



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Julia H. Cooper

**SUBJECT:** SEE BELOW

**DATE:** February 1, 2021

Approved

Date

**2/11/2021**

**SUBJECT: REPORT ON REQUEST FOR PROPOSAL FOR A CITYWIDE COPIER /  
MULTI-FUNCTIONAL DEVICE SOLUTION**

## **RECOMMENDATION**

Accept the report on the Request for Proposals and adopt a resolution authorizing the City Manager to:

- (a) Negotiation and execute an agreement with Toshiba America Business Solutions, Inc. (Lake Forest, CA) to provide a citywide copier/multi-functional device solution for an initial one-year term beginning March 1, 2021 through February 28, 2022 with a total maximum compensation not to exceed \$650,000 for the initial term, subject to the appropriation of funds; and
- (b) Negotiate and execute amendments and change orders as required for unanticipated changes in demand for up to \$65,000 during the initial term and subject to the appropriation of funds for option terms; and
- (c) Exercise up to nine (9) one-year options to extend the term of the agreement through February 28, 2031, subject to the appropriation of funds.

## **OUTCOME**

To provide the City with new copiers/multi-functional devices (MFDs) with the latest technology and security features, replace our aging fleet and continue to meet copying, scanning, printing, and faxing service needs.

## **BACKGROUND**

It is essential that staff and the public utilizing MFDs at City facilities have properly maintained and functioning devices. The City currently has 333 MFDs deployed throughout City facilities, including departments, libraries, and community centers. Most copiers/MFDs currently used by the City are leased, supported, and maintained through an agreement with Ricoh Business Solutions, a Division of Ricoh Americas Corporation (Ricoh), that was originally approved by Council and executed on October 16, 2007.<sup>1</sup> These copiers/MFDs have reached end of life and need to be replaced. On June 25, 2019,<sup>2</sup> Council authorized the City Manager to execute an amendment to the agreement to extend services for two (2) additional one-year option terms through June 30, 2021 to allow staff sufficient time to conduct a new procurement and execute a new agreement.

It is expected that through a competitive procurement, the City will benefit from significant cost savings, new and updated equipment, and a secure, scalable solution to ensure that the City's faxing, printing, copying, and scanning infrastructure and services needs are met for the next ten (10) years.

## **ANALYSIS**

In December 2019, the Finance Department released a Request for Proposals (RFP) for a Citywide Copier/Multi-Functional Device Solution. A total of twenty-two (22) companies viewed the RFP, and nine (9) proposal responses were received prior to the submittal deadline from the following companies:

1. Canon Solutions America, Inc.\*
2. KBA Document Solutions, LLC
3. Konica Minolta Business Solutions
4. MRC / Xerox Business Solutions
5. Pacific Office Automation
6. Ray Morgan Company
7. Ricoh USA, Inc.
8. Sharp Business Systems
9. Toshiba America Business Solutions, Inc.

\*Canon was subsequently found non-responsive and disqualified from further consideration for being unable to meet the City's mandatory requirement for energy star rated products.

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<sup>1</sup> October 16, 2007 Council Meeting: [http://www3.sanjoseca.gov/clerk/Agenda/101607/101607\\_02.11.pdf](http://www3.sanjoseca.gov/clerk/Agenda/101607/101607_02.11.pdf)

<sup>2</sup> June 25, 2019 Council Meeting: <https://sanjose.legistar.com/View.ashx?M=F&ID=7319007&GUID=83E587DC-FFBD-4D34-A93A-B7CE0C2AD68E>

**Evaluation Process:** The eight (8) responsive proposals were evaluated and scored independently, in accordance with the evaluation criteria set forth in the RFP, by a three-member evaluation team comprised of representatives from the City Information Technology Department, the Police Department, and the Human Resources Department. Evaluations were conducted in phases. Phase 1 evaluations focused on general requirements, project approach/schedule, environmental stewardship, experience and qualifications. Based on their Phase 1 scores, the top four (4) proposers (Toshiba, MRC, Sharp, and Ray Morgan Company) moved forward to Phase 2 evaluations which focused on technical capabilities. Based on their Phase 2 scores, the top two (2) proposers (Toshiba and The Ray Morgan Company) moved forward to Phase 3 which incorporated cost and oral interviews/system demonstrations. Staff also conducted a Best and Final Offer (BAFO) with both vendors to make clarifications and obtain final pricing. Final evaluation results are as follows:

<b>Final Scores</b>	<b>Maximum Points</b>	<b>Toshiba Business Solutions</b>	<b>The Ray Morgan Company</b>
General Requirements	5	4	5
Experience and Qualifications	10	8	9
Project Approach/Schedule	10	8	10
Environmental Stewardship	5	4	4
Technical Capabilities	10	7	7
BAFO Cost	15	15	11
Oral Interview/System Demonstration	35	29	28
Local Business Enterprise	5	5	5
Small Business Enterprise	5	0	0
<b>TOTAL</b>	<b>100</b>	<b>80</b>	<b>79</b>

**Local and Small Business Enterprise Preference:** In accordance with City policy, ten (10) percent of the total evaluation points were reserved for local and small business preference. Three (3) proposers (Konica Minolta Business Solutions, Ray Morgan Company, and Toshiba America Business Solutions, Inc.) requested and received the City’s local business preference for their local offices located within Santa Clara County. None of the proposers qualified for the small business preference. The local business preference was not a factor in the final award since both finalists received the preference.

