



THE PORT
OF LOS ANGELES
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: OCTOBER 7, 2014

FROM: CONTRACTS AND PURCHASING

**SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT NO. 39706 TO
CANON BUSINESS SOLUTIONS FOR THE LEASE/RENTAL OF
PHOTOCOPIER EQUIPMENT**

SUMMARY:

The Contracts and Purchasing Division (CPD) requests approval to award Contract No. 39706 to Canon Business Solutions for photocopier lease/rental services. Contract No. 39706 is a one-year contract, with two, one-year renewal options at an annual amount not-to-exceed \$273,000. Through this contract, Canon Business Solutions will supply and maintain photocopiers at various Harbor Department office locations. Expenditures under this contract are the financial responsibility of the Harbor Department.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve Contract No. 39706 with Canon Business Solutions for a one-year term at a not-to-exceed amount of \$273,000;
2. Authorize the Executive Director to execute two, one-year extensions at an amount not-to-exceed \$273,000 annually, subject to budget authorization in each fiscal year;
3. Authorize the Executive Director to execute the proposed contract; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – The Harbor Department currently rents/leases 58 Canon black and white photocopiers and four color copiers, for an annual not-to-exceed amount of \$350,000. Rather than purchasing multifunction photocopiers, the Harbor Department finds it more beneficial to lease the photocopiers. Purchasing multifunction photocopiers locks the Harbor Department into using one vendor and one level of technology. In addition, disposal of old photocopiers is difficult, and the cost of replacing all photocopiers at the same time is high. Leasing photocopiers allows the Harbor Department to replace machines that may be unreliable or technologically obsolete. The

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practice of leasing is consistent with the practices of many government agencies, including all City of Los Angeles Departments.

In October 2010, Graphics Services and the Information Technology Division (ITD) completed a cost and needs analysis of the five major multifunction copier vendors capable of providing photocopier equipment to the Harbor Department. Specifically, Harbor Department staff analyzed pricing, equipment, and security features of photocopiers provided by Canon, Konica Minolta, Ricoh, Sharp, and Xerox.

More functionalities have been integrated into photocopier devices, including scanning, copying, faxing, printing, and web access. As a result, these devices have become new targets for attackers, as they act as "information hubs", where data from various sources and users is processed, stored, and produced. Since installing and networking any of these multifunctional devices could pose a security risk for the Harbor Department, ITD staff evaluated the security features, system architecture, and the network impact of the equipment of the five major vendors.

Although all of the copiers evaluated had some form of security embedded as a core component, ITD staff determined that Canon and Xerox offered the most comprehensive security architecture that would meet Harbor Department security standards. In addition to analyzing the security features, Harbor Department staff tested equipment, obtained print samples, and completed a cost analysis of equipment provided by the five major vendors. The cost analysis included cost of repairs, parts, labor, toner, and expendables excluding paper and staples. Based on the evaluation of cost and quality, Harbor Department staff determined that Canon provided the best quality prints at the lowest price.

Recognizing that Canon equipment offered the most comprehensive security features, had the best print quality, and was the lowest price, Graphics and ITD staff recommended that the Harbor Department utilize Canon photocopiers for its printing and photocopying needs. The Harbor Department's prior three year contract with Canon Business Solutions (Canon) was a one-year contract, with two, one-year renewal options at an amount not-to-exceed \$350,000 annually. All of the renewal options have been exercised and the contract expired on June 30, 2014. In order to ensure uninterrupted service, the Harbor Department has been contracting with Canon on a month-to-month basis for July, August, and September 2014 while contract negotiations were being finalized.

Selection Process - Graphics and ITD staff have been satisfied with the quality of Canon equipment and the Harbor Department desires to continue utilizing Canon equipment. In addition to the quality of equipment and service, utilization of Canon equipment will result in administrative efficiencies inasmuch as Harbor Department staff will not need to be trained to use new equipment. A new assessment of photocopier equipment will be conducted by Graphics Services and ITD prior to the expiration of the proposed contract.

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On January 1, 2011, the County of Los Angeles issued Contract No. MA-IS-1140181-1 for the lease/rental of photocopier equipment to Canon Business Solutions (Transmittal 1). Pursuant to Sections 371 (e) (8) of the City Charter and 10.15 (a) (8) of the Los Angeles Administrative Code, it is recommended that the Harbor Department piggyback on the County of Los Angeles Agreement with Canon. The County of Los Angeles Agreement provides for competitive rates and the Harbor Department will benefit from the leveraged purchasing power and high volume government discounts on the contract.

CPD requests approval to award Contract No. 39706 to Canon for photocopier lease/rental services (Transmittal 2). Contract No. 39706 is a one-year contract, with two, one-year renewal options at an annual amount not-to-exceed \$273,000. Through this contract, Canon will supply and maintain photocopiers at various Harbor Department office locations. It is anticipated that the Harbor Department will need to lease 58 black and white photocopiers, and four color copiers. Over the prior three fiscal years (FY), the Harbor Department expended an average annual amount of \$213,401 for photocopier equipment and service. Historically, expenditures for the equipment and services have gradually increased due to an increase in need for equipment Department-wide. The prior year expenditures for photocopier equipment and services was \$249,890. A contingency is included to account for new photocopier equipment that may be required throughout the contract, unanticipated maintenance services, and copy overage charges that incur when a machine exceeds the maximum allowable copies. The contract amount of \$273,000 provides a maximum spending authority and is consistent with the FY 2014/2015 approved budget allocation for photocopier lease/rental services. Given the historical spending, it is anticipated that actual contract expenditures will be less than the contract amount, and will be limited to the budget allocation approved by the Board in each FY.

ENVIRONMENTAL ASSESSMENT:

The proposed action is award of a contract to Canon Business Solutions for the lease/rental of photocopier equipment. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

ECONOMIC BENEFITS:

This Board action will have no employment impact.

FINANCIAL IMPACT:

The prior year expenditures for photocopier equipment and services was \$249,890. Funding in the amount of \$273,000 for FY 2014/2015 has been included in the proposed budget, Account 54230 (Graphic/Blueprint & Photo), Division 0520 (Contracts

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and Purchasing), Program 000. Operation and maintenance costs, and print overage charges are included in the total contract amount of \$273,000.



Expenditures under this contract are the financial responsibility of the Harbor Department. The proposed one-year contract, with two, one-year renewal options, is for a not-to exceed amount of \$273,000 annually. Should the Harbor Department exercise the renewal options in future years, funds will be requested to be budgeted as part of the annual budget adoption process in each future year, upon Board approval. If all renewal options are exercised, the maximum authorized expenditures for the entire term of the contract are for an amount not-to-exceed \$819,000. In addition to the renewal options being at the Harbor Department's discretion, a funding out clause is also included in the contract.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the contract as to form and legality.

TRANSMITTALS:

1. County of Los Angeles Contract No. MA-IS-1140181-1
2. Contract No. 39706

FIS Approval:  (initials)
CA Approval:  (initials)



TRICIA CAREY
Director of Contracts and Purchasing



MOLLY CAMPBELL
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director