Minutes – Executive Policy Committee – May 4, 2016

REPORTS

Item No. 1 Single Source Negotiation and Award of Contract – Multi-Function Printer Fleet Service Solution with Xerox Canada Ltd.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That single source negotiations and award of a three year contract to Xerox Canada Ltd. be approved for a fully managed Multi-Function Printer Fleet Service Solution for the period of June 2016 to June 2019 in an amount not to exceed $810,000.00/year for a total of $2,430,000.00 plus GST and MRST, pursuant to B4.1 (f) of the Materials Management Policy, where the compatibility of a supply with existing property or services is the paramount consideration. There are equivalent provisions in Appendix D of the Agreement on Internal Trade.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Browaty,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Carried

ADMINISTRATIVE REPORT

Title: Single Source Negotiation and Award of Contract for a three-year agreement for the continuation of a fully managed Multi-Function Printer Fleet Service Solution with Xerox Canada Ltd.

Critical Path: Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO / COO
J. Armitage	L. Burch	P. Olafson, acting for M. Ruta	M. Jack COO

RECOMMENDATIONS

That Council approve single source negotiations and award of a three year contract to Xerox Canada Ltd. for a fully managed Multi-Function Printer Fleet Service Solution for the period of June 2016 to June 2019 in an amount not to exceed $810,000.00/year for a total of $2,430,000.00 plus GST and MRST, pursuant to B4.1 (f) of the Materials Management Policy, where the compatibility of a supply with existing property or services is the paramount consideration. There are equivalent provisions in Appendix D of the Agreement on Internal Trade.

REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract to Xerox Canada Ltd. is $810,000.00/year plus MRST and GST, and the contract is for multiple years affecting yearly operating budgets not yet approved by Council, Council approval is required.

EXECUTIVE SUMMARY

In June of 2011, the City entered into a five-year Agreement with Xerox Canada Ltd. for the provision of a fully managed Multi-Function Printer (MFP) Fleet Services Solution.

Since accurate data relating to the City's total annual impressions usage was limited prior to the RFP, the volumes were estimated based on the extrapolation of known data and paper consumption. The projected volumes used in the RFP were 28 million impressions per year. Based on those estimates, it was anticipated that the MFP fleet would have reached the end of its life expectancy by the end of the five-year contract.

Actual usage over the past four years has been approximately 18 million impressions per year, which is 35% less than anticipated. As a result of the reduced usage, the existing fleet remains healthy and has an estimated three-years of life remaining beyond the end of the existing five-

year contract (June 2016). Maximizing the useful life of valuable equipment allows the City to postpone the acquisition of a new fleet for an additional three years.
The combination of reducing print volumes and maximizing the useful life of these devices, both have positive environmental impacts and are in line with the City's continued commitment to sustainability and reduced environmental impact .

Approximately 75% of the print/copy volumes are produced on A3 devices (machines capable of handling 11" x 17" paper sizes). Parts for these devices are proprietary and only available through Xerox-authorized networks and not accessible by any third party vendors. Service for these devices can only be provided by authorized Xerox Maintenance personnel.

In order for the City to ensure uninterrupted delivery of service, maximize the remaining life of the City's existing fleet, minimize impact on department resources, and continue to lead in sustainability initiatives, the City would need to maintain a fully managed MFP Fleet agreement with Xerox for an additional three years.

It is therefore recommend that Council approve the single source negotiations and award of a three-year contract to Xerox Canada Ltd. for the continuation of a fully managed MFP Fleet Service from June 2016 to June 2019 in an amount not to exceed $810,000.00/year plus GST and MRST in accordance with B4.1 (f) of the Materials Management Policy, regarding compatibility with equipment.

IMPLICATIONS OF THE RECOMMENDATIONS

Budgets for printing reside within each Department and volumes vary depending on actual usage. Purchases are on an "as required" basis over the length of the contract. There is no requirement to purchase any quantities within the contract.

Extending the useful life of the existing fleet ensures uninterrupted delivery of services with no impact on organization resources, and is in line with the City's commitment to sustainability.

Maximizing the remaining value in the existing fleet also postpones the need for the acquisition of a new fleet for an additional three years.

