



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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**OPERATIONS COMMITTEE  
JUNE 16, 2005**

**SUBJECT: CONVENIENCE COPYING SERVICES**

**ACTION: AWARD CONTRACT NUMBER PS05642018**

**RECOMMENDATION**

Authorize the Chief Executive Officer to award a five-year, indefinite delivery, indefinite quantity contract beginning September 1, 2005 under IFB No. PS05642018, with Ricoh Business Systems, the lowest responsive and responsible bidder for the lease and maintenance of multi-function devices in an amount not to exceed \$2,035,810.79.

**RATIONALE**

Metro requires a variety of equipment to enable staff at all divisions and Gateway locations to copy, print, fax, and scan documents and reports. Currently, 179 convenience copiers/printers at these locations produce approximately 1,375,000 copies per month. The current contract to lease and service these copiers/printers will expire on August 30, 2005.

This recommendation is to replace these copier/printer units with multi-function devices (MFD's) capable of (1) copying paper originals; (2) printing from a PC on the network; and (3) scanning a document to be routed as a fax to any fax machine or via email to any location on the Internet or directly to a server on the network. However, at contract inception, only thirty-five of the initial 180 units will be connected to Metro's network to serve as copier/printer units. The remaining 145 units will be capable of copying only.

While Metro may opt to add-on the additional hardware and software to activate other features of which the MFD's are capable, Metro is contractually bound only to order the initial configuration. However, the terms of the procurement anticipate the possibility that, as existing stand-alone printers, faxes, and scanners become uneconomical to repair or wear out, their workload could be shifted to the MFD's, thereby eliminating the cost to replace and service the stand-alone devices.

Moreover, independent studies have indicated that such a migration from single-purpose devices to multi-function devices could significantly boost productivity and lower costs in the following ways:

- Multi-function Devices are much faster and use far less ink than existing network printers, reducing the cost per print for jobs sent to them by 30-50%.
- Using such devices as networked printers also eliminates the labor to physically operate the copier. Instead, documents required in multiple copies can be sent directly from a PC to the multi function device in an automated manner.
- Using the MFD to scan a document and send it via email to any location on a network or throughout the world via the Internet promises to accelerate the distribution of critical documents, eliminate courier costs, and provide better quality in transmitted documents that is available through fax.
- Using the MFD to scan a document to a networked PC or server would (1) help eliminate the cost of procuring and servicing new scanners; (2) support efforts to move towards more efficient paperless processing; and (3) enable staff to easily convert documents into searchable PDF, Excel, and Word formats for efficiently manipulating data or text.
- Color-enabled MFD's produce high-quality color prints much more economically than the small Color Laser jets. Replacing these units when they wear out with color-enabled MFD's would further reduce supplies and service costs.

As part of the scope of work of the procurement and in order for Metro to accurately determine the effect of such an equipment reconfiguration in Metro's environment, the contractor is obligated to complete a comprehensive analysis of Metro's printer, fax, and scanner usage. The cost/benefit usage report resulting from this analysis, along with budgetary considerations, will provide Metro with the basis to determine which of the devices' multiple functions to activate. The amount being requested includes the funding required to activate the maximum number of these features. Metro is obligated only to pay the lease of the initially installed devices and the per-copy service cost for each print actually made. If the additional features were not activated and the number of prints continues at the current rate, the cost of the contract would be \$1,891,693. Staff anticipates, in our current environment, that the actual cost will be closer to this amount than to the amount requested.

### **FINANCIAL IMPACT**

Funding of \$464,761 for this service is included in the FY06 budget in cost center number 6420, Copy Services under projects 100030, 100060, and 100080, line item 51205, Leases and Rentals. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting the cost in future years, including any option exercised. During the first half of FY05, approximately \$214,203 was expended on this line item.

### **ALTERNATIVES CONSIDERED**

The alternatives to approving this recommendation would be (1) to continue using the current machines; (2) to send all photocopying to the copy center or an outside vendor; or (3) to purchase copiers. These three alternatives are not recommended for the following reasons:

1. The current leased copier/printers have been in use for almost five years. Many of them are worn out and obsolete. Additionally, the five-year contract term will be reached at the end of August 2005.
2. Sending all photocopying and printing to the Copy Center and/or an outside vendor is not feasible. Although staff already sends large copy projects that are not time sensitive to the Copy Center, efficient and effective office productivity requires the ability to scan, copy, and print documents immediately within the individual work areas.
3. Purchasing the machines also is not recommended due to the large initial capital expenditure that would be involved in acquiring 180 multi function devices. Also the technologies involved in the realm of multi-function devices, as well as Metro's reprographic needs, are evolving very rapidly. Additionally, leasing would permit Metro to upgrade machines at no additional cost, whereas there would be considerable additional cost to upgrade purchased machines.

