

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

Meeting Date: 06/08/15		Item Number: <u>C-4</u>	
CITY COUNCIL AGENDA ITEM: Approval of an Amendment to a Support and Maintenance Contract with Konica Minolta (1) for an Additional \$8,000 (for a Total Contract of \$38,000) and (2) With an Authorization to Renew the Contract for Two (2) Additional One Year Periods with a Contract Increase Not to Exceed 10% Each Year, Subject to the Approval of the City Manager.			
Contact Person/Dept.: David Vargas		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: Meetings and Agendas – City Council (06/03/15), Konica Minolta - Zohrab Yaralian (05/27/15)			
Department Approval: Michele Williams (05/28/15)		City Attorney Approval: Carol Schwab (by H. Baker) (06/01/15)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (06/02/15)		City Manager Approval: John M. Nachbar (06/03/15)	

RECOMMENDATION:

Staff recommends the City Council approve an amendment to an existing support and maintenance contract with Konica Minolta for an amount not-to-exceed \$38,000 and include two one-year renewals subject to a maximum contract increase of 10% each year subject to the City Manager's approval.

BACKGROUND:

The City utilizes a small fleet of copier/printer/scanners manufactured by Konica Minolta (KM). They were originally obtained via lease, and in October 2012 at the end of their lease, the City purchased 22 copiers for a total of \$16,000 which was a fraction of their value. Additionally, a color unit was acquired three years ago. Since 2012, two additional black/white units were acquired by City departments. The entire fleet of copiers is expected to be used approximately five years before becoming obsolete.

The purchase of the 22 copiers allowed an annual savings of approximately \$56,000 in each of the last two budget years due to owning, rather than leasing, the units.

Staff utilizes the KM machines to copy documents, print from their computers, and scan to PDF documents in bulk using the sheet feeder on the copier. Services such as duplex printing, collating jobs, and stapling are available on the units.

City of Culver City, California
Agenda Item Report

The City maintains 24 black and white KM copiers spread across all sites and departments and one color unit in Graphic Services. The color unit is used to prepare mailings, flyers, and color copying for all City departments.

DISCUSSION:

Purchasing the units removed the annual lease payment (\$56,000) as an expense to the City. The units were maintained on a separate contract during the lease, and are still maintained on a contract with KM. The maintenance contract covers support, parts, labor, and toner for the units. Paper is purchased and supplied by the City. The maintenance costs are charged based on “click” costs. That is: each copy/print produced by the unit is a “click” for service by the machine. As a result, with increased usage; the maintenance cost also increases.

During the lease period, the City had a very low click charge locked in. It was negotiated at a time when KM was very motivated to win the City’s business. It was below market when contracted and was well below market by the time the lease expired.

When the City purchased the units KM notified the City that the click charge maintenance rates would gradually move back to market over the next few years.

The Graphic Services Division of the Information Technology Department has undertaken a program to urge departments to do as much of the printing from their PCs as is practical to the KM units in their areas. The per page cost is much lower than laser printers, and the options to duplex, collate, staple, etc. are also available. Use of black and white printing on the KM units in the City’s departments has been rising as a result.

In-house color printing is also increasing as departments switch from black and white mailings to color mailings for public notifications. General color adoption for maps, drawings, and embedded color graphics in reports is also becoming more common.

Per Culver City Municipal Code Sections 3.07.085.A and C.1, these services are exempt from the formal competitive bid process as they involve the repair or maintenance of equipment, machinery or other City-owned personal property.

FISCAL ANALYSIS:

Graphic Services has centralized the maintenance of 24 black and white and the color units. This allows one contract at the most favorable pricing and one point of contact. In the last two years Graphic Services has added one unit for the Purchasing Division of the Finance Department and one for the Veteran’s Auditorium (managed by the PRSC Department) to the covered unit list.

City of Culver City, California
Agenda Item Report

Click charges for the color and B&W units and overall use of the KM copiers has increased each year. In Fiscal Year 2013/2014, the City spent \$32,716 and the estimated cost for Fiscal Year 2014/2015 is \$38,000 which represents a 16% increase.

Two departments have expressed interest in acquiring a higher capacity/duty copier in the next budget year, and Graphic Services is in discussion with KM to acquire two updated units and reallocate the existing units to fill the needs in other areas.

To cover this year's expected costs and to position for price increases, anticipated new units, and increased usage and per click charges, staff is requesting an amendment to the existing contract in an amount not-to-exceed \$38,000 for the Konica Minolta maintenance for the current fiscal year (FY14-15). Additionally, the department recommends renewing the annual support and maintenance agreement in Fiscal Year 2015/2016 for an amount not to exceed \$41,800 (a 10% increase) and in Fiscal Year 2016/2017 for an amount not to exceed \$45,980 (a 10% increase).

Sufficient funding is available in the Graphic Services Rental of Equipment account 10124200.605100 to fund this request. In future years, staff will request sufficient funding in proposed budgets for those years.

ATTACHMENTS:

None.

MOTION:

That the City Council:

1. Approve an amendment to the annual support and maintenance contract with Konica Minolta for an additional \$8,000 (for a revised total amount not to exceed \$38,000) for the current fiscal year (FY14-15) and approve renewing the agreement in FY15-16 for an amount not to exceed \$41,800 and FY16-17 for an amount not to exceed \$45,980, subject to the approval of the City Manager; and,
2. Authorize the City Attorney to review/prepare the necessary documents; and
3. Authorize the City Manager to execute such documents on behalf of the City.