

**Council Meeting: August 19, 2008****SUBJECT: Award of Contract for a Citywide Copier Lease Program  
(F0807-02)****REPORT IN BRIEF**

Approval is requested for the award of a contract not to exceed \$145,000 annually for a total amount of \$580,000 to Ricoh Business Solutions of San Jose for the lease of forty office copiers, one high capacity copier, one color copier, one duplicator and print/copy management software for a four-year contract, with an option to extend the contract for two additional one-year periods, as required by the Information Technology Department.

**BACKGROUND**

In August 2002, Council awarded a five-year contract to MBA of California (now known as Toshiba) (RTC 02-337). This contract was based on a competitive bid and it expired on September 30, 2007. Subsequently, the City entered into a month-to-month arrangement under the same terms and conditions, with reduced pricing, so that staff could research the availability of "piggyback" contracts initiated by larger public agencies in order to obtain more competitive pricing. Also in November 2002, Council awarded a five-year contract to NewCal Industries, of Pleasant Hill, based on a competitive bid, for the lease of one copier for the Print/Copy Center. This contract is due to expire December 31, 2008. Staff recommends that the Toshiba and NewCal contracts be combined under a new proposed contract with Ricoh. This consolidation would represent a substantial savings over the existing arrangement, amounting to approximately \$240,000 over the four-year term.

**DISCUSSION**

In 2007, the City of Los Angeles, on behalf of U.S. Communities Government Purchasing Alliance and other Government Agencies, issued a competitive bid for lease of multifunctional printers/copiers which resulted in contract award to Ricoh. The contract is effective 1/1/2008 through 9/30/2010 with two one-year options for renewal. The City of Sunnyvale has the opportunity to piggyback on the contract. Should the City of Los Angeles elect not to accept the options to renew, Sunnyvale's agreement would remain in place. The

contract includes all equipment costs, full service maintenance, supplies (excluding paper), training and all applicable taxes.

Section 2.08.220 (b) of the Sunnyvale Municipal Code exempts the City from competitive bidding in situations where the City uses a contract initiated by another governmental, public or quasi-public entity, provided that the original parties to the contract agree the contract is for identical or nearly identical goods, and the contract resulted from a competitive bid using methods similar to those required by the City's Purchasing Ordinance. The U.S. Communities contract meets these criteria.

Staff obtained an independent quote from another major provider of copiers to validate that the U.S. Communities contract provided favorable pricing. This quote was at least 20% higher than Ricoh's proposal.

With this contract, Ricoh will lease 40 satellite copiers to the City that will also scan and print. These copiers will be located throughout City facilities for use by City staff. Specifications were carefully developed to ensure that each copier meets the functional needs and volume requirements of each work unit.

Additionally, a high speed, high volume copier will replace the existing copier in the City's Print/Copy Center. A color copier will also be added to the Print/Copy Center so that high cost color copies that are currently sent to print vendors can now be done in-house at a much lower cost. Finally, a low cost duplicator will be added to the Print/Copy Center that will allow for high volume, high speed printing at approximately \$0.001 per copy.

As part of this contract the City will subscribe to Ricoh's Print Director software. This software will assist in controlling printing cost and minimize user printing abuse by blocking and redirecting printing or by offering lower-cost alternatives. Printing to a standard networked printer costs approximately \$0.07 per copy. With Print Director, large print jobs can be automatically directed to the Ricoh copiers at a cost of approximately \$0.017 per copy. Printing redirection should result in savings, but estimates are unavailable at this time because historical statistics have not been kept.

Ricoh has been recognized for initiating programs that promote environmental conservation and energy-efficient technology. Ricoh recovers 95% of material content from equipment that has reached the end of its useful life. Ricoh is ISO 14001 certified, recognizing that Ricoh has met rigorous international standards for environmental management systems.

It should be noted that a number of government agencies, including City of Cupertino, San Jose, San Francisco and Santa Clara County, have elected to award contracts to Ricoh for their leased copiers.

## **FISCAL IMPACT**

Exact costs to the City for a four-year contract are difficult to predict due to fluctuations in copier usage. Estimates based on last fiscal year's usage indicate a cost of no more than \$145,000 per year for a total four-year cost of \$580,000. Funds are available in the Department of Information Technology's operating budget (Activity 775130 – Provide Satellite Copiers and 775140 Provide Centralized Print, Copy and Bindery Services).

Transition to this contract with Ricoh should result in annual savings of approximately \$60,000, or \$240,000 over the four year term. Savings may be higher with the implementation of the print management software and the low cost duplicator.

## **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

## **RECOMMENDATION**

It is recommended that Council:

1. Award a four-year contract in an amount not to exceed \$145,000 annually for a total contract amount of \$580,000, to Ricoh, for the lease of Citywide Copiers; and
2. Delegate authority to the City Manager to exercise an option to extend the contract for two additional one-year periods, provided that pricing and service remain acceptable to the City.

Reviewed by:

Mary J. Bradley, Director of Finance

Prepared by: Peter Gonda, Senior Management Analyst, Finance

Reviewed by:

Cuong Nguyen  
Director, Information Technology

Approved by:

Amy Chan  
City Manager

**Attachment(s):**

A. Draft Purchase Order



<b>ORDERED FROM</b> 18396 - 001  Ricoh Business Solutions 181 Metro Dr Ste 100 San Jose, CA 95110	4084671800 <b>ORDER DATE</b>	<b>BILL TO:</b>  <b>City of Sunnyvale</b> <b>Finance Department</b> <b>Accounts Payable</b> <b>PO Box 3707</b> <b>Sunnyvale, CA 94088-3707</b>
	<b>EFFECTIVE DATE</b> 9/1/2008	
	<b>EXPIRATION DATE</b> 8/31/2012	
	<b>CONTRACT AMOUNT</b> \$580,000.00	
<b>REQUISITIONING DEPARTMENT</b> (4500) Information Technology/Administration	<b>FOB</b>	<b>FREIGHT CHARGES</b>
	<b>PAYMENT TERMS</b> N/30	<b>BID NO</b>

ITEM	DESCRIPTION	UNIT	UNIT COST
1	Blanket purchase order for the lease of Digital Photocopy Machines as required by City of Sunnyvale Information Technology Department in accordance with City of Los Angeles Contract #58795 terms and conditions, which is incorporated herein by this reference.  This contract may be extended for two additional one year periods provided pricing and service remain acceptable to the City.  Requisition Number: RQ003676  Awarded by Council 8/19/2008, RTC#	MO	\$12,083.33

<b>AUTHORIZED DEPARTMENT(S)</b>		
NO	DEPT NAME	RELEASE AMT
4500	Information Technology/Administration	\$12,083.33

<b>BUYER:</b>	
Howard, Dreama	
<b>PHONE</b> (408) 730-7396	<b>FAX</b> (408) 730-7710