

**MUNICIPALITY OF CHATHAM-KENT**

**CORPORATE SERVICES**

**INFORMATION REPORT**

**TO:** Mayor and Members of Council

**FROM:** Gerry Wolting, B.Math., CA  
General Manager, Corporate Services

**DATE:** September 15, 2008

**SUBJECT:** RFP Regarding Photocopiers

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This report is for the information of Council.

**BACKGROUND:**

At its meeting of August 18, 2008, Council considered a report from Information Technology Services regarding the award of an RFP for photocopier services. The report is attached as Appendix A. The decision of Council was to award the RFP to Maple City Office Equipment Ltd.

Subsequent to Council's decision, correspondence has been received from Xerox Global Services regarding legal concerns on this decision.

**COMMENTS:**

Council discussed the legal issues of awarding this RFP during the closed session meetings of August 18 and September 8. The most recent correspondence received will be placed on the closed session agenda of September 22.

At the September 8 closed session meeting, Council directed administration to place this item on the open session agenda of September 22, 2008. This report is meant to satisfy that request.

As Council has already made a decision on this matter, it will require a two-thirds vote to bring this matter back up for discussion. Vendors have been notified to take no action on the RFP until signed contracts are in place.

**COMMUNITY STRATEGIC PLAN**

The recommendations in this report do not support, negatively or positively, a specific objective of the Community Strategic Plan. It is a neutral issue.

**CONSULTATION:**

The Executive Management Team was consulted on the development of this report.

**FINANCIAL IMPLICATIONS:**

The financial impact is as outlined in Appendix A and discussed in closed session.

Prepared by:

Reviewed by:

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Gerry Wolting, B.Math,CA  
General Manager, Corporate Services

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C.D. Weldon  
Chief Administrative Officer

Attachments: Appendix A – RFP Award: Contract R07-236 Lease / Rental of  
Photocopiers

c: Executive Management Team

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**MUNICIPALITY OF CHATHAM-KENT**

**CORPORATE SERVICES**

**INFORMATION TECHNOLOGY SERVICES**

**TO:** Mayor and Members of Council

**FROM:** Deb DeBok, Help Desk Coordinator  
Gordon W. Claridge, Supervisor, Technical Support  
Information Technology Services

**DATE:** July 25, 2008

**SUBJECT:** RFP Award: Contract R07-236 Lease / Rental of Photocopiers

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**RECOMMENDATIONS**

It is recommended that:

1. Xerox Global Services be contracted to provide digital photocopiers for a term of five years.
2. That the Mayor and Clerk be authorized to sign the necessary agreements.
3. The estimated annual savings of \$35,000 be allocated to the ITS lifecycle categories.

**BACKGROUND**

On June 23<sup>rd</sup> 2008, Council deferred approval of the previous report and recommendations. It was requested that more information on which to base its decision be brought forward. The content of this report includes the following additional information regarding the procurement process:

- Further clarification of the re-issue of the RFP.
- More information on the RFP criteria and weightings.
- Contract implementation details.
- More information on the evaluation process.
- Cost comparison.

On November 19, 2007, the Request for Proposal for the Lease/Rental of Photocopiers was advertised on the Community Portal and in CK Matters with a closing date of 1330 hrs on December 12, 2007. Upon clarification of terms with a vendor, an addendum was raised that clarified the meaning of "new" equipment. Several responses were received and all were disqualified based on advice from our Legal department, as none of the

responses met the criteria for "new" equipment. This was because all of the vendors included a portion of recycled or remanufactured equipment as part of their drive to be 'greener' when supplying equipment.

A revised proposal was advertised with a change requesting that all equipment be manufactured in 2006 or later. The definition of "new" was removed upon advice from the Legal department so that all vendors could be evaluated on a fair and equal basis. The revised RFP closed on January 16, 2008 at 1330 hrs. Nineteen copies of the RFP were sent to various firms. Eight proposals were received with one respondent's proposal being incomplete and therefore disqualified. This resulted in seven proposals being evaluated.

