



January 10, 2018

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Award of Sole Source Agreement with Xerox Corporation for Ink, Parts, Supplies, Printing, Equipment Repair, and Maintenance

Overview

The Orange County Transportation Authority's print shop utilizes Xerox manufactured equipment to complete the majority of print requirements for various departments within the organization. A new sole source purchase order is required in order to accommodate usage of the Xerox 800 color press through September 30, 2018.

Recommendations

- A. Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-7-2110 between the Orange County Transportation Authority and Xerox Corporation, in the amount of \$100,000, for printing costs, equipment repair, and maintenance of the Xerox 800 color press through September 30, 2018.
- B. Add the Xerox 800 and 1000i color presses to the Orange County Transportation Authority's Fiscal Year 2017-18 Sole Source List for Licensing and Maintenance Agreements.

Background

The Orange County Transportation Authority's (OCTA) Print and Reprographics shop within the General Services Department produces print jobs for a variety of items such as Board of Directors (Board) agendas, service change information, rider alerts, marketing materials, outreach information, financial documents, Measure M2 materials, forms, business cards, and letterhead. OCTA's Print and Reprographics shop utilizes Xerox Corporation's (Xerox) production equipment to meet the reprographic requirements of OCTA. The Xerox production equipment utilized for the various print jobs includes a Xerox Docutech 6135 (2003) black and white copier, Xerox Nuvera 120 (2007) black

and white copier, a Xerox 800 (2013) color press, and a Xerox 1000i (2016) color press. OCTA has sole source agreements with Xerox to provide maintenance for each of the Xerox copiers owned by OCTA. As part of the maintenance agreements, Xerox provides ink, parts, supplies, and all maintenance, including the cost of labor for repairs of each copier/color press. Xerox invoices OCTA a flat rate each month for maintenance and a separate fee based on the number of prints produced by each machine.

Each year, in conjunction with approval of the budget, the Board approves OCTA's software and hardware licensing and maintenance agreements. The annual licensing and maintenance agreements are executed with each hardware and software developer on a sole source basis. The Sole Source List includes licensing and maintenance agreements, as well as emergency support after hours, weekends and holidays, and the budget amounts by vendor and product.

Discussion

During the development of the fiscal year (FY) 2017-18 budget, two Xerox color presses model numbers 800 and 1000i were inadvertently not included within the Sole Source List for licensing and maintenance agreements. Though the Board did approve the budget necessary to operate both presses as part of the budget and Sole Source List, the specific model numbers were not included on the list. As a result, Board approval is required to add both presses to the FY 2017-18 Sole Source List for Licensing and Maintenance Agreements.

The contract for the 800i color press expired on September 30, 2017. OCTA has received pricing from Xerox that will cover a one-year period through September 30, 2018. Staff is asking the Board for authorization to move forward with an agreement purchase order in the amount of \$100,000 for printing costs, equipment repair, and maintenance of the Xerox 800 color press through September 30, 2018.

Procurement Approach

This procurement was handled in accordance with OCTA Board-approved policies and procedures for a sole source procurement. Xerox is the manufacturer and exclusive owner of all proprietary rights for Xerox printers. Therefore, Xerox is the sole entity to provide maintenance and repair of the Xerox 800 color press. Awarding this contract to Xerox will allow the Print and Reprographics shop to continue producing print jobs for OCTA. Based on their technical ability and financial status, Xerox is deemed responsible.

Xerox's price proposal was reviewed by staff from the Contracts Administration and Materials Management Department (CMM) and the General Services Department to ensure compliance with the contract terms and conditions, as well as the technical requirements. In accordance with OCTA's procurement policies and procedures, a sole source procurement over \$50,000 requires OCTA's Internal Audit Department (IA) to conduct a price review. IA compared the Xerox rates quoted to OCTA to the Xerox rates offered to the General Services Administration. As recommended by IA, CMM will use the audit findings as the basis of negotiations with Xerox for the printing costs, equipment repair, and maintenance of the Xerox 800 color press.

Fiscal Impact

There is no fiscal impact to the FY 2017-18 budget. The maintenance budgets for both color presses were included within the FY 2017-18 OCTA Budget, and were included in the OCTA Licensing and Maintenance Agreements Sole Source List in the Fiscal Year 2017-18 Budget.

Summary

Based on the information provided, staff recommends the Board of Directors authorize the Chief Executive Officer to negotiate and execute sole source Purchase Order No. C-7-2110 between the Orange County Transportation Authority and Xerox Corporation, in the amount of \$100,000, for printing costs, equipment repair, and maintenance of the Xerox 800 color presses through September 30, 2018. Staff also recommends that model numbers for both of the Xerox color presses be added to the Fiscal Year 2017-18 Sole Source List for Licensing and Maintenance Agreements.

Attachment

None

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