

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2008-59

Contract Amendment for Copier Equipment and Maintenance

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	7/3/08 7/17/08	Discussion/Postponed to 7/17/08 Discussion/Possible Action	Brian McCartan, CFO Kevin Crawford, CIO	(206) 398-5100 (206) 398-5137

Contract/Agreement Type:	Requested Action:
Competitive Procurement	Execute New Contract/Agreement
Sole Source	Amend Existing Contract/Agreement ✓
Agreement with Other Jurisdiction(s)	Budget Amendment
Real Estate	Property Acquisition
Negotiated Procurement ✓	

PROJECT NAME

Equipment Agreement with IKON Office Solutions for copiers

PROPOSED ACTION

Authorizes the chief executive officer to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental in the amount of \$617,000 for a new total authorized contract amount not to exceed \$1,200,000.

KEY FEATURES of PROPOSED ACTION

- Sound Transit currently has a contract with IKON Office Solutions (IKON) for copiers, including maintenance and copier operations. The contract was executed in 2004 and expires on December 31, 2009, and authorized by Motion No. M2006-40.
- Since Motion No. M2006-40 was approved by the Board, Sound Transit has experienced a significant growth in copier fleet requirements: 13 copiers have been added (for a new total of 37) at new construction sites, for increased requirements at central locations, and for upgrading three copiers. As a result, monthly costs have risen from approximately \$15,000 to \$35,000.
- The original not to exceed amount did not include funds or contingency for the additional costs and growth listed above.
- The additional funding will allow for continued services through December 31, 2009. Any new requirements will be achieved under a new contracting authority.
- Staff will evaluate options to control and reduce leasing costs and provide recommendations to the Finance Committee by Fall 2008.
- Budget for both the capital and operating costs have been included within the adopted budgets, and expenditure levels have been within Board-adopted budgetary levels.

BUDGET IMPACT SUMMARY

There is no action outside of the Board-adopted budget; there are no contingency funds required, no subarea impacts, or funding required from other parties other than what is already assumed in the financial plan.

BUDGET and FINANCIAL PLAN DISCUSSION

Goods and services procured under these contracts were obtained within Board-adopted budgetary levels.

Budget for the acquisition of copiers is primarily found within the Corporate Services and Administrative Capital Budget on pages 202 and 226 in the Adopted 2008 Budget book. Copiers that were acquired for use in field offices, however, were charged to the specific project. Although payment for the equipment is made monthly over the life of the lease, for budget authorization and accounting purposes, Sound Transit recognizes the full cost of the copiers at the time of acquisition.

Budget for copy operational services is included within the departmental staff budgets, within transit operations and within project budgets. Costs for these services are charged to the department or program using the services at the time that the services are rendered, at which time adequacy of budget is verified.

BUDGET TABLE

Action Item: IKON Office Solution

	Adopted 2008 Budget	Spent to date in 2008	Contract Expenditures 2008	Remaining 2008 Budget
Current Year Budget				
Corporate Service_ Other Services	392		400	(8)
Corporate Service_ Leased Furn & Equip	70			70
Agency Operations	43			
Total Account Category	505	-	400	62

Budget Shortfall

Level	Shortfall	Resources	Funding Source
N/A	-	-	N/A

Contract Spending Plan	Prior Year(s) Spending	2008 Spending	Future Expenditures	Total
Corporate Services & Agency Operations	554	400	246	1,200

Contract Budget	Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Corporate Services & Agency Operations	583	554	617	1,200
Contingency	-	-		-
Total	583	554	617	1,200
Percent Contingency	0%	0%	0%	0%

Notes:

Budget for this item is included in the Sound Transit Staff Operating Budget Summary page 202 & 226 of the 2008 Board Adopted Budget. On page 202, Corporate Service section, use line items, Other Services and Leased Furniture & Equipment for maintenance and lease expenses. On page 226, Agency Operations, use line Item Unallocated Budget for the remaining funding. The 2009 portion of the contract amount will be requested in the proposed 2009 Budget.

SMALL BUSINESS PARTICIPATION

Prime Consultant/Contractor

Not applicable to this action.