### COMMENTS

A multi-departmental committee was formed to independently evaluate the proposals. The committee members were:

- Supervisor, Technical Support, Information Technology Services
- Executive Assistant, Infrastructure and Engineering Services
- Recreation Program Assistant, Recreation Services
- Executive Assistant, Health and Family Services
- Purchasing Officer, Financial Services
- Help Desk Coordinator, Information Technology Services

Proposals were evaluated based on the following criteria:

<b>Criterion</b>	<b>Description</b>	<b>% Weighting</b>
<b>Technical Requirements</b>	The Bidder's capability to meet or exceed the technical requirements described in the proposal, and the information contained in the technical documentation supplied by the Bidder	30%
<b>Cost</b>	The Bidder's financial proposal. The Owner is looking to obtain maximum performance described in the proposal, in a manner that is most cost-effective to Owner, must be satisfied with the references provided.	20%
<b>Qualifications</b>	The Bidder's relevant experience, qualifications and success in providing a system of the type described in the proposal. The Bidder's references from institutions, which are comparable to the Owner.	20%
<b>Service Model</b>	The Bidder's service model including response time; preventive maintenance plan; availability of trained technicians; location of Bidder and/or technicians; and any other factor that should be considered by the Owner in evaluating this aspect of the Bidder's Proposal.	20%

Criterion	Description	% Weighting
<b>Value Added Options</b>	The bidder's value added options ensure the owner obtains the best overall value for its expenditure.	10%

The evaluation committee members reviewed and documented each of the proposals' strengths and weaknesses against the required criteria independently and objectively.

The results of the evaluation are displayed in the table below:

Vendor – Equipment	Total Score
Xerox Global Services – Xerox new equipment	86.62
Maple City Office Equipment Ltd – Canon, new & demo equipment*	79.03*
Maple City Office Equipment Ltd. – Canon, new equipment	77.40
Sharp	73.63
IKON Office Solutions – Aficio	64.52
Ricoh	62.94
Toshiba**	57.93**
Pitney Bowes – Canon**	55.66**
Pitney Bowes – Sharp	53.72

\* The bidder indicated that only a limited amount of demonstrator equipment would be allowed under the contract, that the models of demo equipment available would be restricted, and would be subject to availability.

\*\* Not compliant. Equipment proposed does not meet our needs

Contract Implementation

The implementation of this new contract would be phased as follows:

- The existing 52 copiers throughout the Municipality are currently under lease contract. However, since January 2008 machines have started to be leased on a month-by-month basis.
- The remaining leases are staggered over a period of 5 years. It would not be cost-effective to buy out these leases to replace all machines in one implementation. Therefore, the new contract will be set-up to provide a phased replacement of existing equipment over 4 years.
- Pricing is based upon a fixed lease price for each category of equipment over the contract period (regardless whether the specific model changes over the 5 years). Equipment categories range from Model A type machines (the most basic) to Model D type machines (the most complex and expensive copiers).
- Equipment to be replaced:

	2008	2009	2010	2011	2012	Total
Model A (most basic)	15	1	1	2	2	21
Model B	14	3	1	1	1	20
Model C	6	0	0	1	0	7
Model D (more complex)	1	1	1	1	0	4
<b>Total</b>	<b>36</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>52</b>

Cost Comparison

The evaluation team's cost comparison was calculated on a base machine configuration in order to obtain an objective like-for-like comparison. The actual implementation would require additional optional enhanced productivity options based on consultation with user departments. Therefore, the final cost of the contract is not a simple multiplication of base machine cost.

On average, Xerox Global Services pricing was approximately 7.5% lower or \$8,693 than Maple City Office Equipment for the base machine configuration. This includes combining the equipment leasing and the quoted cost per copy and 2007/8 historical usage for comparison.

	Maple City	Xerox	Difference/ Year
<b>Total Cost (Base Lease and Copy Costs)</b>	<b>\$124,877</b>	<b>\$116,184</b>	<b>\$8,693</b>

Further to the June 23<sup>rd</sup> Report to Council, further analysis has occurred based on:

- Existing equipment fleet, optional features and usage
- Proposed prices submitted by the top two contending vendors

The following table shows a cost difference of 3% lower or \$3,710 reflecting the existing criteria as noted above.