## ATTACHMENTS

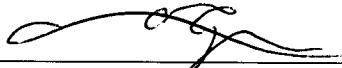
- A. Procurement Summary
- B. Bid Tabulation

Prepared by: Brian Soto  
Director of General Services



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Don Ott  
Executive Officer, Administration



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**CONVENIENCE COPYING SERVICES**

1.	Contract Number: PS05642018		
2.	Recommended Vendor: Ricoh Business Systems		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$2,035,810.79	Recommended Price: \$2,035,810.79	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Indefinite Delivery/Indefinite Quantity		
5.	Procurement Dates:		
	A. Issued: March 10, 2005		
	B. Advertised: March 10, 2005		
	C. Pre-bid/proposal Conference: None		
	D. Bids/proposals Due: April 19, 2005		
	E. Pre-Qualification Completed: April 26, 2005		
	F. Conflict of Interest Form Submitted to Ethics: May 12, 2005		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: None recommended	Date Small Business Evaluation Completed: N/A	
	Small Business Commitment: 0%, Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 14	Bids/Proposals Picked up: 14	Bids/Proposals Received: 4
8.	Evaluation Information:		
	A. Bidders/Proposers Names:  Ricoh Business Systems Canon Business Solutions Lanier Worldwide Xerox Corporation	Bid Amount:  \$2,035,810.79 \$2,152,127.20 \$3,235,814.10 \$3,414,438.00	Best and Final Offer Amount: N/A
	B. Evaluation Methodology: Lowest Responsive, Responsible Bidder, Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: June 25, 2005		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Kenneth Takahashi	Telephone Number: 213-922-1047	
11.	Project Manager: Robert Sanders	Telephone Number: 213-922-2374	

**BOARD REPORT ATTACHMENT A-1  
PROCUREMENT HISTORY**

**CONVENIENCE COPYING SERVICES**

A. Background on Contractor

Ricoh Corporation, a 41-year-old U.S. Company with headquarters in West Caldwell, New Jersey, is a diversified office automation equipment and electronics provider with sales in excess of \$2.8 billion annually.

Ricoh is a leading provider of digital office equipment, including color and black & white multifunctional products consisting of copiers, printers, facsimile systems, scanners, digital duplicators, wide format copiers, and digital cameras.

Ricoh Corporation also has three wholly owned subsidiaries that are OEM distributors of Ricoh products. These companies are Savin purchased in 1995, Gestetner purchased in 1995, and Lanier purchased in 2001. Supporting the marketing and sales for its full line digital office solutions, Ricoh utilizes a nationwide network of independent Ricoh, Savin, Gestetner and Lanier dealers as well as a Ricoh Business Systems and Lanier as direct sales forces.

Some of Ricoh's past and current customers include the Los Angeles City Library, Los Angeles County Office of Education, and Loyola Marymount University.

B. Procurement Background

IFB No. PS05642018 was issued as a sealed bid procurement and the award is being recommended to the lowest, responsive and responsible bidder. The contract allows Metro to obtain additional MFD units or add-on devices at pre-established prices during the term of the contract.

C. Evaluation of Bids

The procurement was conducted in compliance with Metro procurement policies and procedures.

D. Cost/Price Analysis Explanation of Variances

The recommended price has been determined to be fair and reasonable based upon adequate price competition.

**BOARD REPORT ATTACHMENT A-2  
LIST OF SUBCONTRACTORS**

**CONVENIENCE COPYING SERVICES**

PRIME CONTRACTOR – Ricoh Business Systems

Small Business Commitment

Other Subcontractors

None Recommended

None

Total Commitment 0%

**BOARD REPORT ATTACHMENT B  
BID TABULATION**

**CONVENIENCE COPYING SERVICES**

Bids Out: 03/10/05 Total 14  
 Bids Opened: 04/19/05 Total 4  
 No Bids: None

Advertisement Date(s): 03/10/05

Newspaper: Daily News and L. B. Press Telegram

Description	Year	Ricoh Business Systems			Canon Business Solutions		
		Total for B&W Units	Total for Color Units	Total for all Add-On Features	Total for B&W Units	Total for Color Units	Total for all Add-On Features
Convenience Copying Services	1	\$378,338.58	\$10,567.16	\$7,000.00	\$342,440.40	\$8,830.64	\$34,097.40
	2	\$383,963.58	\$10,567.16	\$7,000.00	\$355,190.40	\$8,830.64	\$44,710.20
	3	\$389,620.67	\$10,567.16	\$7,000.00	\$367,940.40	\$8,830.64	\$55,143.60
	4	\$395,213.58	\$10,567.16	\$7,000.00	\$380,690.40	\$8,830.64	\$66,117.00
	5	\$400,838.58	\$10,567.16	\$7,000.00	\$393,440.40	\$8,830.64	\$68,203.80
<b>Totals</b>		\$1,947,974.99	\$52,835.80	\$35,000.00	\$1,839,702.00	\$44,153.20	\$268,272.00

Description	Year	Lanier World, Inc.			Xerox		
		Total for B&W Units	Total for Color Units	Total for all Add-On Features	Total for B&W Units	Total for Color Units	Total for all Add-On Features
Convenience Copying Services	1	\$588,506.00	\$11,121.82	Included	\$500,424.00	\$4,554.00	\$66,470.00
	2	\$610,983.50	\$11,341.82	Included	\$515,237.00	\$4,554.00	\$101,971.00
	3	\$634,586.00	\$11,341.82	Included	\$530,049.00	\$4,554.00	\$137,789.00
	4	\$659,313.50	\$11,341.82	Included	\$544,861.00	\$4,554.00	\$173,608.00
	5	\$685,166.00	\$12,111.82	Included	\$559,674.00	\$4,554.00	\$261,585.00
<b>Totals</b>		\$3,178,555.00	\$57,259.10	\$0.00	\$2,650,245.00	\$22,770.00	\$741,423.00