

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2009-18**

**Contract for Copier Equipment and Maintenance**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	2/19/09	Discussion/Possible Action	Brian McCartan, CFO <b>Jason Weiss, Acting CIO</b>	(206) 398-5100 <b>(206) 398-5293</b>

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

**PROJECT NAME**

Equipment and Maintenance Agreement with Copiers Northwest for Agency Copiers

**PROPOSED ACTION**

Authorizes the chief executive officer to execute a contract with Copiers Northwest to provide copier equipment and copier maintenance services for a total authorized contract amount not to exceed \$775,000.

**KEY FEATURES of PROPOSED ACTION**

- At Finance Committee direction, staff procured new copier equipment and maintenance services to decrease costs and increase contract flexibility.
- For reference, Sound Transit currently has three IKON copier contracts:
  1. IKON master equipment contract: a) fleet (office) copiers, and b) copy center copiers
  2. IKON OMF equipment contract: fleet copiers at the Link O&M Facility
  3. IKON service contract: copy center personnel
- This contract with Copiers Northwest will replace all IKON fleet copiers (items 1a and 2 above), but does not include the copy center (items 1b and 3 above).
- At current copy volumes, the new contract will save the agency approximately \$100,000 per year versus the current IKON contract rates, while maintaining comparable equipment capacity and adding new multi-functional features including integrated fax and scanning.
- This contract provides flexibility to remove or add equipment over the contract term. 10% of the equipment may be removed each year without penalty. In addition, all equipment added during the life of the contract will have the same contract end date.
- New copiers will be phased in as the current IKON copier leases expire, starting 9/1/2009. This phased approach costs significantly less than buying out the existing equipment leases.
- This contract provides for a five-year term with no options to extend. The requested contract amount covers foreseeable growth for all five years of the contract, but does not include all costs related to future ST2 activity.
- Staff recommends a competitive procurement for a single comprehensive copy center contract to further reduce copier costs and to replace the IKON copy center equipment and the IKON copy center service contract. The new procurement would be completed by July 2009.

**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 found within the Corporate Services and Administrative Capital portions of the Adopted 2009 Budget. 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**

**Summary for Board Action (X \$1,000)**

Action Item: Copiers NW

	Adopted 2009 Budget	Spent to date in 2009	Contract Expenditures 2009	Remaining 2009 Budget
<b>Current Year Budget</b>				
Corporate Service_ Other Services	416	-	-	416
Corporate Service_ Leased Furn & Equip	79	-	-	79
Agency Operations	803	-	-	803
<b>Total Account Category</b>	<b>1,298</b>	<b>-</b>	<b>-</b>	<b>1,298</b>

**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		-	775	775

Contract Budget	Current Approved Contract Value	Spent to Date	Proposed Action	Proposed Total Contract Value
Corporate Services & Agency Operations	-	-	775	775
Contingency	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>775</b>	<b>775</b>
<b>Percent Contingency</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>0%</b>

**Notes:**

Budget for this item is included in the Sound Transit Staff Operating Budget Summary page 207 & 233 of the Proposed 2009 Budget book. Page 207 Corporate Service section line item Other Services for Maintenance Expense and line item Leased Furniture & Equipment for Lease expense. Page 233 Agency Operations Line Item Unallocated Budget. The 2010 portion of the contract amount will be requested in the proposed 2010 Budget.

## **SMALL BUSINESS PARTICIPATION**

### Prime Consultant/Contractor

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

### Equal Employment Workforce Profile

Out of its workforce of 208 employees, Copiers Northwest employs 12% People of Color and 22% Women.

## **PROJECT DESCRIPTION and BACKGROUND for PROPOSED ACTION**

Sound Transit procures copiers for use throughout all of its facilities. At Finance Committee direction, staff competitively procured new copier equipment, including maintenance services, to replace the existing IKON copier equipment master contract. Staff was required to return to the Finance Committee prior to March 31, 2009. The recommend action meets both goals stated in the October 2008 staff report to the Finance Committee: 1) decreasing overall agency copier costs, and 2) increasing equipment contract flexibility.

This new contract substantially reduces costs for agency copiers compared to current IKON contract rates. This contract will replace all existing IKON fleet (office) copiers, as the IKON equipment is phased out within contract terms. At current copy volumes, this contract will save the Agency approximately \$100,000 per year versus the current IKON contract costs, while maintaining comparable equipment capacity.