	Maple City	Xerox	Difference/ Year
<b>Total Leasing and Copy Costs</b>	<b>\$131,989</b>	<b>\$128,279</b>	<b>\$3,710</b>

Since cost represents 20% of the evaluation criteria and based on this analysis, the recommendations have not changed.

Evaluation Considerations and Reference Checks

As part of the evaluation, training and technical considerations were evaluated under the technical requirements section.

Xerox received the highest score over all other competitors in the technical requirements criteria due to its strong adherence to the technical specifications and information required in the RFP.

Extensive reference checks were made, including Union Gas, City of Markham, University of Windsor, St. Clair Catholic District School Board and Mahle Filter Systems.

As part of the evaluation process, service support was considered important and was weighted highly. The RFP required that service resolution be no longer than 4 hours. Further clarification of this requirement indicated that the response time must not exceed 4 hours. All vendors were able to demonstrate that they could meet this requirement.

The Value Added Options criteria captured the ability of the respondents to meet the changing business and technical needs of the Municipality. The majority of respondents demonstrated this capability.

### **COMMUNITY STRATEGIC PLAN**

The recommendations in this report are neutral in their support of any specific objectives of the Community Strategic Plan. The equipment supports general office administration of the Municipality.

### **CONSULTATION**

Legal and Financial Services were consulted to review the terms and conditions of the Request for Proposal prior to its posting.

A Municipal financial budget analyst has reviewed all cost calculations.

### **FINANCIAL IMPLICATIONS**

The costs associated with this contract are based on the lease of the equipment and the cost per copy charges. These expenses are covered within the ITS Corporate Program Copying/Printing Equipment budget, as well as departmental charge-back for colour copies using colour-capable equipment.

Based on the phased-in replacement (36 in 2008) and existing contract commitments, it is estimated that the maximum leasing budget in the first year would be no more than \$120,000, a savings of \$35,000 on the current budget:

- Not all machines on the current leasing contract will be replaced immediately (36 of 52 machines will be replaced in the first year of contract).
- There is potential for greater savings once the departmental evaluations and equipment tailoring is completed for the fielding of each machine.

- The cost per copy budget allocation has not been adjusted as it is based on departmental usage.
- As existing leasing contracts expire, additional savings will be recognized.

The ITS Department continually reviews budget requirements:

- In 2006, the photocopier lease budget was reduced by \$40,000 and re-allocated to the ITS lifecycle budget.
- In 2007, savings were identified to Council and were approved for reallocation of monies within ITS.
- As per recommendation in this report, the saving of \$35,000 to be transferred into the ITS lifecycle budget.
- Future copier usage and equipment specifications will be monitored and adjusted as equipment is replaced.
- The financial savings will be tracked and budgets will be adjusted to support the under-funded IT lifecycle categories, and this process will be reported to Council.

Equipment in use by CK Energy is negotiated independently. Multifunction equipment leased for CK Police is included in the ITS budget, however the costs associated with the print and fax portion of the equipment is the responsibility of Police Services budget.

In summary, based on previous performance, the current equipment lease budgets, and projected maximum lease budgets under the new phased-in contract, the 2009 budget impact is estimated at:

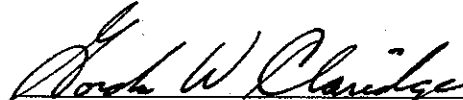
2008 Base Budget	\$155,000
Estimated maximum cost of contract (effective July 1, 2008)	\$120,000
Projected Annual savings	\$35,000
Allocation to IT lifecycle categories	\$35,000
Net budget impact	\$0

Prepared by:



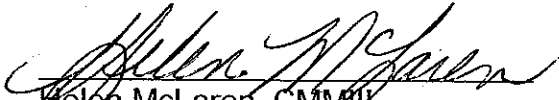
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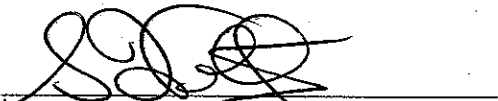
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Reviewed by:



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C.D. Weldon  
Chief Administrative Officer

cc Director, Legal Services  
Director, Financial Services/Treasurer

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