



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 28, 2015

FROM: INNOVATION AND TECHNOLOGY WARDS: ALL
DEPARTMENT

SUBJECT: PROPOSED 60-MONTH LEASE AGREEMENT AND 60-MONTH LEASE AGREEMENT AMENDMENT FOR RIVERSIDE'S UTILITY BILL PRINTERS WITH XEROX CORPORATION IN THE AMOUNT OF \$285,777

ISSUE:

The issues for City Council consideration are approval of a new 60-month Lease Agreement and an amendment to an existing 60-month Lease Agreement for Riverside's utility bill printers with Xerox Corporation (Xerox), in the amount of \$285,777 over a 60-month period.

RECOMMENDATION:

That the City Council:

- 1) Approve a 60-month Lease Agreement for a Xerox Nuvera 120 (Attachment 1) in the amount of \$135,056.10 and authorize the City Manager, or designee, to execute all documents pursuant to the Lease Agreement, including making minor non-substantive changes; and
- 2) Approve a 60-month Lease Agreement Amendment for an existing Xerox Nuvera 120 (Attachment 2) in the amount of \$150,720.90 and authorize the City Manager, or designee, to execute all documents pursuant to the Lease Agreement, including making minor non-substantive changes.

BACKGROUND:

The Innovation and Technology Department staff coordinates the printing of utility bills on behalf of the Riverside Public Utilities Department and Public Works Department. Currently, the City utilizes two bill printers, one primary and one back-up, to print all of the City's utility bills. The main utility bill printer, placed into service in November 2009, is over five years old and is on a month-to-month lease with Xerox. The back-up utility bill printer was placed into service in January 2014 and is on a 60-month lease.

The main bill printer is due for replacement given its age and heavy use. With the implementation of Riverside Public Utilities' Customer Information System, enQuesta, in early 2015, the Department wants to move towards paperless bill printing. In order to accomplish this in a fiscally

prudent manner, a new lease agreement needs to take the term and potential for decreased usage into consideration.

Innovation and Technology staff negotiated a lease with Xerox for a new utility bill printer at a reduced monthly payment, while meter charges would be incurred on a per-print (\$0.0055) basis. Additionally, the Innovation and Technology Department worked with Xerox to re-negotiate the terms for the back-up printer to mirror the terms for the proposed main bill printer Lease Agreement. Having duplicate machines with the same terms allows staff to utilize both devices, becoming more efficient, without the need to worry about financial impact. Based on current billing from Xerox, the recommendations included in this staff report will save an estimated \$3,023.88 per year if staff prints the same number of utility bills as they do now. If the number of utility bills printed were reduced by 50%, the amount of annual savings will increase to approximately \$9,500.

Category	Equipment Charge	Print Charges	Totals
Existing Main Utility Bill Printer Lease	\$2,668.48	\$342.36	\$3,010.84
Existing Back-Up Lease	\$1,734.96	\$269.14	\$2,004.10
<i>Sub-Totals Per Month</i>	<i>\$4,403.44</i>	<i>\$611.50</i>	<i>\$5,014.94</i>
Proposed New Utility Bill Printer	\$1,713.10	\$537.84	\$2,250.94
Proposed Revisions to Existing Back-Up Printer Amendment	\$1,974.18	\$537.84	\$2,512.02
<i>Sub-Totals Per Month</i>	<i>\$3,687.28</i>	<i>\$1,075.67</i>	<i>\$4,762.95</i>
Savings Per Month	\$716.16	\$(464.17)	\$251.99
Savings Per Year	\$8,593.92	\$(5,570.04)	\$3,023.88

The terms and conditions of the Xerox utility bill printers are pursuant to a contract negotiated by the County of Los Angeles (Attachment 3). Pursuant to those terms, the City may terminate the agreements without penalties by providing written notice within 30 days of the beginning of the City’s fiscal year. Combined with the pay-per-print terms of the proposed Lease Agreement and Lease Agreement Amendment, the 30-day distinction is very important, as it allows Riverside Public Utilities to gradually move towards paperless bill printing in a manner that is fiscally prudent for the residents and ratepayers of the City.

Resolution No. 22576, Section 201(c), provides that competitive procurement is not required if the Purchasing Services Manager determines that it would be in the best interests of the City to not do so. Here, because Xerox Multi-Function Devices are the City standard as approved by the City Council July 22, 2014, the City’s high level of satisfaction with Xerox’s utility bill printer products and services, and the County of Los Angeles negotiating beneficial terms and conditions, the Purchasing Services Manager has determined that such competitive procurement is not required and concurs with the recommendations in this report.

The Riverside Public Utilities General Manager and Public Works Director also agree with the recommendations included in this report.

FISCAL IMPACT:

The estimated annual expenditures for the new Lease Agreement (\$27,011.22) and Amended Lease Agreement (\$30,144.18) are included in the Riverside Public Utility FY 2015-16 budget in account 6004009330-42570006, Software Purchasing and Licensing. Given that the City has the ability to end the agreement with 30-day notification before the end of each fiscal year, the estimated annual expenditures will be included in the annual budget, when applicable.

Prepared by: Lea Deesing, Chief Innovation Officer
Certified as to
availability of funds: Brent A. Mason, Finance Director/Treasurer
Approved by: Al Zelinka, FAICP, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachment:

1. Lease Agreement
2. Lease Agreement Amendment
3. County of Los Angles Photocopier Lease Agreement