



# City Council Report

**Date:** May 8, 2017  
**To:** City Council  
**Through:** Mike Kennington, Chief Financial Officer  
**From:** Edward Quedens, MPA, C.P.M., CPPO, Business Services Director  
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator  
**Subject:** Dollar Limit Increase to the Term Contract for Managed Print Services for Citywide Departments **(Citywide)**

## Purpose and Recommendation

Council is requested to approve a Dollar Limit Increase to the Term Contract Managed Print Services as recommended.

The Information Technology Department and Purchasing recommend authorizing a dollar limit increase of \$120,000.00, increasing the contract amount from \$600,000.00 to \$720,000.00 in year 4, based on current usage; and authorizing a dollar limit increase of \$240,000.00, increasing the contract amount from \$600,000.00 to \$840,000.00 in year 5, based on estimated requirements; with Arizona Office Technologies-Xerox (AOT).

## Background / Discussion

Managed Print Services is an outsourced vendor service that provides the City's printing, copying, scanning, and faxing using existing and new hardware. This service includes hardware maintenance and providing all supplies, including toner, except paper. The cost for these services is based on a "cost per image" chargeback fee by metering usage per device.

On 3/4/2013, Council approved the initial sixty-three (63) month contract (April 1, 2013 through June 30, 2018). Managed print services enabled departments to replace old, unreliable and high energy use devices with new, current-technology and multi-purpose devices. The City has successfully optimized the City's fleet of devices through reducing its printer fleet, strategic replacements of older devices, and improved management information about City printing over the past four years. Overall, the City has saved approximately \$403,044.00 annually as a result of this managed print services contract.

The City's usage of managed print service has increased since originally estimated in 2013 (\$50,000 per month). The increased cost is not associated with an increase in printing, but instead is related to the retirement of older legacy devices and an increase in the use of the Managed Print Services contract to replace those devices that were not previously under this contract. An increase is needed to process payments for the last two month's invoices in year 4 (March and April 2017). Based on the above stated estimated monthly usage and taking into consideration that year 5 will have a total of 15 months to finish out the initial contract term ending on 6/30/2018, IT has requested an increase of \$240,000.00 for year 5.

## **Alternatives**

Council may choose not to authorize the increases.

## **Fiscal Impact**

The annual contract amount is available is available through citywide Departments' operating budgets.

## **Coordinated With**

Information Technology and Purchasing

## **PURCHASING INFORMATION**

Action: Dollar Limit Increase

Procurement Type: Request for Proposals

Solicitation Number: 2011113

Vendors Registered on Bid List: 37 (included 2 Mesa vendors)

Advertising: Arizona Republic, Bid Net, ProcureAZ and Purchasing Website

Downloads: 62

Responses: 7, and 1 late response

Local Consideration: Not applicable as there were no Mesa responses

Protests Received: None

Initial Contract Term: Five years

Possible Renewals: The resulting Agreement provides for an option to renew at the end of the initial term, based materially on the terms and conditions of the existing Agreement, however, the Agreement also provides for the possibility the City will terminate the Agreement at the end of the initial term and conduct a solicitation for a new contractor.

Prices: Per pricing proposal for the initial contract period

## **Responses**

Arizona Office Technologies - Phoenix, AZ

Canon Business Solutions, Inc. - Scottsdale, AZ

Frontier Technology, LLC - Tempe, AZ

IKON Office Solutions Inc. - Tempe, AZ

ProCopy Office Solutions, PC - Tempe, AZ

Signature Technology Group, Inc. - Phoenix, AZ

Xerox Corporation - Norwalk, CT

## **"Late" proposal was rejected**

Pacific Office Automation - Phoenix, AZ

**DOLLAR LIMIT INCREASE RECOMMENDATION**

***Arizona Office Technologies-Xerox (AOT)***

**Phoenix, AZ**

Description	
Managed Print Services per Contract No. 2011113: Includes providing, managing and maintaining printers, copiers, fax and scanner equipment including provision of supplies (except paper) to citywide departments	
Original Award 3/4/2013 – Current Limit	\$600,000.00
Year 4 Increase Request - 5/8/2017	<u>\$120,000.00</u>
<b>New Annual Contract Amount (Year 4 – 4/1/2016 to 3/31/2017)</b>	<b>\$720,000.00</b>
Year 5 Increase Request - 5/8/2017	<u>\$240,000.00</u>
<b>New Annual Contract Amount (Year 5 – 4/1/2017 to 6/30/2018)</b>	<b>\$840,000.00</b>