



Metro

Metropolitan Transportation Authority

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OPERATIONS COMMITTEE
AUGUST 18, 2005

SUBJECT: CONVENIENCE COPYING SERVICES

ACTION: RESCIND PREVIOUS CONTRACT AWARD AUTHORIZATION
AND APPROVE NEW CONTRACT AWARD

RECOMMENDATION

- A. Rescind the previous Board of Directors action authorizing 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 \$2,035,811.
- B. Authorize the Chief Executive Officer to award a five-year, indefinite delivery, indefinite quantity contract beginning September 1, 2005 under IFB No. PS05642018, with Canon Business Solutions, the next lowest responsive and responsible bidder for the lease and maintenance of multi-function devices in an amount not to exceed \$2,152,398.

RATIONALE

Metro requires a variety of equipment to enable staff at all divisions and the Gateway location 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. This recommendation is to replace these copier/printer units with multi-function devices 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.

In accordance with Procurement Policy, the Board of Directors approved the contract award to Ricoh Business Systems (Rico) at the June 2005 meeting. Concurrent with the process for seeking award approval, the contract was transmitted to Ricoh for execution.

Ricoh then informed Metro that the Termination for Convenience clause was not acceptable and changes were proposed. Staff informed Ricoh that by submitting a bid in response to the IFB, they had already agreed to the terms and conditions of the contract, which was part of the IFB. Staff also informed Ricoh that the Metro Legal

Department (Legal) would also review their proposed changes. Legal also concurred that the changes were not acceptable or permissible under an IFB. When informed that the proposed changes were not acceptable and financing could not be secured, Ricoh stated that they would not be able to execute the contract.

Staff has sent a demand letter to Ricoh for the difference in pricing between their bid and the next lowest bidder, Canon Business Solutions, who is being recommended for award in this report. Staff and Legal are researching other measures that may be taken with respect to Ricoh.

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, 100040, 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.

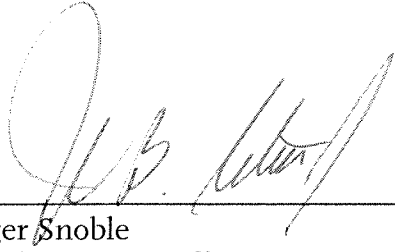
ATTACHMENT

- A. Procurement Summary

Prepared by: Brian Soto
Director of General Services



Don Ott
Executive Officer, Administration



Roger Snoble
Chief Executive Officer

BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY

CONVENIENCE COPYING SERVICES

1.	Contract Number: PS05642018		
2.	Recommended Vendor: Canon Business Solutions		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$2,152,397.20	Recommended Price: \$2,152,397.20	
	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 \$2,152,397.20 \$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: Thomas Rodriquez	Telephone Number: 213-922-4356	

BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY

CONVENIENCE COPYING SERVICES

A. Background on Contractor

Canon Business Solutions (Canon) a Canon U.S. A. Company is a global leader in imaging and printing technology with annual net sales in excess of thirty million. Canon is a recipient of a 2005 Energy Star Partner of the Year Award from the U.S. Environmental Protection Agency and the U.S. Department of Energy.

Canon's past and current customers include the Southern California Regional Rail Authority, University of Southern California, and Metro. Their performance at Metro has been satisfactory.

B. Procurement Background

IFB No. PS05642018 was issued as a sealed bid procurement and the award is being recommended to the second lowest, responsive and responsible bidder after the lowest, responsive and responsible bidder would not execute 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 – Canon Business Solutions

Small Business Commitment

Other Subcontractors

None Recommended

None

Total Commitment 0%