out years, protecting your organization should you elect to renew the equipment beyond its initial term.
- If you opt to purchase the equipment, it can be upgraded and/or redeployed within your organization after purchase.

Equipment Disposition
- If the contractor or vendor will retain ownership of the electronic equipment, they will plan and manage computer disposition, from desktop de-installation and data destruction to recycling and disposal.
  - o Require that your media sanitization policies or guidelines are followed by the contractor or vendor.
  - o If the equipment used by your organization is to be disposed of, require that it is recycled using third party certified electronics recyclers.

Negotiating a Lease

When negotiating an electronic equipment lease, consider the following strategies to help promote electronics stewardship goals:
- Discuss your organizations' electronics stewardship goals with leasing vendors to determine which vendors can address your needs, from procurement, to reuse and recycling.
- Include environmental requirements in the Request for Proposals or Quotes, and the terms and conditions of contracts.
- Maximize value by defining different lease or deployment terms and product life extension strategies for different types of equipment (for example, desktops, laptops, printers, and multifunction devices), based on useful life.
- Negotiate optional extensions of warranty and software licenses beyond lease or deployment term.
- Include financial incentives for lease or deployment renewal in the terms of contracts.
- Conduct a thorough review of vendor's upgrade, resale, recycling and disposition practices.

For more information on how to incorporate electronics stewardship considerations into contracts, please see the FEC resource, *Incorporating Environmental Criteria in Electronics Acquisition*, available at http://www2.epa.gov/fec/incorporating-environmental-criteria-federal-electronics-acquisition-6142012.

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REFERENCES

The text of Executive Order 13514 is available at: http://www.fedcenter.gov/programs/eo13514/.

CONTACT INFORMATION

If you have questions related to this resource or need other assistance with the Federal Electronics Challenge, please contact your Regional Champion: http://www2.epa.gov/fec/technical-assistance.

Visit the FEC online: http://www2.epa.gov/fec/

E-mail the FEC: fec@epa.gov