In addition to cost savings, the recommended contract allows for the flexibility to add or remove equipment to meet changing business requirements during the life of the contract. The lack of flexibility is a major concern with the current IKON contract, as there is no provision to remove unnecessary or expensive equipment, and all new equipment added has its own lease period. The new contract includes a provision to reduce up to 10% (based on cost) of the equipment without penalty each year, if the requirements for copier equipment decrease during the life of the contract. In addition, all new equipment added during the life of the contract will have the same end date, at the end of the five year contract. Therefore if more equipment is added mid-contract, it will not carry over past the five year contract term.

Another advantage of this contract is that all the new fleet copiers provide new multi-function (MFP) features that will allow for further cost saving, as well as sustainability opportunities. All of the new copiers are fully digital, with MFP features including integrated fax and network scanning. This will allow additional capacity to be driven with the new MFP copiers, reducing the need for redundant stand alone imaging devices such as fax machines. Utilizing MFPs will reduce cost associated with purchasing and maintaining stand alone equipment, and meet the Agency sustainability objective to reduce equipment by utilizing MFPs.

Options were investigated in the procurement process to buy out the existing IKON equipment leases, as the IKON contract does not have provisions for early lease termination. Staff determined it costs substantially less to phase out the existing equipment than to buy out the equipment, despite the higher monthly operating cost of the current equipment. As such, staff recommends a phased procurement schedule, as the current IKON copiers expire. Under this proposal, approximately 60% of the new Copiers Northwest fleet would be installed on 9/1/09, 90% installed by 6/1/2010, and 100% installed by 12/31/2010.

This contract does not include the copy center copiers located at Union Station. Copy center equipment was an option investigated in the procurement process, but was not pursued due to the current contract terms, and because the existing IKON copy center services contract is separate from the IKON equipment contract. Staff has researched all existing copier contracts, and proposes additional cost savings may be realized by combining all copy center elements into one new copy center contract for both equipment and services.

Staff requests approval of the contract with Copiers Northwest in an amount not to exceed \$775,000 to allow for substantial copier equipment and maintenance cost savings, and improved contract flexibility. The requested amount is enough to cover foreseen growth for all five years of the contract, but does not include all costs related to future ST2 activity.

**Prior Board/Committee Actions**

None.

**CONSEQUENCES of DELAY**

If the related action, Motion No. M2009-19, an amendment to the current IKON copier contract is approved by the Finance Committee on February 19, 2009, the IKON contract will provide for all agency copier equipment through August 31, 2009. If this motion is not approved by July 2009, Sound Transit will not be able to replace the more expensive IKON equipment on September 1, 2009 as recommended.

**PUBLIC INVOLVEMENT**

Not applicable to this action.

**ENVIRONMENTAL COMPLIANCE**

SK 2-10-09

**LEGAL REVIEW**

LA 2/12/09

## SOUND TRANSIT

### MOTION NO. M2009-18

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a contract with Copiers Northwest to provide copier equipment and copier maintenance services for a total authorized contract amount not to exceed \$775,000.

#### **Background:**

Sound Transit procures copiers for use throughout all of its facilities. At Finance Committee direction, staff competitively procured new copier equipment, including maintenance services, to replace the existing IKON copier equipment master contract. Staff was required to return to the Finance Committee prior to March 31, 2009. The recommend action meets both goals stated in the October 2008 staff report to the Finance Committee: 1) decreasing overall agency copier costs, and 2) increasing equipment contract flexibility.

This new contract substantially reduces costs for agency copiers compared to current IKON contract rates. This contract will replace all existing IKON fleet (office) copiers, as the IKON equipment is phased out within contract terms. At current copy volumes, this contract will save the Agency approximately \$100,000 per year versus the current IKON contract costs, while maintaining comparable equipment capacity.

In addition to cost savings, the recommended contract allows for the flexibility to add or remove equipment to meet changing business requirements during the life of the contract. The lack of flexibility is a major concern with the current IKON contract, as there is no provision to remove unnecessary or expensive equipment, and all new equipment added has its own lease period. The new contract includes a provision to reduce up to 10% (based on cost) of the equipment without penalty each year, if the requirements for copier equipment decrease during the life of the contract. In addition, all new equipment added during the life of the contract will have the same end date, at the end of the five year contract. Therefore if more equipment is added mid-contract, it will not carry over past the five year contract term.

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**Motion:**

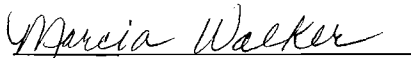
It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a contract with Copiers Northwest to provide copier equipment and copier maintenance services for a total authorized contract amount not to exceed \$775,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on February 19, 2009.



Aaron Reardon  
Finance Committee Chair

ATTEST:



Marcia Walker  
Board Administrator