



CITY OF CARSON

Legislation Text

File #: 2021-020, Version: 1

Report to Mayor and City Council

Tuesday, January 12, 2021

Consent

SUBJECT:

CONSIDER APPROVAL OF ADDITIONAL FUNDING 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. ("Vendors"). On April 21, 2020, the City Council approved an additional \$89,100 to pay taxes on the lease that were not properly budgeted for and to pay for overages from usage of the printers and devices that significantly exceeded what had been estimated. The additional funding approval was for the remainder of the 2019-20 fiscal year but given that the Vendors' contracts do not expire until well into 2021, City maintained the ability to continue making payments on the contracts in the amounts up to the total amount of funding approved by the City Council. We are now at the end of our funds authorized by the City Council, which is why we are asking for additional funds. The City has issued an RFP for new equipment to replace the current equipment that is antiquated and likely costlier to use than the anticipated cost of the new equipment. Staff anticipates the replacement vendor to have its equipment and devices available for use by the end of March, 2021.

Even though the replacement equipment and devices are expected to be installed and operational by the end of March, 2021 at a cost of \$60,572, the City Council is being requested to approve additional funding in the amount of \$104,320 to pay Xerox Financial Services, LLC, Xerox Corporation and Q Document Solutions, Inc., through May 31, 2021, in an abundance of caution to cover any contingencies that may present themselves during the transition period.

II. RECOMMENDATION

TAKE the following action(s):

APPROVE funding in the amount of \$104,320 to pay Xerox Financial Services, LLC, Xerox Corporation and Q Document Solutions, Inc., through May 31, 2021.

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 with Xerox Financial Services, LLC, for lease of City-wide multi-functional devices and printers ("MFDs"), and based upon that approval, City entered into agreements for maintenance and usage of the MFDs with Xerox Corporation and Q Documents Solutions Inc. doing business as QDoxs. The \$150,000 was intended by staff to be allocated toward payments under all three contracts. These agreements include a per page usage allowance and charges. Funding in the amount of \$150,000 for each of the second and third years was provided as part of the City's budget process. On June 5, 2018, City Council approved an additional \$60,100.

Staff later discovered that the budgeted \$510,100 was a severe underestimation of City needs, as the City's usage of the MFDs was significantly higher than originally estimated. Also, additional funding was needed to pay applicable taxes which were not originally budgeted by the City.

On April 21, 2020, City Council approved funding for an additional \$89,100 to cover the usage overages and taxes for the remainder of the 2019-20 fiscal year, but given that the Vendors' contracts do not expire until well into 2021, City maintained the ability to continue making payments on the contracts in the amounts up to the total amount of funding approved by the City Council. The City has issued an RFP for new equipment which will replace the current equipment that is antiquated and likely costlier to use than the anticipated cost of the new equipment. Staff anticipates the replacement vendor to have its equipment and devices available for use by the end of March, 2021.

Staff is now seeking City Council approval for funding needed to pay the Vendors until such time the replacement MFDs are installed and become operational. Staff believes funding will be needed through March 31, 2021 in the amount of \$60,572 but is seeking sufficient funding through May 31, 2021 in the amount of \$104,320, in an abundance of caution to cover any contingencies that may present themselves during the transition period. The below table illustrates and summarizes the costs for each of the three contracts expected through March 31, 2021, and if needed, through May 31, 2021.

Vendor	Monthly Amount Needed	Amount Needed Through: 3/31/21 to 5/31/21
XEROX FINANCIAL SERVICES	\$8,315	\$39,831 / \$56,460
XEROX CORPORATION	\$3,700	\$3,993 / \$17,652
Q DOCUMENTS SOLUTIONS	\$6,700	\$16,808 / \$30,208
TOTAL AMOUNT NEEDED		\$60,572 / \$104,320

V. FISCAL IMPACT

None. The amount requested has already been budgeted.

Prepared by: Kevin Kennedy, Information Technology Manager