



Legislation Text

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Report to Mayor and City Council

Tuesday, April 21, 2020

Consent

SUBJECT:

CONSIDER APPROVAL OF BUDGET RESOLUTION NO. 20-032, FOR ONGOING CITY USE OF MULTI-FUNCTIONAL DEVICES AND PRINTERS. (CITY COUNCIL)

I. SUMMARY

The three contracts covered in this staff report are for the lease of City-wide multi-functional devices and printers from Xerox Financial Services, LLC, and related maintenance and usage agreements with Xerox Corporation and Q Document Solutions, Inc. In doing an evaluation of the charges in invoices following the hiring of the new IT Manager, we identified that taxes on the lease were not properly budgeted for and that the usage significantly exceeded what had been estimated. Actual usage is consistent with previous years' printing needs.

The City Council is being requested to approve a budget resolution that appropriates funds to cover the estimated costs associated with the three agreements for the remainder of the 2019-20 fiscal year.

II. RECOMMENDATION

TAKE the following action(s):

WAIVE further reading and ADOPT Resolution No. 20-032, "A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2019-20 BUDGET IN THE GENERAL FUND" (Exhibit 4);

III. ALTERNATIVES

TAKE another action deemed appropriate by the City Council.

IV. BACKGROUND

On October 17, 2017, City Council approved an appropriation of \$150,000 for the first year

of a three-year lease agreement ("Lease Agreement") with Xerox Financial Services, LLC (Exhibit No. 1), for lease of City-wide multi-functional devices and printers ("MFDs"), and based upon that approval, the maintenance and usage of the MFDs with Xerox Corporation and Q Document Solutions, Inc. doing business as Qdoxs ("Maintenance Agreements") continued, which include a per page print usage allowance and charge (Exhibit No. 2, Exhibit No. 3). Funding in the amount of \$150,000 for each of the second and third years has been provided as part of the City's budget process.

During its review, staff has discovered that the \$450,000 was a severe underestimation of City needs, as the City's usage of the MFDs has been significantly higher than originally estimated. Also, additional funding will be needed to pay for applicable taxes, which were not originally budgeted by the City.

After analyzing a few months of invoices for each vendor, staff found that the combined monthly shortfall under the three agreements for the FY2019-20 is approximately \$18,714.59, as provided in the table below.

VENDOR	DESCRIPTION OF SERVICES	PER MONTH
Xerox Financial Services	Lease Costs for all MFDs \$ 7,593.23	\$ 8,314.59
	Tax \$ 721.36	
Xerox Corporation	Maintenance, Support & Supplies for V80 ONLY	\$ 3,700.00
Q Documents	Maintenance, Support & Supplies for MFDs	\$ 6,700.00
		\$ 18,714.59

Xerox Financial Services charges a flat rate of \$7,593.23 per month, which comes to \$8,314.59 per month after taxes. However, since staff did not initially budget for payment of taxes in October 2017, additional funding will be needed to pay for such taxes. Charges for Xerox Corporation and Q Documents vary per month depending on usage (cost per page) and supplies. Initially, staff underestimated the City's monthly usage, so due to the underestimation, and overages charged, the City will need an additional \$3,700.00 and \$6,700.00 per month, respectively.

The City's need for additional funding as described above is further detailed in the table below:

FY 2019/20			
VENDOR	BALANCE LEFT ON PO	AMOUNT NEEDED FOR FY	REQUEST AMOUNT
XEROX FINANCIAL SERVICE	\$ 768.26	\$ 59,000.00	\$ 59,000.00
XEROX CORPORATION	\$ 19,676.89	\$ 14,800.00	\$ -
Q DOCUMENT SOLUTIONS	\$ 3,397.36	\$ 33,500.00	\$ 30,100.00
			\$ 89,100.00

In light of the foregoing, staff is requesting \$89,100.00 from the General Fund to cover the invoices for the rest of the 2019-2020 Fiscal Year.

As the agreement for this equipment is close to ending, staff has begun the RFP process to identify another vendor who will provide new equipment.

V. FISCAL IMPACT

The budgetary impact to the General Fund will be \$89,100.00 for FY 2019/20. These funds would need to be appropriated from the unallocated General Fund to account number 101-50-520-101-7002.

EXHIBITS

1. Xerox Financial Services, LLC Lease Agreement. (pgs. 4 - 10)
2. Xerox Corporation Maintenance Agreement. (pgs. 11 - 13)
3. Q Document Solutions, Inc. Supplies & Maintenance Agreement. (pgs. 14 - 17)
4. Budget Resolution No. 20-032. (pgs. 18 - 19)

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