



## Legislation Text

---

File #: ID-373-17, Version: 1

---

### *Department of Finance - Division of Procurement & Contracts*

Reference: *Award of Formal Solicitation for a Copier Cancelable Rental*

**To:** Mayor Richard N. McLean and Members of City Council

**Through:** Philip Rodriguez, City Manager

**Prepared By:** Pam Roeding, Procurement & Contracts Manager

**Through:** Jean Starr, Finance Director and Jeromy King, Director of Information Technology & Innovations.

**Date Prepared:** October 9, 2017

### **PURPOSE**

Requesting City Council approval of a State of Colorado Cooperative Agreement for a Copier Cancelable Rental, and approving the resolution giving the Mayor authority to sign the contract.

Municipal Code Section 3-8-40, “. . . . Procurement and contracting procedures generally.

(f). *Cooperative* purchasing shall be implemented when feasible and in the best interest of the City and shall be accepted in lieu of City-generated formal bids.

Municipal Code Section 3.08.200, “. . . . After the City Council has approved a **multi-term** contract, the City Manager may approve an annual extension and any amendment thereto, provided that the contractor has performed the work satisfactorily, all terms and conditions of the contract have been fulfilled, the funds for said extension and amendment have been appropriated, and so long as the dollar amount of said contract extension and amendment is within the authority of the City Manager to approve. The City Manager, at his or her discretion, may take a **multi-term** contract and amendment thereto to the City Council for approval. All extensions and amendments to **multi-term** contracts in excess of the authority of the City Manager to approve shall be approved by the City Council.”

### **BACKGROUND**

In the past it has been the City's practice to purchase copiers up-front requiring capital outlay for the initial purchase. As the fleet of copiers the City currently owns begins to depreciate or become obsolete, strategic planning is key in providing equipment to meet various departmental requirements. A Cancelable Rental provides a viable option to the acquisition process. The financial burden of obsolescence is passed on to the equipment leasing company.

Following are benefits of Cancelable Rental instead of purchasing or leasing:

- Flexibility - payments, upgrades, and the addition of new technology as it becomes available, ability to cancel due to poor service/maintenance
- Opportunities - to expand the acquisition of equipment as it meets our business needs
- Reduced Total Cost of Ownership (TCO)
- Lifecycle management - the Cancelable Rental solution manages the lifecycle of the asset reducing cost and risk
- Financial - no large cash outlay, no depreciation, hedge against inflation, free working capital, no financial obligation to a third party

The pricing for these copiers was negotiated through the State of Colorado Cooperative Agreement. The agreement was awarded to the following vendors:

- Canon
- Xerox
  
- Konica
  
- Ricoh

The Procurement and Contracts Division, in working with the Information Technology & Innovations Department, and interviewing all awarded vendors, the best fit for the City is Lewan Technology A Xerox Company. These copiers will be provided and maintained by Lewan Technology A Xerox Company. The Cancelable Rental was negotiated with the vendor agreeing to a three month cancelable clause.

A Citywide analysis was conducted to identify a copier replacement program for the City. This included evaluating all current copiers and moving them to another location within the City based on usage to extend the life of the equipment.

The City identified six (6) locations in need of copier replacement. These locations will receive new Xerox copiers. The annual rental cost of the six (6) copiers will be \$21,638.40. The cost will include an additional standard cost per copy rate of 0.0050 per copy for black and white and 0.0500 per copy for Color for three (3) devices and, 0.0076 per copy for black and white and 0.0490 per copy for Color for three (3) devices; depending on the upgrades.

- 1) City Hall 2<sup>nd</sup> Floor - Parks and Recreation, Community Development and Streets/Fleet Administration
- 2) City Hall 5<sup>th</sup> Floor - Finance and Information Technology & Innovations
- 3) City Hall 6<sup>th</sup> Floor - City Manager, BURA, General Services, Public Information Office
- 4) Parks and Recreation - Recreation Center
- 5) Police Department - Administration
- 6) Police Department - Records

### **FINANCIAL IMPACT**

The proposal is within the 2017 Adopted Budget amount and has been projected for the four (4) extensions.

### **STAFF RECOMMENDATION**

The Finance Department, in working with the Information Technology & Innovations Department and completing the review and evaluation of this rental agreement, the recommendation is to award to Lewan Technology A Xerox Company in the amount of an annual rental cost for the six (6) copiers of \$21,638.40 annually. The cost will include an additional *cost per copy rate* of 0.0050 per copy for black and white and 0.0500 per copy for Color for three (3) devices and, 0.0076 per copy for black and white and 0.0490 per copy for Color for three (3) devices; depending on the upgrades for the Xerox Copiers Cost Per Copy Rental Agreement.

Lewan Technology A Xerox Company is in good standing with the State of Colorado.

### **OPTIONS FOR COUNCIL CONSIDERATION**

- Approval as presented
- Reject

- Require new proposals be prepared

**ATTACHMENT**

- Resolution