

Agenda Report

March 22, 2021

TO: Honorable Mayor and City Council

FROM: Department of Finance

SUBJECT: AWARD PURCHASE ORDER CONTRACT TO CANON SOLUTIONS AMERICA, INC. FOR THE LEASE AND MAINTENANCE OF THREE DIGITAL PRINTING SYSTEMS, INCLUDING SUPPORTING SOFTWARE AND HARDWARE NOT TO EXCEED \$422,000 OVER A 60-MONTH PERIOD

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3) (general rule); and
2. Authorize the City Manager to enter into a contract with Canon Solutions America, Inc., for the lease, hardware/software and maintenance support of three digital printing systems in an amount not to exceed \$422,000, for 60 months. Competitive Bidding is not required pursuant to City Charter Section 1002 (H) contracts with other governmental entities or their contractors for labor, materials, supplies, or services.
3. It is further recommended that the City Council grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for which the City's best interests are served; and
4. Pursuant to Pasadena Municipal Code, section 4.04.080, find that the proposed contract is exempt from salvage requirements, as city-owned technology is obsolete and therefore of minimal value. Canon will be removing the equipment as a trade-in toward the contract.

BACKGROUND:

The Department of Finance, Printing Services Section provides reprographic and printing services for all City departments. Currently, the section owns one production printer (Oce 6250) and leases two smaller production printers (VP135 and IPC800) from Canon Solutions America, Inc., (Canon). Likewise, Canon holds the maintenance contract for all three machines. The Oce 6250 platform is 13 years old and has reached and exceeded its useful life. With a lease agreement that replaces all of the current printing systems, the primary software front-end, and much of the support hardware, inevitable hardware obsolescence can be avoided. Since there was no equipment replacement mechanism put in place when the Oce 6250 system was purchased, a lease option is the most viable solution for the continued operation of Printing Services, and will result in cost savings annually.

Multiple printing platforms and configurations were reviewed in order to ensure that appropriate equipment was acquired. This type of equipment is highly-specialized and manufactured specifically for high-volume, fast-output, and production-quality printing. Because of the nature of this hardware, leasing and service is provided directly from the manufacturers, rather than by third-party organizations. Both Canon and Xerox produce hardware that is capable of meeting the needs of the Printing Services Section.

Despite the fact that the necessary services and equipment is provided directly from the manufacturers, the City contacted a local vendor in order to provide an opportunity to submit a proposal. The vendor was able to obtain pricing for equivalent hardware; however, it represented a 25% cost increase, which is not a viable option. Canon was the vendor deemed capable of meeting acceptable quality standards of performance and pricing. As part of the contractual agreement, Canon will remove and dispose of obsolete equipment currently owned by the Printing Services Section. In consultation with the Director of Finance, staff recommends that the salvage process be waived for the old equipment, based on the depreciated value of the equipment.

In 2018, the county of Dupage, IL completed a competitive bidding process and established National IPA contract# FI-R-0251-18 with Canon Solutions America, Inc., for the purchase of printing and copying equipment. Canon Solutions America, Inc., has offered to extend the pricing in the contract to the City of Pasadena. Attachment A, includes tables comparing status-quo costs of operations for Fiscal Year (FY) 2021 against costs of operations with an equipment upgrade via a piggyback contract.

It is in the City's best interest to award a purchase order contract to Canon Solutions America, Inc., to lease one Canon Titan 6220 black and white printing system, one Canon VarioPrint 140 black and white printing system, one ImagePress C810 color printing system, and the PrismaPrepare software. This includes the software and hardware for sixty-months.


ENVIRONMENTAL ANALYSIS:

The proposed contract is exempt from the California Environmental Quality Act (CEQA) per section 15061 (b)(3), the General Rule. The General Rule can be applied when it can be seen with certainty that the activity will not have a significant effect on the environment. The proposed action relates to printing services and will not have any impact on the environment.

FISCAL IMPACT:

The total cost of this action is \$422,000 and will be distributed across the period beginning in FY 2021 and ending in FY 2026. In the current fiscal year, there is sufficient budget available for this action in account 10115010-811300. Future amounts will be appropriated through the annual operating budget process. There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



MATTHEW E. HAWKESWORTH
Director of Finance
Department of Finance

Prepared by:



Zack Stromberg
Central Services Supervisor

Approved by:



STEVE MERMELL
City Manager

Attachments: (2)

Attachment A – Comparison Matrices Current New
Attachment B – TPA Canon