Minutes – Executive Policy Committee – May 7, 2019

REPORTS

Item No. 6 Single Source Negotiation for a 12-month period for the continuation of a fully managed Multi-Function Printer Fleet Service on a declining basis with Xerox Canada Ltd.

EXECUTIVE POLICY COMMITTEE DECISION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service, that Single Source negotiations be approved for a contract to Xerox Canada Ltd. for a fully managed multi-function printer fleet service on a declining basis for a period not to exceed 12 months commencing from July 1, 2019 in an amount not to exceed $550,000.00 plus GST and MRST.

DECISION MAKING HISTORY:

Moved by Councillor Orlikow,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: **Single Source Negotiation for a 12-month period for the continuation of a fully managed Multi-Function Printer Fleet Service on a declining basis with Xerox Canada Ltd.**

Critical Path: **Executive Policy Committee**

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Armitage	G. Cottick, Acting CIO	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

In June of 2011, the City entered into a 5-year Agreement with Xerox Canada Ltd. for the provision of a fully managed multi-function printer (MFP) fleet services solution. An additional 3-year agreement with Xerox Canada Ltd. was subsequently entered into due to the MFP fleet being greatly underutilized within its first five years and still in excellent health. This existing contract expires on June 30, 2019, and the City posted RFP No. 415-2019 to replace this contract.

In order to ensure uninterrupted printing service during the rollout of the new fleet, an overlap in services is required. The requirement would be for an engagement with Xerox to continue to maintain the existing fleet on a declining scale over a 12-month period to accommodate the implementation of the new MFP fleet that will be the result of the aforementioned RFP.

The recommendation in this Report does not comply with the requirements of the various trade agreements, but does comply with the City's Materials Management Policy.

RECOMMENDATIONS

1. That the Executive Policy Committee approve Single Source negotiations for a contract to Xerox Canada Ltd. for a fully managed multi-function printer fleet service on a declining basis for a period not to exceed 12 months commencing from July 1, 2019 in an amount not to exceed $550,000.00 plus GST and MRST.

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

REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract to Xerox Canada Ltd. is $550,000.00 plus MRST and GST, and the single source does not comply with the various trade agreements, EPC approval is required.

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 and therefore does not create a commitment of future year's budgets.

This agreement is being established to allow for transition to the new MFP fleet with the intention to reduce print volumes to zero as the equipment is replaced over the term of the agreement.

Not approving the recommendation would effectively eliminate print fleet availability, leading to service disruptions throughout the implementation phase of the new MFP fleet.

The Single source award would allow the Innovation, Transformation & Technology Department to continue to utilize the existing MFP fleet for the Public Service while maintaining service levels and minimizing the impact to client Departments as the new MFP fleet is implemented.

HISTORY/DISCUSSION

In August of 2010, the City posted RFP No. 209-2010 Print Solutions and Related Services. In June of 2011, the City entered into a 5-year agreement with Xerox Canada Ltd. for the implementation and on-going maintenance of a fully managed Multi-Function Printer (MFP) fleet whereby the number of pieces of equipment was reduced from over 1800 devices to approximately 636 devices across the City.

Since print/copy volumes were not tracked prior to that contract, the award to Xerox was based on an estimate of 28 million impressions per year. Actual volumes were much lower and at the end of the 5-year contract the fleet was underutilized and still in excellent health. In an effort to lead in sustainability initiatives and utilize the remaining life in the fleet a Single Source agreement to Xerox was recommended for the continued services for an additional three years.

On May 4, 2016 Executive Policy Committee concurred with the recommendation for single source negotiations and award of the three year contract for the period of June 2016 to June 2019.

The existing contract expires on June 30, 2019.

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.
- Minimize the impact of evergreening the MFP fleet on client departments.

The Public Service has posted RFP 415-2019 to replace this contract. However, the current contract does not allow for the removal/replacement of the existing fleet nor the provision of these services by any other vendor prior to June 30, 2019. To facilitate the uninterrupted delivery of services and to allow sufficient time window for the rollout of the entire new fleet an overlap in services would be required. The requirement would be for an engagement with Xerox to continue to maintain the existing fleet on a declining scale over a 12-month period to accommodate the implementation of the new fleet.

Approximately 75% of the current print/copy volumes are produced on Xerox 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. To engage Xerox for the required extension of service requires a Single Source award.

Final costs and terms are being negotiated with Xerox to address the declining-basis nature of the up to 12-month term.

The Innovation, Transformation & Technology Department 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 Chief Innovation Officer.

The recommendation complies with B4.1(i) which indicates that the contract is for interim contract arrangements following the expiration of a contract, but there is no corresponding justification in the various trade agreements. B4.1(i) is part of the Materials Management Policy.

This procurement is subject to the New West Partnership Agreement ("NWPTA"), which incorporates the requirements of the Canadian Free Trade Agreement ("CFTA") and the Comprehensive Economic and Trade Agreement ("CETA", collectively the "Trade Agreements"). The Trade Agreements do not appear to contain an exception that would permit the action in the Recommendation of this Report.

In the opinion of the public service, there is a risk a complaint could be brought against The City pursuant to the Trade Agreements should Executive Policy Committee approve this Recommendation.

Following approval of the Recommendation of this Report, a subsequent report will be sent to the Chief Financial Officer recommending award of the up to 12 month single source contract with Xerox Canada Ltd.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 16, 2019

Project Name:

First Year of Program **2019**

Single Source Negotiation and Award of Contract for a 12-month period for the continuation of a fully managed Multi-Function Printer (MFP) Fleet Service on a declining basis with Xerox Canada Ltd.

	2019	2020	2021	2022	2023
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	$ 297,000	$ 297,000	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 297,000	$ 297,000	$ -	$ -	$ -
Less: Existing Budget Amounts	297,000	297,000	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

1) The direct costs above represent $550,000 plus $44,000 MRST for a total of $594,000. The contract period is for the period not to exceed 12 months commencing from July 1, 2019. GST is not included in the above costs as the City receives 100% rebate on this tax.

2) Operating Budget is available through the budgets of the various user departments in 2019 and 2020. 2020 budget is dependant on budget approval in 2020.

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

original signed by

Tanis Yanchishyn
Manager of Finance (Campus)
Corporate Finance

CONSULTATION

In preparing this report there was consultation with:
Materials Management
Legal Services Department (as to legal issues)

OURWINNIPEG POLICY ALIGNMENT

Sustainability

SUBMITTED BY

Department:	Innovation, Transformation & Technology Department
Division	Business Technology Services
Prepared by:	J. Armitage
Date:	April 26, 2019
File No.	