



To: General Purposes Committee
From: Grant Fengstad
 Director, Information Technology

Date: October 1, 2019
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Re: Award of Contract 6430P–Provision For Managed Print Services

Staff Recommendation

1. That Contract 6430P–Provision for Managed Print Services, for a five (5) year contract with the option to extend for two additional one-year periods, be awarded to Xerox Canada Ltd., for the total amount of \$840,527.85; and
2. That the Chief Administrative Officer and the General Manager, Finance and Corporate Services be authorized to negotiate and execute a managed print services contract with Xerox Canada Ltd. on the terms and conditions of the contract as outlined in Contract 6430P–Provision for Managed Print Services.

Grant Fengstad
 Director, Information Technology
 (604-276-4096)

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Finance Purchasing Sustainability Clerks	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	 <hr/>
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: CJ	APPROVED BY CAO

Staff Report

Origin

As part of daily operations, the City uses a combination of multi-functional print devices, facsimile, scanners, printers, consumables and related maintenance and support services. Over the past seven years, the City's print devices were acquired through a combination of leases and purchases. Most of the City's print devices are now nearing or past their useful life, require frequent maintenance and are not economical to maintain.

This report presents a summary of the bids received and recommends that the City enter into a five (5) year contract (with the option to extend for two additional one-year periods) with Xerox Canada Ltd. for the supply and operation of the City's print equipment.

This report supports Council's Strategic Plan 2018-2022 Strategies as follows:

Strategy #2 A Sustainable and Environmentally Conscious City:

Environmentally conscious decision-making that demonstrates leadership in implementing innovative, sustainable practices and supports the City's unique biodiversity and island ecology

- 2.1 *Continued leadership in addressing climate change and promoting circular economic principles.*
- 2.2 *Policies and practices support Richmond's sustainability goals.*

Strategy #5 Sound Financial Management:

Accountable, transparent, and responsible financial management that supports the needs of the community into the future.

- 5.2. *Clear accountability through transparent budgeting practices and effective public communication.*
- 5.3. *Decision-making focuses on sustainability and considers circular economy principles.*

Analysis

On March 27, 2012, the City entered into an initial five (5) year agreement with Ricoh Canada Inc. to provide print equipment and support services. This agreement was for the supply, installation, configuration, maintenance and support of multifunctional devices that provide printing, copying, facsimile and scanning functionality in a secure environment. Multifunctional devices are critical to the City's operations and are used daily by City staff in 36 facilities.

The current agreement with Ricoh provided the City the option to renew its agreement with Ricoh Canada Inc. for two additional one (1) year terms at the end of five-year term which were subsequently exercised.

Scope of the Work

The scope of work for the new contract is for the provision of managed print services (functional and technical consultant services to assist in the design, configuration, supply, optimization and change/support management of the City's print equipment).

The City is also planning to leverage the contract to improve print functionalities. Some of the primary enhancements include:

- Implementation of sustainability initiatives such as equipment certification with Energy Star, Electronic Product Stewardship Canada (EPSC) and Underwriter Laboratories ECOLOGO, elimination or reduction of toxins in devices and consumables and print release functionalities (automatic deletion of unidentified print jobs)
- Implementation of reporting features on energy consumption, paper and toner usage and end-of-life disposition
- Implementation of a remote asset management system to track and reduce print volume, consumables, power consumption and paper
- Implementation of management print tools at each location to ensure that the City's business needs are matched with equipment that is optimally deployed and sized correctly

This business service is consistent with the following circular economy principles:

- Stimulate energy efficiency
- Reuse of raw materials (Xerox's "Signature Analysis" technology ensures *all equipment no matter the percentage of new and reused parts-meet the same stringent quality specifications for performance, appearance and reliability*)
- Reduce environmental impact by toxic and hazardous materials
- Protection and sustainable use of natural capital (by reducing paper consumption, energy and inks)
- Improve sustainability of City operational management
- Improve sustainability of product and market supply chains
- Resource efficiency maximization and waste generation reduction

