



**CITY OF PLANO
COUNCIL AGENDA ITEM**

CITY SECRETARY'S USE ONLY					
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory					
Council Meeting Date:		6/28/10			
Department:		Purchasing			
Department Head		Mike Ryan			
Agenda Coordinator (include phone #): Glenna Hayes x 7539					
CAPTION					
To approve a 48 month lease agreement for Copiers in an estimated amount of \$658,560 for City departments from OCE' North America through an existing contract with the State of Texas Department of Information Resources (DIR) and authorizing the City Manager to execute all necessary documents. (DIR-SDD-524)					
FINANCIAL SUMMARY					
<input type="checkbox"/> NOT APPLICABLE <input checked="" type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP					
FISCAL YEAR:	2010-11, 2011-12, 2012-13, 2013-14	Prior Year (CIP Only)	Current Year	Future Years	TOTALS
Budget		0	0	658,560	658,560
Encumbered/Expended Amount		0	0	0	0
This Item		0	0	-658,560	-658,560
BALANCE		0	0	0	0
FUND(S): VARIOUS FUNDS					
<p>COMMENTS: This item approves price quotes. Expenditures will be made in each department for managing their orders and paying expenses out of their individual budgets based on need within the approved budget appropriations for each year of the contract. The estimated total 48-month lease amount is \$658,560, which will be made within approved budget appropriations.</p> <p>STRATEGIC PLAN GOAL: The approved annual lease for City Copiers relates to the City's goal of a "Financially Strong City with Service Excellence."</p>					
SUMMARY OF ITEM					
<p>Staff recommends the leasing of copiers for City departments in an estimated amount of \$658,560 from OCE North America through an existing agreement with the Texas Department of Information Resources for a term of 48 months to commence 10/1/2010. Lease agreement will provide a 90 day termination notice and cancellation without penalty or consequence. The City is authorized to purchase from the State Contract list pursuant to Section 271 Subchapter D of the Local Government Code and by doing so satisfies any State Law requiring local governments to seek competitive sealed bids for items.</p>					
List of Supporting Documents: Memo			Other Departments, Boards, Commissions or Agencies		

Memorandum

Date: June 16, 2010
To: Diane Palmer-Boeck, Purchasing Manager
From: Dana Conklin, Director of Public Information
Subject: **City Copier Contract**

On August 13, 2007 City Council approved a contract with renewals for convenience copiers through the State contract (#985-A6). We were notified in the summer of 2009 that no additional copiers could be added through this contract and the contract would be cancelled in August of 2010.

During the new contract research process it was brought to our attention that the hard drives on our current copiers do not have the capability to be automatically erased and this option was not included in the original rental agreement from 2007. The cost to erase the drives for the entire rental fleet was estimated at \$30,000. In light of this fact two options for fleet conversion were investigated:

Pay the \$25,748 unbudgeted fee to erase the hard drives as quoted by Oce, our current vendor, to include 85 of the 97 copiers in the fleet needing this attention. We would continue to rebid the contract as anticipated.

Or

Negotiate an option with Oce through the DIR contract to absorb the erasure fee if we enter into a 48 month lease agreement that can be terminated with a 90 day out clause or due to non-appropriation of funds. This scenario requires all copiers be replaced with new machines that will meet each department's requirements while providing newer equipment with the hard drive cleaning feature built in.

Due to the approaching cancellation of the state contract and the need to erase all existing machines, we moved ahead with the second option in order to meet the needs of our fleet in erasing hard drives now and into the future while averting the unbudgeted payment of \$25,748 to erase the existing machines.

Oce has offered a total cost reduction to the lease contract of \$34,620 which provides additional savings under the proposed new pricing structure. Internal savings will also be realized by terminating the 18% service charge previously assessed each machine by the Print Shop for coordinating the billing.

The purchasing department had communicated with various vendors about our original intention to competitively search available cooperatives. Utilizing Oce, our current vendor, may result in potential protests from these vendors.

We are confident in the decision to go with Oce, who has historically provided a good product as well as acceptable customer service. We can stand behind the business decision to save the \$25,748 cleanout fee as well as see the additional savings quoted over our current fee schedule.

The Purchasing Department has reviewed bid results for copiers for some of our surrounding cities and do not believe we would see enough savings to cover the absorption of the erasure fee. We also believe the fee schedule offered through the DIR contract is competitive and therefore reflective of the current marketplace.

It has also been brought to our attention that some companies are beginning to offer coverage of erasure fees for outgoing machines which are not theirs. While this just emerged as an option this week, we do not feel we can include this in any potential bid specification due to factors such as scheduling, coordination, and payment procedures which would add to the level of difficulty in changing vendors under the short time frame in which we are working.

At this time we recommend that the Purchasing Department should proceed in establishing a new contract with our existing vendor, Oce'.