



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 8, 2021**

FROM: INNOVATION AND TECHNOLOGY **WARDS: ALL**

SUBJECT: INCREASE CHANGE ORDER AUTHORITY FROM 10% TO 17% FOR A TOTAL CHANGE ORDER AUTHORITY OF \$48,582 AND A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$334,359 FOR RIVERSIDE PUBLIC UTILITY BILL PRINTERS WITH THE XEROX CORPORATION

ISSUES:

Authorize change order authority increase from 10% to 17% for a total change order authority of \$48,582 and a total contract amount not to exceed \$334,359 for Riverside Public Utility bill printers with the Xerox Corporation.

RECOMMENDATIONS:

That the City Council:

1. Authorize change order authority increase from 10% to 17% for a total change order authority of \$48,582.09 and a total contract amount not to exceed \$334,359.09; and
2. Authorize the City Manager, or his designee, to execute all documents pursuant to this change order including making minor and non-substantive changes.

BACKGROUND:

On July 28, 2015, City Council approved a 60-month Lease Agreement and a 60-month Lease Agreement Amendment for Riverside's utility bill printers with Xerox Corporation (Xerox), in the amount of \$285,777 over a 60-month period. The City utilizes these two bill printers, one primary and one back-up, to print all the City's utility bills.

On January 15, 2019, City Council approved a five-year agreement with Sharp Electronics Corporation (Sharp) as the City's primary copier, printer Managed Print Services (MPS) provider in an amount not to exceed \$2,167,172 for a five-year term. At the time, it was determined cost prohibitive to pay the buy-out fees of the two leased Xerox units and the units were to be replaced at the end of the lease period. Due to the COVID-19 pandemic, the lease agreement for the Xerox units switched to a month-to-month term upon expiration of the original long-term lease agreement in November 2020.

On September 22, 2020, the Board of Public Utilities approved the Riverside Public Utilities annual purchase orders for Fiscal Year 2020/21 including \$63,000 to Xerox for the main and back-up bill printers.

DISCUSSION:

The Innovation and Technology Department (IT) staff coordinates the printing of utility bills on behalf of the Riverside Public Utilities Department. Currently, the City utilizes two bill printers, one primary and one back-up, to print all the City's utility bills. Riverside Public Utility (RPU) and IT staff have been working with Sharp to identify the most appropriate printers to replace the aging Xerox machines. Staff provided the necessary specifications and attended Sharp product demonstrations to ensure suitable replacement Sharp units were chosen.

The increase in change order authority to the Purchase Order will pay the remaining Xerox bills and cancel the current month-to-month lease of these units. The required thirty-day notice to terminate has been issued to Xerox. Moving to Sharp units will equip staff with modern equipment, increase efficiencies as all copiers will be managed under one citywide master agreement and is estimated to save approximately \$2,000 per month.

Purchasing Resolution 23256, Section 1104 allows for modifications to Purchase Orders by change order. "Change Orders may be utilized for purposes of (1) adding and/or deleting quantity of items being procured, (2) modifying unit prices". Section 1104 also notes that "Change Orders which cumulatively exceed the following will require Awarding Entity approval: (c) 10% of the original contract price for Contracts and/or Purchase Orders previously approved by the Awarding Entity and the total Change Order amount will not exceed \$150,000".

The Purchasing Manager concurs that the recommendation to authorize is in compliance with Purchasing Resolution 23256.

FISCAL IMPACT:

The total fiscal impact of the action is \$48,582.09. Sufficient funds are available in the Public Utilities Business Support Software Purchasing/Licensing Account No. 6004000-425700 and have been encumbered in Purchase Order Number 211461.

Prepared by: George Khalil, Chief Innovation Officer
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Approved as to form: Kristi J. Smith, Interim City Attorney