Not approving the recommendation would eliminate the availability for parts and service for a majority of the existing fleet and would lead to service disruptions and not allow the City to take advantage of the remaining useful life in the existing fleet.

The Single source award would allow Corporate Support Services to continue operating the printing fleet for the Public Service.

HISTORY

In August of 2010, the City posted RFP No. 209-2010 Print Solutions and Related Services, and in June of 2011, the City entered into a five-year agreement for the implementation and on-going maintenance of a fully-managed MFP Fleet whereby the number of pieces of equipment was reduced from over 1800 devices to approximately 636 shared devices across the City.

Since accurate data relating to the City's total annual impressions usage was limited prior to the RFP, the volumes were estimated based on the extrapolation of known data and paper consumption. The projected volumes used in the RFP were 28 million impressions per year. Based on those estimates, it was anticipated that the MFP fleet would have reached the end of its life expectancy by the end of the five-year contact.

Since the implementation of the current fleet, we have had the ability to accurately track all of the City's usage. Over the past four years the usage has been approximately 18 million impressions per year which is 35% less than anticipated. As a result of the reduced usage, the existing fleet will have an estimated three years of life remaining beyond the end of the existing five-year contract (June 2016).

In consideration of the upcoming expiration of the existing contract the following desired outcomes were established:

- Continue to meet and/or exceed performance and service level targets
- Maximize the remaining value of the City's existing fleet
- Minimize impact on client Departments
- Demonstrate a strong leadership role in the City's commitment to sustainable initiatives by reducing environmental impacts wherever there are opportunities to do so.

Reviews of distributed volumes across the city showed that approximately 75% of the overall volumes are produced on larger A3 devices (devices capable of handling 11" x 17" paper sizes).

Research into alternate service providers for the existing fleet concluded that Xerox is the only authorized parts and service provider for these devices. Parts supply chains are not accessible to any third party vendors.

Therefore, in order for the City to achieve the desired outcomes and capitalize on the remaining three years of useful life left in the existing fleet the City would need to enter into an additional three-year fully managed MFP Fleet Agreement with Xerox Canada Ltd.

Corporate Support Services has reviewed the work with the recommended vendor and is satisfied that they have the necessary resources and experience to perform the work of the contract.

This IT expenditure has been approved by the Director of Corporate Support Services.

This procurement is subject to the Agreement on Internal Trade which permits Sole Supplier Procurement in circumstances:

> To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licenses, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative

FINANCIAL IMPACT

Financial Impact Statement

Date: March 17, 2016

Project Name:

First Year of Program **2016**

Single Source Negotiation and Award of Contract for a three year agreement for the continuation of a fully managed Multi-Function Printer (MFP) Fleet Service Solution with Xerox Canada Ltd.

	2016	2017	2018	2019	2020
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 437,400	$ 874,800	$ 874,800	$ 437,400	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 437,400	$ 874,800	$ 874,800	$ 437,400	$ -
Less: Existing Budget Amounts	437,400	874,800	874,800	437,400	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1. The direct costs above represent $2,430,000 plus 8% MRST for a total of $2,624,400. The suplier will collect GST and MRST. However, GST is not included in the above costs as the City receives 100% rebate on this tax. The contract period is from June 30th 2016 to June 30th, 2019.

2. Funding for this Contract is through the budgets of the various user departments. This service is purchased and used by various City departments during the term of the Contract. The financial impact will have to be determined by the user departments on an individual basis. The Contract does not commit the City to purchase any fixed quantity.

Original signed by R. Hodges

Ramona Hodges
Manager of Finance (Campus)
Coroporate Finance

CONSULTATION

In preparing this report there was consultation with:

Corporate Finance Department
Legal Services Department

OURWINNIPEG POLICY ALIGNMENT

02-1 SUSTAINABILITY

The Foundation: Leading by Example
Incorporate sustainable practices into internal civic operations and programs and services.

Integrate Sustainability into Internal Decision-Making
"Integrating sustainability" means that environmental, social and broader economic factors are incorporated into decision-making, action and performance together with more traditional financial factors.

SUBMITTED BY

Department:	Corporate Support Services
Division	Business Technology Services
Prepared by:	J. Armitage
Date:	March 23, 2016
File No.	