



March 22, 2017

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. Due to the increase in print volume, a new sole source purchase order is required in order to accommodate the increased usage of the Xerox 800 color press through the end of fiscal year 2016-17.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. A37076 between the Orange County Transportation Authority and Xerox Corporation, in the amount of \$95,000, for printing costs, equipment repair, and maintenance of the Xerox 800 color press through June 30, 2017.

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 (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 on a monthly basis for maintenance and a separate fee based on the number of prints produced by each machine.

Discussion

During fiscal year (FY) 2016-17, demand for printing on the Xerox 800 has exceeded forecasted volume. Staff anticipated an average monthly volume of 150,000 impressions, but is experiencing significantly higher volumes due to outreach efforts for OCTA's bus and M2 programs. The bus program has had large outreach efforts related to the OC Bus 360° Program, fare policy changes, as well as service change information. The M2 Program has seen increased outreach efforts for the OC Streetcar and Interstate 405 Freeway Improvement Project.

Year-to-date volume on the Xerox 800 is approximately 240,000 impressions per month. Based on the FY 2016-17 forecasted print volume for the Xerox 800 color press, a sole source purchase order in the amount of \$95,000 is required for continued ink, parts, supplies, maintenance, repair, and print costs through June 30, 2017.

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 would 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 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 sole source procurement procedures, a sole source procurement over \$50,000 requires OCTA's Internal Audit Department (Internal Audit) to conduct a price review of Xerox's proposed pricing. CMM used recommendations from Internal Audit as the basis for negotiations with Xerox, resulting in an annual cost savings of approximately \$14,634, or

approximately ten percent of the prices initially quoted. Based on the above, this award is recommended to Xerox.

Fiscal Impact

The project was included in the FY 2016-17 budget as part of the OCTA Licensing and Maintenance Agreements Sole Source List. Funds are available within the current budget to accommodate this request.

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. A37076, between the Orange County Transportation Authority and Xerox Corporation, in the amount of \$95,000, for printing costs, equipment repair, and maintenance of the Xerox 800 color press through June 30, 2017.

Attachment

None

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