Public Bidding

A Request for Proposal (RFP) 6430P was posted on BC Bid in accordance with the City’s Procurement Policy on January 10, 2019 and closed on February 1, 2019. The City received proposals from five (5) proponents in response to the RFP:

Table 1 – Proposals received

Proponents	Proposal Amount
Xerox Canada Ltd.	\$828,517
Konica Minolta Business Solutions Canada Ltd.	\$929,860
Ricoh Canada Inc.	\$994,407
Canon Canada Inc.	\$1,068,384
Laser Valley Technologies Corp (HP)	\$1,205,700

A staff team, which included frequent users, evaluated the responses based on predetermined criteria including, but not limited to:

- proposal quality
- proponent qualifications
- financial proposal
- project methodology
- ability to meet supply/service requirements

Proponents were requested to provide both a Lease and a Print per Impression option. An evaluation of total costs over a five-year term concluded that a Lease option is most cost effective for the City.

As a result of the evaluation process, Xerox Canada Ltd. and Ricoh Canada Inc. were shortlisted to proceed to the second stage of the evaluation process which took the form of an interview and rigorous product testing by staff.

The evaluation team noted Xerox products supports the City’s sustainability goals by *“meeting or exceeding registration requirements for environmental performance. Along with EPEAT, Xerox offers ENERGY STAR, ECOLOGO and Blue Angel certified office products and with its partnership with PrintReleaf, enables managed print services customers to offset their printing by planting trees in endangered geographies.” (2018 Corporate Social Responsibility Report, Xerox)*

Xerox Canada Inc. also supports the circular economy with their unique processes and technologies ensuring *“that all equipment – no matter the percentage of new and reused parts – meet the same stringent quality specifications for performance, appearance and reliability. The Green Electronic Council (GEC) presented its Catalyst Award to Xerox for the analytical approach of our signature analysis, lending credibility to reuse and providing a quantitative*

metric to support the claim that reused parts meet the same quality specifications as new". (2018 Corporate Social Responsibility Report, Xerox)

As determined by the consolidated evaluations and product testing that was undertaken, Xerox Canada Ltd. received the highest score and was deemed the recommended proponent. Furthermore, Xerox Canada Inc. provided the response that best meets the City's requirements described in the RFP at the lowest cost.

Financial Analysis

The estimated value of the five-year proposed contract is \$828,517 to replace the current fleet of multifunctional devices in scope, for printing devices across all City operations with the exception of Production Centre equipment, Mailroom equipment, and 14 print devices currently under separate contract with Ricoh. This estimate is based on an average annual print volume at 4.7 million impressions over the last three years, the proportion of colour versus black and white printing, and the estimated number of 70 print devices required to support the City's needs.

In addition, a one-time \$12,010.85 payment is recommended for external security card readers to facilitate print release functionalities. This new and innovative feature will facilitate "*Follow me Printing*" which will allow users the ability to send a print job and have it printed from any device on the network using a City access card.

The total amount for the replacement of the current fleet of multifunctional devices and the additional security card readers is \$840,527.85 over the five year term.

The actual contract value may vary, depending on changes in print behaviour over the term of the contract including:

- changes in print volume
- changes in the proportion of black and white versus colour print
- purchase of additional printers above the contracted number

Financial Impact

The funding for Photocopier Contract Costs is approved by Council through the annual operating budget. The 2019 budget amount for the printing devices in scope is \$172,500. The projected five year annual operating budget for devices in scope is \$862,500 while the cost for the anticipated new contract is \$828,517. This represents a five-year savings of \$33,983 for the same level of service.

The additional one-time costs for external card readers will be funded by the Information Technology department's 2019 Operating Budget.

Conclusion

The majority of the City's multifunction print devices are now nearing or past their useful life, require frequent maintenance and are not economical to maintain. These print devices are critical to the City's operations and are used daily by City staff.

It is therefore recommended that RFP Contract 6430P-Provision for Managed Print Services be awarded to Xerox Canada Ltd., who proposed best value to the City in the amount of \$840,527.85, exclusive of taxes.



Eddie Hung
Manager, IT Department Solutions
(604-276-4232)

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