EEO Commitment

In its national workforce, IKON employs 31% People of Color and 36% Women. IKON's local workforce is 23% People of Color and 36% Women.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

Sound Transit procures copiers for use throughout its facilities; including the administrative offices, project field offices, operations facilities, and the copy center. It acquired the equipment as capital assets, with the agency recognizing the full value at the time of acquisition for budget

authority purposes and making the capital lease payments to the vendor over its useful life. The agency obtained a competitive price for these leases under a negotiated procurement.

The current purchase order for copiers and maintenance was not funded to include new procurements and any new requirements that the Agency might establish during the life of the contract. It was initially structured to carry forward the copier fleet as it existed in 2006. At that time, the agency had 22 copiers at core sites and 2 at remote locations. Since 2006, Sound Transit has added 13 copiers (4 in core sites and 9 in remote locations) and has upgraded three other copiers for additional printing and color copying features. The increased requirement costs are such that further funding is required to continue the copier functions for the agency.

The proposed action will provide enough funding to cover known requirements and some modest growth through 2009. However, given the substantial growth in copier lease costs, the agency will undertake a re-evaluation of its leasing program and report back to the Finance Committee by Fall 2008 on a recommended approach going forward. This analysis will include evaluating options to (a) continue with exiting leasing program; (b) utilize Washington State leasing programs; (c) directly purchase copiers; (d) re-procure leasing from another vendor.

Prior Board/Committee Actions

Motion/Resolution Number and Date	Summary of Action
M2006-40 5/11/06	A motion of the Board of the Central Puget Sound Regional Transit Authority (1) ratifying the Equipment Agreement with IKON Office Solutions for copiers; (2) ratifying the services Agreement with IKON Office Solutions for copier maintenance, supplies, and copy services; (3) approving an expenditure of \$1,805,000 for past costs incurred under the two agreements; (4) approving \$583,000 for copier maintenance and supplies over the remaining life of the copiers; and (5) approving \$275,000 for interim copy services until a competitive Request for Proposal process is completed.

CONSEQUENCES of DELAY

A delay will require Sound Transit to discontinue copiers leases/rentals and maintenance and require Sound Transit to pay penalties for ending those leases and rentals per the agreement.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

SSK 6-09-08

LEGAL REVIEW

JW 6/23/08

SOUND TRANSIT

MOTION NO. M2008-59

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental in the amount of \$117,000 for a new total authorized contract amount not to exceed \$700,000.

Background:

Sound Transit procures copiers for use throughout its facilities; including the administrative offices, project field offices, operations facilities, and the copy center. It acquired the equipment as capital assets, with the agency recognizing the full value at the time of acquisition for budget authority purposes and making the capital lease payments to the vendor over its useful life. The agency obtained a competitive price for these leases under a negotiated procurement.

In 2006, Sound Transit signed a contract with IKON Office Solutions for the lease of 24 copiers at a specified rate which were discounted from WA DIS pricing. For this pricing, Sound Transit agreed to waive cancellation clauses.

The current purchase order for copiers and maintenance was not funded to include new procurements and any new requirements that the Agency might establish during the life of the contract. It was initially structured to carry forward the copier fleet as it existed in 2006. At that time, the agency had 22 copiers at core sites and 2 at remote locations. Since 2006, Sound Transit has added 13 copiers (4 in core sites and 9 in remote locations) and has upgraded three other copiers for additional printing and color copying features. The additional copiers were added to the current IKON contract. The additions should have either been added with more authority from the Finance Committee or acquired through separate procurement processes. The increased requirement costs are such that further contract authority is required to continue the copier functions for the agency, while a review is completed.

The proposed action will provide enough funding to cover known requirements through October 2008. Including time for the agency to undertake a re-evaluation of its leasing program and report back to the Finance Committee in September 2008 on a recommended approach going forward. This analysis will include evaluating options to (a) continue with existing leasing program; (b) utilize Washington State leasing programs; (c) directly purchase copiers; (d) re-procure leasing from another vendor.

Motion:


It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental in the amount of \$117,000 for a new total authorized contract amount not to exceed \$700,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on July 17, 2008.



Aaron Reardon
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator