AGENDA REPORT

Resolution Authorization to Enter Into an Agreement for Managed Print Services and Equipment Lease with Ray A. Morgan Company **Finance & Administration**

MEETING DATE:	6/25/2015
AMOUNT:	$120,000 with a 20% contingency annually for 5 years (not-to-exceed $720,000) Operating Expense
PARTIES INVOLVED:	Ray A. Morgan Company, Pleasanton, CA John Propersi, Vice President
SUBMITTED BY:	Sara Lee, Chief Financial Officer
APPROVED BY:	J. Christopher Lytle, Executive Director
ACTION TYPE:	Resolution

EXECUTIVE SUMMARY

The Port's printer and copiers are old and mostly obsolete, resulting in significant repair costs and down time. Port staff recommends that the Port enter into a managed print services agreement in which the Port will receive new, modern printers and copiers as well as associated maintenance, service and supplies. The Port seeks to enter into an agreement with Ray A. Morgan Company ("Ray Morgan") for managed print services and equipment lease. The agreement will be for five years.

BACKGROUND

The Port's printers and copiers are problematic. The vast majority of the equipment is over 10 years old with some equipment close to 20 years old. Port staff experiences degraded printing quality, slow print speeds and numerous mechanical issues, resulting in excessive repair time and down time. Older equipment is also less environmentally friendly compared with modern equipment and does not provide the data security features necessary to safeguard the Port's information. The Port's printers and copiers are from a variety of manufacturers and models, and as a result, maintaining the equipment is expensive and inefficient. Finally, the Port's equipment is not optimized, with too much equipment for the number of staff: 297 printers, copiers and fax machines for about 455 employees.

A managed print service is the preferred method of many businesses and public agencies for modernizing and maintaining printers and copiers. For a monthly fee, managed print service companies provide modern equipment, supplies (other than paper), training, maintenance and service. The managed print service company is responsible for ensuring that the equipment meets certain performance standards. These companies also analyze the offices, usage, and staff counts in order to optimize the number, type and location of equipment. In addition to reliable printing and copying services, the new equipment will include features such as faster printer speeds, better print quality; secure printing, color scanning, faxing, remote monitoring of consumables, automatic “service-needed” alerts, tablet and cell phone printing, and environmental friendliness.

On July 28, 2014, the Port issued a competitive Request for Qualification (RFQ) to find qualified companies to provide managed print services for all printers and copiers at the Port. Twenty companies attended the mandatory pre-qualification meeting held on August 18, 2014, and nine companies submitted qualifications packages by the September 16, 2014 due date. The Port short-listed five companies and on October 20, 2014, the Port issued a subsequent competitive Request for Proposal (RFP) for the top five qualified companies from the RFQ. The companies were given a chance to analyze the Port’s current printing situation and present a proposal. In mid-December 2014 after interviewing the finalists, Port staff ranked the five companies.

ANALYSIS

Based on the equipment specifications, service level requirements, pricing, and other criteria enumerated in the RFQ and RFP documents, Port staff ranked the five short listed companies:

Company	Location	Ranking
MRC Smart Technology Solutions, Inc.	Hayward, CA	1
Ray A. Morgan Company	Pleasanton, CA	2
Konica Minolta Business Solutions, Inc.	Walnut Creek, CA	3
Crystal Data Solutions, Inc.	Oakland, CA	4
KBA Docusys, Inc.	Union City, CA	5

Port staff began discussions with MRC Smart Technology Solutions, Inc. but was unable to reach an agreement. Port staff then negotiated with Ray Morgan and has been able to come to an agreement. Port staff is confident that Ray Morgan can successfully provide managed print services to the Port. All of their technicians are certified by the equipment manufacturers. Ray Morgan is also Port certified as a Local Business Area business (LBA).

Ray Morgan's analysis of the Port's printer and copier needs was thorough and complete and optimized the number of equipment. It is anticipated that approximately 68 machines will be needed to meet the printing, copying, scanning, and fax services of the Port. The Port will pay a minimum fixed annual payment of approximately $110,772 (based on 80% of the Port's historical volume) and a variable payment based on print volume above 80%. If the Port's actual usage is 100% of recent historical actuals, the annual fee will be $120,000. The table below highlights the annual fee based on various print volumes.

