



January 8, 2020

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Award of Sole Source Agreement for the Purchase and Maintenance of a Xerox Nuvera 144 EA Production Press

Overview

As part of the Orange County Transportation Authority's Fiscal Year 2019-20 Budget, the Board of Directors approved the acquisition of a new high-production digital press to replace the 2003 Xerox Docutech 6135 press that has reached the end of its useful life. The new Xerox Nuvera 144 EA is compatible with the existing fleet of Xerox equipment used by the Orange County Transportation Authority. Staff is requesting a sole source agreement with Xerox for the purchase of the press.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-9-1771 between the Orange County Transportation Authority and Xerox Corporation, in the amount of \$175,340, for the purchase of a Xerox Nuvera 144 EA Production Press, training, and maintenance.

Background

The Orange County Transportation Authority (OCTA) currently owns four Xerox Corporation (Xerox) production presses. The presses are used for high-volume copying, including material for outreach, service changes, budget documents, Riders Alerts, presentation and marketing materials, as well as Board of Directors (Board) and Committee agendas. Over the past five years OCTA has experienced fifteen percent growth in print production to over 6.8 million impressions per year.

To support the four production presses, OCTA uses Xerox's exclusive Freeflow software to manage the production of the print jobs. The Xerox Freeflow software allows the technicians to scan the printed material into a main computer

and then disburse the jobs to any of the four production presses. The Freeflow software creates a cohesive and integrated Xerox production system.

Discussion

OCTA currently has a Xerox Docutech black and white production press that has exceeded its useful life. The Xerox 6135 Docutech was purchased in 2003 and serves as the main black and white production press. The recommended useful life for the Docutech press given the number of annual prints is seven years, but OCTA has been able to get an additional nine years of service from the machine. However, the frequency of break downs with the machine has increased and has reached twice per month. In addition, the Xerox 6135 Docutech press is no longer in production and, as a result, parts have become more difficult for the manufacturer to obtain for repairs. As a result, downtime for the machine has increased from one to two hours to two to three days. This has resulted in delays in production jobs or increased cost when the job needs to be printed on a color press, which costs ten times the amount per impression. Currently, a black and white impression costs approximately half a cent per impression, whereas printing a color impression costs approximately five cents per impression. The replacement of the Docutech 6135 with a new Xerox Nuvera 144 EA will also provide a higher-quality finished product based on the Nuvera 144 EA providing twice the resolution quality.

Procurement Approach

This procurement was handled in accordance with OCTA Board-approved policies and procedures for a sole source procurement. Xerox is the exclusive owner of all proprietary rights for Xerox printers and is also the sole entity able to provide the Freeflow software, training, and maintenance. Therefore, Xerox meets OCTA's criteria for a sole source procurement. Awarding this contract to Xerox will allow OCTA to keep pace with user demands and evolutions in printing technology.

The Xerox proposal was reviewed by staff from the Contracts Administration and Materials Management and the General Services departments to ensure compliance with the contract terms and conditions, as well as the technical requirements. Based on the technical review, financial status, and vendor performance, Xerox is deemed responsible. 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 the proposed pricing from Xerox. Internal Audit concluded that Xerox provided OCTA with fair and reasonable pricing for the Xerox Nuvera 144 EA

Production Press, maintenance, and training based on historical contracted rates.

Fiscal Impact

The project was approved in OCTA's Fiscal Year 2019-20 Budget, Finance and Administration, General Services, Account 1291-9026-A5300-OKE, and is funded with local funds.

Summary

Based on the information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute sole source Purchase Order No. C-9-1771 between the Orange County Transportation Authority and Xerox Corporation, in the amount of \$175,340, for the purchase of a Xerox Nuvera 144 EA Production Press, training, and maintenance.

Attachment

None.

Prepared by:



Sara Belovsky
Section Manager,
General Services
(714) 560-5720

Approved by:



Andrew Oftelie
Chief Financial Officer,
Finance and Administration
(714) 560-5649



Virginia Abadessa
Director, Contracts Administration and
Materials Management
(714) 560-5623