



City of Killeen

Legislation Text

File #: RS-21-128, **Version:** 1

Consider a memorandum/resolution awarding Request for Proposal 21-04 for copier lease services to Kirbo's for a 60-month term in the amount of \$405,896.

DATE: **October 5, 2021**

TO: **Kent Cagle, City Manager**

FROM: **Jonathan Locke, Executive Director of Finance**

SUBJECT: **Copier Lease Services**

BACKGROUND AND FINDINGS:

There are currently 55 copiers used Citywide. The City's process for copier leases has been to obtain quotes whenever an individual copier lease ended. This process has led to the City maintaining 55 copiers on individual leases across five different vendors. Information Technology and Finance have been working together on an approach to move all copiers under a master lease agreement with one vendor. Moving all copiers under a master lease will streamline accounting and billing processes, provide standardization for copier set up and repair, and reduce copier costs.

A request for proposal (RFP) was issued seeking proposals for a 60-month lease, including copier supplies and maintenance services. The vendor's proposal was to provide an approach on moving the City's copiers under a master lease. The City's current copier lease agreements expire at different times over the next five years. The vendor's proposals needed to demonstrate their recommended approach to transitioning the copier leases under one agreement over the next five years.

On May 4, 2021, six proposals were received. The table below shows the total combined cost over the next five years per vendor.

| Vendors | Master Lease Proposed Cost | Current Lease Cost | Total Combined Cost |
|------------------------------|-------------------------------|-----------------------|------------------------|
| Kirbo's | \$405,896 | \$119,992 | \$525,888 |
| Cannon Solutions America | \$565,999 | \$0 | \$565,999 |
| Ricoh USA, Inc. | \$490,585 | \$77,192 | \$567,777 |
| Benchmark Business Solutions | \$497,500 | \$119,992 | \$617,492 |
| CTWP | \$507,341 | \$119,992 | \$627,333 |
| Current Process | \$0 | \$636,140 | \$636,140 |
| Konica Minolta | \$557,078 | \$119,992 | \$677,070 |

The proposals were evaluated based on the criteria stated in the RFP, which were experience & qualifications, references, approach to master lease, and cost of services. All but two of the responses provided a coterminous plan which will allow for all new copier leases added to the master lease to have the same end date regardless of when the lease is initiated. Cannon Solutions America offered a buy-out plan which proposed lower lease rates; however, the vendor charged for black and white copies which increased the overall contract amount. Ricoh USA, Inc. proposed entering into a sixty-month master lease for all 55 copiers with a rebate amount of \$42,800. However, the rebate offered would not be enough to pay off the current leases leaving the City to still owe \$77,192.

The four top-rated companies were Cannon Solutions America, CTWP, Benchmark Solutions, and Kirbo's. City staff conducted interviews with all four vendors. After the interviews were conducted, the four firms were then re-evaluated based on the information gained throughout the interview process.

Kirbo's is the top-rated company based on the final evaluation matrix. The vendor proposed the best overall cost and service response. Kirbo's is offering a coterminous approach with black and white copies included. Kirbo's has a dispatch and support office in Harker Heights with three other offices located within two - three hours of Killeen. Kirbo's also provides similar copier services locally that include Copperas Cove ISD with 127 machines, Temple College with 80 machines, and Central Texas Veterans HealthCare System with 300 machines.

The table below illustrates how the coterminous approach will work. As individual copiers reach the end of their lease term, a new copier lease will be initiated under the master lease with Kirbo's. All leases initiated under Kirbo's will have the same end date, regardless of the start date. At the end of the five-year period, all 55 leases will be under one master lease. The chart below also compares the cost of current lease rates with multiple vendors to the cost of transitioning copiers under a master lease with Kirbo's over the next five years. The annual copier lease cost declines as more copiers move under the master lease with Kirbo's.

| Fiscal Year | Master Lease Copiers | Current Lease Copiers | Total Copiers | Master Lease Cost | Current Lease Cost | Total Lease Cost | Current Process Cost | Estimated Annual (Savings) |
|-------------|----------------------|-----------------------|---------------|-------------------|--------------------|------------------|----------------------|----------------------------|
| FY 22 | 29 | 26 | 55 | \$50,562 | \$64,566 | \$115,128 | \$127,228 | (\$12,100) |
| FY 23 | 35 | 20 | 55 | \$67,947 | \$41,513 | \$109,460 | \$127,228 | (\$17,768) |
| FY 24 | 50 | 5 | 55 | \$89,726 | \$11,939 | \$101,665 | \$127,228 | (\$25,563) |
| FY 25 | 54 | 1 | 55 | \$98,537 | \$1,974 | \$100,511 | \$127,228 | (\$26,717) |
| FY 26 | 55 | 0 | 55 | \$99,124 | \$0 | \$99,124 | \$127,228 | (\$28,104) |
| TOTAL | | | | \$405,896 | \$119,992 | \$525,888 | \$636,140 | (\$110,252) |

THE ALTERNATIVES CONSIDERED:

1. Do not award the RFP to a vendor and continue under current process without a master lease
2. Award the RFP to another vendor other than Kirbo's
3. Award the RFP to Kirbo's

Which alternative is recommended? Why?

Alternative number three is recommended because Kirbo's can meet the specifications outlined in the RFP by providing a coterminous approach to a master lease with the best overall pricing and response time to customer service calls and repairs.

CONFORMITY TO CITY POLICY:

Yes, conforms to the City Financial Management Policy and Texas Local Government Code 252.021.

FINANCIAL IMPACT:**What is the amount of the expenditure in the current fiscal year? For future years?**

This contract will begin in fiscal year 22. Below shows the master lease cost over the next five years.

| Fiscal Year | Master Lease Cost |
|-------------|-------------------|
| FY 22 | \$50,562 |
| FY 23 | \$67,947 |
| FY 24 | \$89,726 |
| FY 25 | \$98,537 |
| FY 26 | \$99,124 |
| | <u>\$405,896</u> |

Is this a one-time or recurring expenditure?

Recurring

Is this expenditure budgeted?

Yes, the lease payments for the copiers are included in the fiscal year 2022 budget in the account numbers ending 71-12 (Principal) and 72-13 (Interest). Due to changes in accounting for leases, a budget amendment will be needed to increase revenues and expenditures in the amount equal to the value of the copiers in the year new copier leases are initiated. This will not have an overall impact on the budget.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes

RECOMMENDATION:

City Council award RFP 21-04 for copier lease services to Kirbo's for a 60-month term in the amount of \$405,896 and authorize the City Manager or designee to execute change orders in accordance with state and local law.

DEPARTMENTAL CLEARANCES:

Information Technology
Finance

ATTACHED SUPPORTING DOCUMENTS:

Evaluation Matrix
Agreement
Certificate of Interested Parties