Volume % of Historical Port Usage	Fixed Equip. Lease Payment	Fixed Service and 80% Volume Payment	Annual Minimum Fixed Payment	Variable Payment for Print Volume in Excess of 80%	Total Annual Payment
80%	73,860	36,912	110,772	0	110,772
90%	73,860	36,912	110,772	4,614	115,386
100%	73,860	36,912	110,772	9,228	120,000
110%	73,860	36,912	110,772	13,842	124,614
120%	73,860	36,912	110,772	18,456	129,228

The Port anticipates spending approximately $120,000 annually for its printing/copying needs, but also requests the approval of a 20% contingency (for a total of $144,000 per year). The contingency is to cover the possibility that additional equipment may be needed, once deployment and usage is tested. While Port staff believes that 68 machines are optimal, given the dramatic reduction in number of units, some flexibility is requested to add a couple of additional machines if necessary to improve efficiencies. In addition, although Port staff is encouraged to consider the environment before printing and volume trends are declining, the contingency is also requested as printer volume is not completely controllable and special unforeseen needs may arise. In FY 2014, the Port spent approximately $135,000 for its printing/copying needs (excluding paper). Based on 100% of historical printing volumes, the annual savings is projected to be approximately $15,000. If volume usage is lower, the savings will be greater. If the volume usage is greater or additional equipment is necessary, the Port's printing/ copying costs could be $9,000 greater.

The selected managed print service company will install sample equipment for Port inspection and evaluation, develop a detailed rollout plan, conduct training, and install the equipment. Port staff expects equipment installation to begin in July. The managed print service company will be contractually held to service and equipment performance standards. A service level agreement (SLA) will be included in the agreement for managed print services so that equipment will be quickly repaired or replaced if not functioning properly. During the contract period, the equipment will be continually monitored and further optimized to meet the Port's needs. All consumables except for paper will be provided by RMC. RMC will move the equipment locations as well at no cost to the Port.

RMC will also remove the existing devices as new equipment is being installed, sanitize the hard drives, provide certified secure destruction of information stored in the equipment, and dispose of the existing equipment in an environmentally responsible manner. Because disposing of printers and copiers in an environmentally responsible way is expensive and there is no remaining value in the equipment due to age, Ray Morgan is not providing any residual value for the equipment.

Port staff requests that the Board of Port Commissioners authorize the Executive Director to enter into an agreement with Ray Morgan for managed print services and equipment lease in an annual amount not to exceed $120,000 plus a 20% contingency (for a total of $144,000 per year) for five years, not to exceed $720,000. The contingency will cover potential changes in the Port's needs over the 5 years of the agreement, including the possibility that the quantity of equipment may need to increase slightly and variability of usage, as a portion of the payment is based on volume of printing.

BUDGET & STAFFING

Port staff is requesting the Board's authorization of a contract for $120,000 with a 20% contingency for purposes described above (for a total of $144,000 per year), for five years, not to exceed $720,000. Port staff will work on minimizing costs while meeting the needs of the Port. It is anticipated that the administrative efficiencies will improve with reliable, modern equipment.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Plan (http://www.portofoakland.com/pdf/about/strategicPlan2011-2015.pdf)

- Goal D: Objective 2: Minimize expenditures and focus on core services.

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply to this agreement as the service provider does not employ 21 or more employees working on Port-related work. However, the service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.

ENVIRONMENTAL

This project will not have a physical impact on the environment; therefore no analysis is required to comply with the California Environmental Quality Act.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)/ PROFESSIONAL LIABILITY INSURANCE PROGRAM (PLIP)

The Owner Controlled Insurance Program (OCIP) and Professional Liability Insurance Program (PLIP) do not apply to the matters addressed by this Agenda Report as they are not capital improvement construction or design projects.

OPTIONS

- Authorize the Executive Director to enter into 1) a five year agreement for managed print services and equipment lease agreement with Ray A. Morgan Company for an annual amount not to exceed $120,000 with a 20% contingency (for a total of $144,000 per year) for five years, not to exceed $720,000 and 2) ancillary documents to consummate the transaction contemplated in this agenda report. This is the recommended action.
- Do not enter into an agreement for managed print services; however, the Port will continue to use obsolete equipment.

RECOMMENDATION

Authorize the Executive Director to enter into 1) a five year agreement for managed print services and equipment lease agreement with Ray A. Morgan Company for an annual amount not to exceed $120,000 with a 20% contingency (for a total of $144,000 per year) for five years, not to exceed $720,000 and 2) ancillary documents to consummate the transaction contemplated in this agenda report.