

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2008-99

Contract Amendment for Copier Equipment and Maintenance

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	10/2/08	Discussion/Possible Action	Brian McCartan, CFO Jason Weiss, Acting CIO	(206) 398-5100 (206) 398-5293

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 Lease 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 services in the amount of \$180,000 for a new total authorized contract amount not to exceed \$880,000.

KEY FEATURES of PROPOSED ACTION

- Authorizes the extension of a contract with IKON to provide copier lease and maintenance for five additional months (through March 2009) to allow time for a new procurement of these services. Staff will return to the Finance Committee to seek approval of new copier contracts before March 31, 2009.
- Initial cost estimates provided by four vendors, initiated at the request of the Finance Committee, indicate that if these services are re-bid, the agency could potentially reduce cost and enter into a more efficient, flexible copier contract.
- The Adopted 2008 Budget is sufficient to cover existing expenses under this contract and expenditure levels have been within Board-adopted budgetary levels.

BUDGET IMPACT SUMMARY

The budget for both the capital and operating costs have been included within the adopted budgets. 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	328	328	64
Corporate Service_ Leased Furn & Equip	70			70
Agency Operations	43			
Total Services Category	505	328	328	134

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	372	328	180	880

Contract Budget	Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Corporate Services & Agency Operations	700	700	180	880
Contingency	-	-		-
Total	700	700	180	880
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. Page 202, Corporate Service section line item Other Services for Maintenance Expense and line item Leased Furniture & Equipment for Lease expense. Page 226 Agency Operations Line Item Unallocated Budget. The 2009 portion of the contract amount will be requested in the proposed 2009 Budget.

SMALL BUSINESS PARTICIPATION

Prime Consultant/Contractor

IKON is the prime vendor for this contract and performs 100% of the work.

EEO Commitment

IKON employs 31% People of Color and 36% Women.

PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION

Sound Transit procures copiers for use throughout its facilities; including administrative offices, project field offices, operations facilities, and the copy center. Under the current agreement, Sound Transit is receiving competitive prices under the State of Washington GSA pricing structure. The original copier contract with IKON was intended to be re-solicited in 2009.

In June 2008, staff proposed an amendment to the existing IKON copier contract for \$617,000 in order to provide sufficient purchase order (PO) authority through December 31, 2009. This was proposed because the original PO for copiers and maintenance was not funded to include new copiers added to the original contract to meet new requirements that the Agency faced during the life of the contract. The action was not approved by the Finance Committee, and staff was requested to seek opportunities for cost reductions in imaging/printing costs.

In July 2008, the Finance Committee was briefed on a plan for staff to conduct a market survey to reduce imaging/printing costs. The plan included extending the current IKON contract for the duration of the research period. The Finance Committee approved additional funds through October 2008, through Motion No. M2008-59. Staff was directed to return with a recommendation after a thorough review of the current contract and possible alternatives.

The review has been completed. Firms on the State of Washington contract were invited to provide initial cost estimates to Sound Transit to provide copier equipment, including buying out the current contract. Sound Transit received four cost estimates. The cost estimates received indicate a potential for cost savings if Sound Transit were to utilize a competitive procurement process and convert to a cost-per-copy contract versus a leased-based approach.

In addition, the current contract has taken significant staff time to manage and offers little flexibility to pursue cost savings opportunities under the current terms. The current contract only allows for adding new equipment and does not allow for cancellation of existing equipment under lease if business requirements decrease. A new contract may allow for additional cost savings opportunities from increased efficiencies in copier usage; including higher utilization of fewer equipment and use of new multifunction devices.

At the current rate of expenditure, the funds authorized under the existing contract will be expended by the end of October 2008. The proposed action increases the contract amount with IKON Office Solutions for copier maintenance, lease and rentals in the amount of \$180,000 and will cover anticipated costs through March 31, 2009.

Staff is recommending that a new competitive procurement process be undertaken for copier equipment and maintenance. Sound Transit would replace the current contract and enter into a more efficient, flexible and potentially lower cost contract. The current contract may be entirely

replaced by March 31, 2009, or phased out incrementally, depending on which option is determined to be more cost effective.

Prior Board/Committee Actions

Motion/Resolution Number and Date	Summary of Action
M2008-59 7/03/08	Authorizes 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, which covers costs through October 30 th , 2008.
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

The current contract authority covers the costs through the end of October 2008. A delay in two weeks would not have a significant impact on agency operations. Additional authorization is required to fund the contract through March 2009 to allow staff to complete a competitive procurement process.

PUBLIC INVOLVEMENT

Not applicable to this action.

ENVIRONMENTAL COMPLIANCE

SSK 9/25/08

LEGAL REVIEW

LGA 9/25/08

SOUND TRANSIT

MOTION NO. M2008-99

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 services in the amount of \$180,000 for a new total authorized contract amount not to exceed \$880,000.

Background:

Sound Transit procures copiers for use throughout its facilities; including administrative offices, project field offices, operations facilities, and the copy center. Under the current agreement, Sound Transit is receiving competitive prices under the State of Washington GSA pricing structure. The original copier contract with IKON was intended to be re-solicited in 2009.

In June 2008, staff proposed an amendment to the existing IKON copier contract for \$617,000 in order to provide sufficient purchase order (PO) authority through December 31, 2009. This was proposed because the original PO for copiers and maintenance was not funded to include new copiers added to the original contract to meet new requirements that the Agency faced during the life of the contract. The action was not approved by the Finance Committee, and staff was requested to seek opportunities for cost reductions in imaging/printing costs.

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The review has been completed. Firms on the State of Washington contract were invited to provide initial cost estimates to Sound Transit to provide copier equipment, including buying out the current contract. Sound Transit received four cost estimates. The cost estimates received indicate a potential for cost savings if Sound Transit were to utilize a competitive procurement process and convert to a cost-per-copy contract versus a leased-based approach.

In addition, the current contract has taken significant staff time to manage and offers little flexibility to pursue cost savings opportunities under the current terms. The current contract only allows for adding new equipment and does not allow for cancellation of existing equipment under lease if business requirements decrease. A new contract may allow for additional cost savings opportunities from increased efficiencies in copier usage; including higher utilization of fewer equipment and use of new multifunction devices.

At the current rate of expenditure, the funds authorized under the existing contract will be expended by the end of October 2008. The proposed action increases the contract amount with IKON Office Solutions for copier maintenance, lease and rentals in the amount of \$180,000 and will cover anticipated costs through March 31, 2009.

Staff is recommending that a new competitive procurement process be undertaken for copier equipment and maintenance. Sound Transit would replace the current contract and enter into a

more efficient, flexible and potentially lower cost contract. The current contract may be entirely replaced by March 31, 2009, or phased out incrementally, depending on which option is determined to be more cost effective.

Motion:

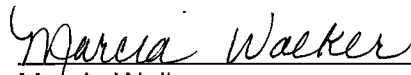
It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a contract amendment with IKON Office Solutions for copier maintenance, lease and rental services in the amount of \$180,000 for a new total authorized contract amount not to exceed \$880,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on October 2, 2008.



Aaron Reardon
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator