

MEMORANDUM
COUNTY OF PLACER
DEPARTMENT OF ADMINISTRATIVE SERVICES
PROCUREMENT SERVICES DIVISION

TO: Honorable Board of Supervisors

FROM: Brett Wood, Purchasing Manager *BW*

DATE: September 24, 2013

SUBJECT: Three-Year Capital Lease with Two One-Year Maintenance Renewals - Toshiba Business Solutions

ACTION REQUESTED

1. Approve the award of a three-year capital lease, with two one-year maintenance renewals, with Toshiba Business Solutions, of Sacramento, CA for the acquisition of multifunction copier devices and maintenance services utilizing the Los Angeles World Airports' competitively awarded contract, with a net County cost of \$2,409,522;
2. Add the appropriate components to the County's Master Fixed Asset List;
3. Approve Change Order No. 7 to Blanket Purchase Order No. BP014008 with Toshiba Business Solutions of Sacramento, CA for digital multifunction devices, increasing the blanket purchase order by \$55,864 for a revised maximum amount of \$3,088,879 and extending the blanket purchase order through November 30, 2013;
4. Authorize the Purchasing Manager and the Central Services Manager to take all necessary actions to execute contract related documents upon approval by County Counsel and Risk Management.

BACKGROUND

The Administrative Services Department's Central Service Division is responsible for the administration, support and maintenance of the County's multifunction copier device program. Approximately 240 multifunctional copier devices are in use today under this program. These devices are made available to County User Departments to support their copying, printing, and scanning needs.

On August 1, 2006, your Board approved the award of Blanket Purchase Order (BPO) No. 14008 with Toshiba Business Solutions to provide multifunction copier devices countywide. The BPO is managed by the Central Services Division and User Departments are billed for the equipment and services provided on a cost per copy basis. The current BPO is due to expire on September 30, 2013.

Over the past seven years, digital production technology has improved significantly. Multifunction devices now offer a wide array of features and functionalities to improve productivity and efficiency in the workplace. Enhanced features include color scanning, copying, secure and remote printing.

The Central Services Division requested the assistance of the Procurement Division in identifying and evaluating cost savings alternatives towards acquiring a new contract that would meet the County's current and future operational requirements. The Procurement Division evaluated several cost savings alternatives including the use of competitively bid cooperative agreements available for use by other public agencies. The Procurement Division determined that the use of eligible cooperative agreements from other agencies where usage volume is significantly higher would result in better pricing than what Placer County could secure independently.

The Procurement Division requested solutions from equipment manufacturers that represent approximately 71 percent of the total copier market share within the United States. Procurement received a total of four responses from the following firms:

Ray Morgan Company of Roseville – Canon solution
Ray Morgan Company of Roseville – Ricoh solution
Inland Business Systems of Sacramento – Xerox solution
Toshiba Business Solutions of Sacramento – Toshiba solution

Each firm responded with pricing and terms based on their existing cooperative purchase agreements with other government agencies.

The four solutions presented were thoroughly evaluated against the County's operational requirements and staff has determined that Toshiba Business Solutions offered the most competitive proposal that best meets the County's current and future needs. The Toshiba solution is based on a single, all-inclusive cost-per-image to include all maintenance, toner, staples, firmware updates, network support, and unlimited training. The pricing is based on the Los Angeles World Airports' competitive agreement for the acquisition of multifunction devices.

The solution is comprised of equipment costs in the amount of \$1,799,715 and 5-year maintenance costs in the amount of \$567,000. The equipment would be acquired via a 3-year capital lease with an annual interest rate of 3.96% from Hewlett Packard Financial Services in accordance with the County's Master Lease Purchase Agreement. At the conclusion of three years, the County will have the option to purchase the devices through a \$1.00 buyout program. The use of lease agreement will enable the County to pay a reduced rate during the final two years of maintenance resulting in an estimated savings to the County of \$425,000 over the 5-year term.

Purchasing Policy Manual Section 1.3 (e) (3) allows the County to contract with a vendor that was awarded an agreement by another public agency as the result of a competitive process without further competitive bidding by Placer County. The Los Angeles World Airport contract meets these criteria.

Therefore, your Board's approval is required in order to proceed with a five-year contract with Toshiba Business Solutions including a three-year capital lease with Hewlett Packard Financial Services for the acquisition of new multifunction devices and five-year maintenance service agreement including adding the appropriate multifunction devices to the County's Master Fixed Asset List, processing a change order increasing the current BPO in the amount of \$55,864 and extending the current BPO through November 30, 2013, and authorizing the Purchasing Manager and the Central Services Manager to take all necessary actions to execute contract related documents.

FISCAL IMPACT

The total contract amount over a five-year period shall not exceed \$2,409,522. This amount will be recovered over the term of the agreement through the Central Services Division's (06380) monthly equipment charges to County User Departments. The capital lease agreement includes a \$1 buyout of the equipment at the end of the 3-year term. The Department of Administrative Services Fiscal Impact Statement is attached.

Attachments: Fiscal Impact Statement
Master Fixed Asset List

cc: Melissa Nunnink, Administrative & Fiscal Operations Manager
Leslie Blagg, Central Services Manager

FISCAL IMPACT STATEMENT

TO: Honorable Board of Supervisors

FROM: Melissa Nunnink, Administrative & Fiscal Operations Manager

DATE: September 24, 2013

SUBJECT: **Fiscal Impact Statement**
Approve a three-year capital lease, with two one-year maintenance renewals, with Toshiba Business Solutions, of Sacramento, CA for the acquisition of multifunction copier devices and maintenance services utilizing the Los Angeles World Airports' competitively awarded contract, with a net County cost of \$2,409,522.

The Administrative Services Department's Central Service Division is responsible for the administration, support and maintenance of the County's multifunction copier device program. This Division is an Internal Service Fund and the capital lease and maintenance costs will be recovered over the term of the agreement through monthly print services charges to County User Departments.

The capital lease agreement includes a \$1 buyout of the equipment at the end of the 3-year term. The net impact to the County will be a savings of approximately \$425,000 in transport and equipment maintenance costs over the term of the agreement. Funding to support this request is budgeted within the Central Services Division's (06380) FY13/14 budget and will be included in subsequent fiscal years.

ADDITIONS TO THE MASTER FIXED ASSET LIST
CENTRAL SERVICES DIVISION
06380

<u>QTY.</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
85 each	Toshiba Multifunction Copier	\$671,000
	Total Fixed Asset Additions	\$671,000