**Protest:** The City’s RFP process included a ten-day protest period that began when the City issued the Notice of Intended Award on December 16, 2020. No protests were received.

**Award Recommendation:** The City recommends award of contract to Toshiba America Business Solutions, Inc. (Toshiba) whose proposal was scored as the best value proposal per the evaluation criteria set forth in the RFP. Their proposal met or exceeded all RFP specifications, and their solution was rated superior in the following key areas:

- Extensive experience, knowledge, and expertise deploying the proposed solution at other public agencies nationwide;

- A cost-effective solution, including no-cost implementation, with an estimated reduction in cost of about 45% compared to the City's current agreement;
- An environmentally friendly, energy efficient solution that meets or exceeds Energy Star tier 2 standards and meets or exceeds the criteria to qualify for the Electronic Product Environment Assessment Tool (EPEAT) gold or silver ratings; and
- Provides the latest technological advancements and meets or exceeds current security requirements.

Staff conducted reference checks with the City of Berkeley and the County of Sacramento. Both references were positive.

**Office of Equality Assurance:** The City of San José's Living/Prevailing Wage Policy applies to this Agreement.

**Environmentally Preferable Products and Services:** In accordance with the City's "Environmentally Preferable Procurement" (EPP) policy, vendors were required to offer Energy Star, Green Seal, EcoLogo, or EPEAT certified products as applicable. Environmental stewardship was an evaluated criterion, and mandatory requirements for energy star rated equipment were included in the specified product features and functionality.

**Summary of Proposed Agreement:** The agreement with Toshiba will be in accordance with the City's standard terms and conditions and include the following provisions:

1. Fixed not-to-exceed rates for the initial one-year term, with compensation to be paid monthly in arrears based on actual usage;
2. Detailed MFD lease costs, including maintenance, support, and software, established costs per copy based on device model and color/black and white, and a set discount off list price of 79% for the lease or purchase of additional in-scope equipment;
3. Nine (9) one-year options to extend the agreement, with price adjustments to be considered by the City if requested and justified based on the Consumer Price Index (CPI) and does not exceed 3% over the previous year, unless the City's Living Wage and/or Prevailing Wage increases by more than 3%;
4. Detailed scope of services to ensure that the Copier/Multi-Functional Device Solution, including maintenance, support, and software, complies with the City's requirements;
5. Requires Contractor to have a facility located within San José City limits and attend quarterly quality assurance meetings to ensure that service levels are met;
6. Detailed service level requirements including four (4) business hour response time with twenty-four (24) hour resolution time for service calls, no-charge replacement for failing/under-performing devices, and five (5) year automatic replacement of all devices; and
7. A transition plan that meets the City's requirement to transition current copier/MFD services to Toshiba prior to June 30, 2021.

## **CONCLUSION**

Approval of this recommendation will provide continued copying, scanning, printing and faxing services with the latest technology and security features.

## **EVALUATION AND FOLLOW-UP**

This memorandum will not require any follow-up from staff.

## **CLIMATE SMART SAN JOSE**

The recommendation in this memorandum aligns with one or more on Climate Smart San José energy, water, or mobility goals.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City's Council Agenda website for the City of San José Council meeting to be held on February 23, 2021.

## **COORDINATION**

This memorandum has been coordinated with the Information Technology Department, the City Attorney's Office, and the City Manager's Budget Office.

## **COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

## **FISCAL/POLICY ALIGNMENT**

This action is consistent with the City Council-approved budget strategy to effectively manage the City's technological resources to enable and enhance the delivery of City Services and projects.

**COST SUMMARY/IMPLICATIONS**

	<b><u>Maximum Not to Exceed (Initial Term)</u></b>
<b><u>Initial Term (Year 1):</u></b>	
- Implementation <i>(including project management, configuration, installation, testing, training, and go-live)</i>	\$0
- Device Leasing, Software, Maintenance, and Support*	350,000
- Allowance for Per Copy Charges* <i>(per page charges will be assessed in accordance with the agreement and vary based on machine, black and white or color, etc.)</i>	300,000
<b>Contract Amount (Initial Term)</b>	<b>\$650,000</b>
Contingency	65,000
<b>TOTAL NOT TO EXCEED (Initial Term)</b>	<b>\$715,000</b>

\*The City will be pay fees monthly, in arrears, based on actual device inventory and usage.

Note: Options will be executed based on then current usage and need and subject to the appropriation of funds.

- 3. SOURCE OF FUNDING:** Various departments; the Information Technology Department will charge monthly costs back to each department based on the department's utilization.
- 4. FISCAL IMPACT:** Funding is available in departmental annual appropriations.

**BUDGET REFERENCE**

Costs under this agreement will be charged to each individual department based on the department's device requirements and usage. Funding is provided by the various departments and is subject to the annual appropriation of funds.

**CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/  
JULIA H. COOPER  
Director of Finance

For questions, please contact Jennifer Cheng, Deputy Director of Finance, at [jennifer.cheng@sanjoseca.gov](mailto:jennifer.cheng@sanjoseca.gov).