



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 15, 2019

FROM: INNOVATION AND TECHNOLOGY DEPARTMENT WARDS: ALL

SUBJECT: REQUEST FOR PROPOSAL NO. 1817 – MANAGED PRINT SERVICES – FIVE-YEAR AGREEMENT WITH SHARP ELECTRONICS CORPORATION AS THE CITY’S PRIMARY COPIER, PRINTER, AND MANAGED PRINT SERVICES PROVIDER – IN THE AMOUNT NOT TO EXCEED \$2,167,172

ISSUE:

Approve a five-year Professional Services Consulting Agreement with Sharp Electronics Corporation (Sharp) of Santa Ana, California, as the City’s primary copier, printer, and managed print service provider in an amount not to exceed \$2,167,172.

RECOMMENDATIONS:

That the City Council:

1. Approve a five-year Agreement with Sharp as the City’s primary copier, printer, and managed print service provider in an amount not to exceed \$2,167,172; and
2. Authorize the City Manager, or designee, to execute all documents pursuant to the Managed Print Services Agreement, including but not limited to the Agreement, Master Lease Agreement, Customer Care Maintenance Agreements (orders), Master Lease Agreement Schedule, and related financing documents, Equipment Delivery Acceptance forms, and make minor non-substantive changes including the execution of annual renewals subject to available budget.

BOARD RECOMMENDATION:

This report is published on January 3, 2019, for the January 15, 2019, City Council Meeting.

On January 14, 2019, the Board of Public Utilities (Board) will hear this item for consideration to recommend that the City Council:

1. Approve the Professional Consultant Services Agreement with Sharp Electronics Corporation, of Montvale, New Jersey in response to Request for Proposal No. 1817 for Managed Print Services with a five-year term in an amount not to exceed \$2,167,172; and

2. Authorize the City Manager, or his designee, to execute all documents pursuant to the Managed Print Services Agreement, including but not limited to the Agreement, Master Lease Agreement, Customer Care Maintenance Agreements (orders), Master Lease Agreement Schedule, and related financing documents, Equipment Delivery Acceptance forms, and making minor non-substantive changes and authorizing annual renewals.

If the Board approves to forward this to City Council, it is respectfully requested that the City Council consider the item at the January 15, 2019, City Council meeting.

BACKGROUND:

On December 22, 2010, the City amended an agreement with ACS Enterprise Solutions, Inc. to modify the services provided to include certain hardware, remote care and consumables and fulfillment services for copier and printing equipment. These services are known in the industry as Managed Print Services (MPS). The services included copier equipment, MPS services (including third party network printers), and per page rates for black/white and color printing.

The MPS program provides many benefits to the City, including reducing costs and improving efficiency, improving staff productivity with newer equipment, saving time with more efficient ordering processes and vendor managed services, reducing capital expenditures via cost effective leasing options, and reducing the City’s environmental footprint.

DISCUSSION:

On April 12, 2018, the City issued Request for Proposal (RFP) No. 1817 – Managed Print Services to seek proposals from qualified vendors for copier equipment (including both standard and optional components), printer equipment, MPS services (including third party network printers), per page rates for black/white and color printing, and optional third party leasing firm bids. The scope of the RFP includes implementing a single vendor contract with the ultimate goal to consolidate vendors, services, and technology for approximately 742 owned and leased Multi-Function Devices (MFDs) and desktop printers at various City locations. A detailed current state analysis by location, department, and device was provided to responders. Of the 86 audited A3 copier based MFD’s, 78 are in-scope for the RFP with anticipated replacement dates as follows: (49) Units in Fiscal Year (FY) 2018/2019, (16) Units in FY 2019/2020, and (11) Units in FY 2020/2021. The remaining devices are City owned desktop printers.

The City received seven responses:

Vendor	Location	Ranking
Sharp Electronics Corporation	Montvale, NJ	1
Toshiba Business Solutions, Inc.	Lake Forest, CA	2
Xerox Corporation	Santa Ana, CA	3
Canon Solutions America, Inc	Ontario, CA	4
Staples Contract and Commercial, LLC	La Mirada, CA	5
Kyocera Document Solutions West, Inc.	Irvine, CA	6
Insight Investments, LLP	Costa Mesa, CA	N/A (Optional Third Party Leasing Firm)

After evaluating the responses based on several factors, including but not limited to, cost, vendor background, technical solution, maintenance/support and responsiveness, the City ranked Sharp Electronics Corporation as the most responsive and responsible proposal.

