



# Corporate Report

NO: R100

COUNCIL DATE: May 29, 2006

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## REGULAR

TO: Mayor & Council DATE: May 24, 2006  
FROM: General Manager, Finance, Technology & HR FILE: 1170-01  
SUBJECT: Contracts for Departmental Photocopying and Reprographic Solution

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## RECOMMENDATION

That Council approve the City entering into the following five-year contracts, in a form acceptable to the City's Legal Services Division:

1. *Xerox Canada Ltd.* for the supply of multi functional copying, printing, scanning and faxing devices for distributed needs throughout the City at an annual estimated contract price of \$106,080 per year, (\$530,400 total) plus GST, and
2. *IKON Office Solutions Inc.* for the supply of a high-speed digital reprographic solution for an annual estimated contract price of \$96,500 per year, (\$482,500 total) plus GST.

## INTENT

That Council approve the City entering into two, five-year contracts. One for multifunctional copying, printing, scanning and faxing needs and the other for a high-speed digital reprographic solution for the City's Print Shop.

## BACKGROUND

There are currently 68 analog and 25 leased digital copiers located throughout the City facilities that produce an annual volume of approximately 3.9 million copies. There are currently two leased high-speed copiers located in the Print Shop. Both of the Print Shop copiers combined produce an average annual volume of 7.3 million impressions. These copiers are now obsolete.

The lease for all of the existing copiers is expiring.

## DISCUSSION

In February 2006, Information Technology initiated a Request for Proposal (RFP) for black and white multi function devices and a print shop high-speed digital solution. The City requested a

proposal with pricing quoted as straight 'cost-per-copy' pricing with no option for equipment lease, rental or owning. The focus of the contract was on technology protection, efficiencies and cost savings, which would eventually eliminate the need for some additional peripherals as the equipment reaches the end of its lifecycle or exceeds its existing capacity requirements.

The City invited 22 companies to participate in this RFP. Responses were received from five suppliers for multi function devices and five suppliers for the print shop digital solution. One supplier from each of these categories was rejected because their proposal was not received by the deadline.

Responses for the Departmental Solution were received from:

- Ikon Office Solutions Inc.;
- Xerox Canada Inc.;
- Toshiba of Canada Limited, and
- Canon Canada Inc., Business Solutions Division.

Responses for the Print Shop Solution were received from:

- Ikon Office Solutions Inc.;
- Xerox Canada Inc.;
- Pitney Bowes Of Canada Ltd., and
- Canon Canada Inc., Business Solutions Division.

A Project Team was established to identify the most effective solution. Team members included representation from Information Technology, Finance and Legal Services. They were tasked with looking for cost savings opportunities as well as operational efficiencies. Each proponent was evaluated based their technical, management and financial abilities. Specifically the evaluation included the following:

1. Technical;

- Functional (breadth, depth, usability);
- Equipment Performance /Viability;
- Value Added Services;

2. Management;

- Service Solution(s);
- Customer Support Procedures;
- Readiness And Demonstrated Ability To Manage Services;
- Performance of Proponent, and

3. Financial Aspects.

As a strategic approach, a Business Task Team representing each of the City of Surrey business units was established to define City requirements, assist with the approval of the RFP documents, evaluation of proponents, selection of proponents for testing and trials and to recommend a vendor of choice.

Based on the ranking of the criteria, the Project Team and the Business Task Team unanimously recommend that the best proposal for:

- a. The digital multi function device for the distributed solution is *Xerox Canada Ltd.* The technical and management scores for each of the proponents were very similar, but *Xerox Canada Ltd.* scored much higher on the financial component. This solution will provide printing, copying, scanning, faxing capabilities and full service maintenance including consumables at a cost of \$0.0272 per copy. Based on 3.9 million copies per year, the annual estimated contract would be \$106,080 plus GST. Currently the annual contract rate is an average of \$139,965 plus GST. This will result in a savings of approximately \$33,885 per year.
  
- b. The total digital solution for the Print Shop is *IKON Office Solutions Inc.* This proponent provides the best overall solution based on current operational capabilities and our network environment. It is also well positioned for future business processes that will include printing, copying, scanning, remote job submission, electronic 'make ready' and electronic 'copy creation'. Based on total workflow costs, this solution is also the most financially viable at a cost of \$0.0139 per copy. This cost is reduced to \$0.0068 for volumes above 6.6 million. Based on an average of 7.3 million impressions per year, the annual estimated contract cost would be \$96,500 plus GST. Currently the average annual contract rate is \$122,664 plus GST. This will result in a savings of approximately \$26,164 per year.

A five-year term is recommended for each of these contracts so that the City is able balance the requirement to take advantage of the most cost-effective solution with the need to keep up-to-date with the latest technology advances.

## CONCLUSION

The Project and Business Task Teams recommend that the City enter into five-year contracts with *Xerox Canada Ltd.* for 91 digital multi function devices and *IKON Office Solutions Inc.* for the Print Shop solution. The agreements include the delivery, installation, training and full maintenance. The five-year term will allow the City to balance the most cost effective solution with the need to stay current with the latest technology available. Should Council choose to approve these two contracts, the total annual savings is estimated to be \$60,000.

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