

**City of Culver City, California
Agenda Item Report**

Meeting Date: 08/24/09		Item Number: <u>C-8</u>									
CITY COUNCIL AGENDA ITEM: Approval of Agreement with Konica Minolta Business Solutions Inc. (Gardena, CA) for the Lease of Multi-function Copying, Printing, Scanning, and Fax Machines for a Period of 36 Months.											
Contact Person/Dept.: Lloyd Reynolds		Phone Number: 310 253-6090									
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐									
Public Hearing: ☐		Action Item: ☐ Attachments: ☒									
Commission Action Required: Yes ☐ No ☒		Date: _____									
Public Notification: (Phone) Konica Minolta Business Solutions Inc. (08/19/09), (Phone) SoCal Offices Technology Kyocera (08/19/09), (Phone) Xerox (08/19/09) (Phone) Ricoh (08/19/09), (Phone) Canon (8/19/09); (E-Mail) Meetings and Agendas – City Council (08/19/09)											
Department Approval: John Richo (8/13/09)		City Attorney Approval: Carol Schwab (by R. Miranda (08/19/09)									
Chief Financial Officer Approval: Jeff Muir (08/19/09)		City Manager Approval: Mark Scott (08/19/09)									
<u>RECOMMENDATION:</u> Staff recommends that the City Council approve an agreement with Konica Minolta Business Solutions Inc. (Konica) for the lease of multi-function copying printing, scanning, and fax machines (MFC). <u>BACKGROUND:</u> The City has deployed 22 MFC's at strategic locations in various city buildings. These machines are utilized by city staff for a variety of administrative functions. The current lease on the MFC's expires on September 9, 2009. <u>DISCUSSION:</u> Our current MRC's are on lease from Konica. Our experience has been satisfactory both with the operation of the MFC's and maintenance provided by Konica. For this renewal, the Graphic Services Division obtained bids from six vendors (ATTACHMENT 1). The bid received from Konica (ATTACHMENT 2) is both the lowest bid and lower than our existing costs. The newer model MFC's will also have enhanced features and technology. The following table includes a summary of the costs under the current contract and under the proposal from Konica: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width: 35%;">Current Monthly cost (number of units)</td> <td style="width: 15%;">\$281.77 (17)</td> <td style="width: 15%;">\$622.70 (2)</td> <td style="width: 35%;">\$58.26 (3)</td> </tr> <tr> <td>Proposed Monthly cost</td> <td>\$207.99</td> <td>\$483.38</td> <td>\$53.06</td> </tr> </table>				Current Monthly cost (number of units)	\$281.77 (17)	\$622.70 (2)	\$58.26 (3)	Proposed Monthly cost	\$207.99	\$483.38	\$53.06
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On a monthly payment schedule, the total annual cost would be \$55,941.24. If a single annual payment were made, a discount of \$4,864.73 was negotiated (for a payment of \$51,076.51). Additionally Konica has reduced our “click charge” (cost per copy) from .0067 to .0046. Click charges are the basis for maintenance cost resulting in an estimated savings of \$5,090 annually. In total, the new lease should save the city almost \$10,000 annually over our current lease. The lease term proposed is 36 months (three years).

Based on our satisfactory experience with the vendor and low bid, staff recommends the City Council approve an agreement with Konica for leasing of MRC’s. Further, in order to take advantage of the discount provided for a single annual payment, should the City Council approve the agreement, staff will make a single annual payment.

Our competitive quotation process is in accordance with the Municipal Code Section 3.07.070 (B) (7): “The City may award purchase orders and contracts in any amount for personal or professional services without complying with the provisions of this Subchapter; provided that, the purchase order or contract shall be based upon competitive quotations, whenever practical, as determined by the City Manager from not less than three (3) vendor contractors, for rental of real property or equipment”.

FISCAL ANALYSIS:

Adequate funding is available in account 10126100.605100 – Rental of Equipment to cover this lease and in account 10126100.600200 – Repair & Maintenance of Equipment to cover maintenance.

ATTACHMENTS:

1. Summary of Vendor Competitive Bids
2. Konica Proposal

MOTION:

That the City Council:

1. Approve an agreement with Konica for lease of MFC’s not to exceed \$56,142.80 (including tax) annually for a term of 36 months (3 years).
2. Approve an agreement for annual maintenance in the amount of \$15,000.
3. Authorize the City Attorney to review/prepare the necessary documents; and,
4. Authorize the City Manager to execute such documents on behalf of the City.