The new proposed agreement replaces an existing MPS agreement as existing leases expire and is expected to result in over \$1.24 million in savings over the next five years (Attachment 2). Costs are reduced and better controlled in this agreement because the agreement: 1) provides a fixed price for standard and optional equipment components, 2) provides more modern equipment for roughly the same monthly equipment lease price, 3) provides a price per printed page that is lower, 4) includes all consumables required for image creation including toner cartridges, developer, waste toner bottles, staples, and maintenance kits for all new installations and for the existing fleet of 214 owned desktop printers, and 5) requires the vendor to provide services which are performed in-house today.

The service levels provided in this agreement exceed those of the existing MPS agreement. These improvements include a more stringent Service Level Agreement (SLA) for replenishment/replacement of supplies, a more stringent SLA for break fix dispatch, defined equipment repair SLA's, and defined preventative maintenance schedules.

New copier equipment and technology features are also available under this agreement. This will provide improved reliability, improved user interfaces on the equipment, improved and more productive scanning functionality, secure print functionality, and improved information security.

Finally, this agreement includes carefully planned services to transition from the existing provider to Sharp. All departments have been engaged to ensure their requirements are incorporated and they are aware of the equipment and software changes. Sharp is responsible for providing MPS for existing owned devices once the agreement is executed, and for any printer devices that the City wishes to retain. Sharp is responsible for the removal and return of all existing copiers to the current leasing company at the end of their scheduled lease periods as requested by the City. Sharp is also responsible for providing end-user training to City users when the equipment is installed.

MPS have a fixed equipment cost and a variable usage based cost. Each copier or printer is assigned to one or many departments and usage is tracked on a per-device basis. Due to the usage based costing component, percentages referenced in Table 1 were based on the past year's MPS usage. These percentages were applied to the proposed new lower cost structures to arrive at the estimated cost summary by department. Similar to how MPS is charged today, these estimates will be used to create annual blanket purchase orders. Departments will be charged monthly as the prior month's invoice, with costs for actual usage, is processed and released against the blanket purchase order.

Table 1. MPS Estimated Cost Summary by Department

City Department	Direct Charge to Department (%)	Total MPS Costs (5-Years)
City Attorney's Office	3.2%	\$69,350
City Manager	6.0%	\$130,030
Community and Economic Development	10.5%	\$227,553
Finance	2.8%	\$60,681
Fire	4.5%	\$97,523

General Services	7.1%	\$153,869
Human Resources	3%	\$65,015
Innovation and Technology	3.3%	\$71,517
Museum	1.8%	\$39,009
Parks & Recreation	9.4%	\$203,714
Police	6.8%	\$147,368
Public Utilities – Administration	10.8%	\$234,055
Public Utilities – Electric	9.2%	\$199,380
Public Utilities – Water	3.0%	\$65,015
Public Works	18.6%	\$403,094
TOTAL	100%	\$2,167,172

The Purchase Manager concurs that the recommendation to award is in compliance with the City’s current Purchasing Resolution.

FISCAL IMPACT:

The total cost is not to exceed \$2,167,172 over a five-year term. For the remainder of Fiscal Year 2018/19, the estimated cost is approximately \$144,479. For Fiscal Year 2019/20, the estimated cost is \$433,434. All City departments budget print service costs within their non-personnel budgets, therefore sufficient funds are available in various departmental general office expense or printing expense accounts. With a projected savings of \$1.24 million over five years, departments will experience some savings with the transition to Sharp.

Future years’ costs will continue to be included as a part of the biennial budget process.

Prepared by: George Khalil, Chief Innovation Officer
 Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
 Approved by: Lea Deesing, Assistant City Manager
 Approved as to form: Gary G. Geuss, City Attorney

- Attachments:
1. Agreement
 2. Cost Savings Analysis
 3. RFP Award Recommendation
 4. Presentation