



Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

SUBJECT: LEASE OF CONVENIENCE COPIERS

ACTION: AMEND CONTRACT WITH CANON U.S.A. CORPORATION

RECOMMENDATION

Authorize the Chief Executive Officer to execute Amendment No. 3 to Contract No. GS006420060 with Canon U.S.A. Corporation to provide lease of convenience copiers for the remaining 19 months of the contract term, in the amount not to exceed \$234,803, increasing the Total Contract Value from \$1,953,866 to \$2,188,669.

RATIONALE

The original contract was for 163 copiers. The cost was based upon the number of copies made @ \$.02451 per copy for a guaranteed monthly minimum of 1,234,500 copies and @ \$.007 for each additional copy. The original copier usage was underestimated because it did not take into account the higher volume resulting from (1) the additional use of over thirty copiers as networked printers; (2) the addition of sixteen copiers for the service sectors, Metro Gold Line, and various other MTA locations, which increased the guaranteed number of copies to 1,375,500; and (3) staff's increased use of the digital copiers due to their high-speed, improved quality and reliability in comparison to their analog predecessors, which reduced outsourced photocopying.

As a result of these factors, the monthly cost has increased from \$32,000 in the first three months of the contract to almost \$37,500 currently. In June 2003, the immediate shortfall was met by increasing the contract's not-to-exceed amount under the CEO's authority by \$99,999. Staff now anticipates that another \$234,803 will be required to fund this contract through the end of the second one-year option.

IMPACTS TO OTHER CONTRACTS

The recommended action will have no impact on any other contract.

FINANCIAL IMPACT

Funding of \$452,337 for the lease is included in the FY04 budget in cost center 6420, Copy Services, account 51205, Rental of Office Equipment, under project 100001, General Overhead. Since this is a multi-year contract, the cost center manager and

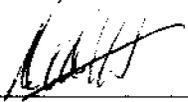
Executive Officer will be accountable for budgeting the cost of \$234,803 in FY05 in order to exercise the 2nd year option of contract. In FY03, approximately \$444,630 was expended for the lease of this equipment.

ALTERNATIVES CONSIDERED

- A. Disconnect the copier-printers from the network to reduce the number of pages printed on the copiers and downgrade the copier speeds. This would be counter-productive, since it would seriously degrade staff productivity and increase the pages printed on the smaller office printers that are more expensive due to the smaller machines' greater consumption of ink.

- B. Send the copying work done by the convenience copiers to the Copy Center or to an outside copy service provider. This alternative would not be acceptable because the absence of convenience copiers would hamper office productivity and cost more in lost staff time than it would save in copying charges. Moreover, the MTA would still be required to pay for the reallocated copying jobs; however, the rate may be slightly less per copy.

Prepared by: Brian Soto
 Director, General Services



Don Ott
Executive Officer, Administration



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

LEASE OF CONVENIENCE COPIERS

1.	Contract Number: GS006420060		
2.	Recommended Vendor: Canon U.S.A. Corporation		
3.	Cost/Price Analysis Information:		
	A. Proposed Price: \$234,803	Recommended Price: \$234,803	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Types: Unit rates based upon the type of copier		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-bid/proposal Conference: N/A		
	D. Bids/Proposals Due: N/A		
	E. Pre-Qualification Completed: N/A		
	F. Conflict of Interest Form Submitted to Ethics: September 4, 2003		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No goal recommended	Date Small Business Evaluation Completed: N/A	
	B. Small Business Commitment: No goal recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bid/Proposals Picked up: N/A	Bid/Proposals Received: N/A
8.	Evaluation Information:		
	A. Bidders/Proposers Names: Canon U.S.A	<u>Bids/Proposals Amount:</u> \$234,803	<u>Best and Final Offer Amount:</u> N/A
	Evaluation Methodology: Amendment		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Ken Takahashi	Telephone Number: 922-1047	
11.	Project Manager: Robert Sanders	Telephone Number: 922-2374	

**BOARD REPORT ATTACHMENT “A-1”
PROCUREMENT SUMMARY**

LEASE OF CONVENIENCE COPIERS

A. Background of Contractor

Canon U.S.A. Corporation (Canon) of Gardena, California, is a leader in professional business and consumer imaging equipment and information systems. Their extensive product line and digital solutions enable businesses and consumers worldwide to capture, store, and distribute information. Canon products include full-color as well as black-and-white copiers, printers, micrographic and image filing systems, facsimile machines, calculators, cameras and lenses, camcorders, semiconductor, broadcast and optical equipment, flatbed scanners, and other specialized industrial products. Canon employs more than 12,000 people at more than 30 facilities throughout North, Central and South America and the Caribbean.

B. Procurement Background

On May 26, 2000, Invitations for Bid (IFB) Number GS-006420060 was advertised and released. A total of twenty-six requests for the IFB were received. Five bids were received in response to the IFB. Canon, with a total bid of \$1,853,867.40 was determined to be the lowest responsive and responsible bidder and was awarded the contract in July 2000. During the course of this year, amendments number 1 and 2 were executed which exercised the renewability options under the contract and added the \$99,999 to the contract, respectively.

The Small Business Diversity Unit (SBD) did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this non-competitive procurement. The Prime is expected to complete the entire scope with its own workforce.

C. Evaluation of Bidders

The contract administrator and project manager reviewed the proposal to ensure responsiveness to the MTA’s requirements and price reasonableness.

D. Cost/Price Analysis and Explanation of Variances

The recommended not-to-exceed amount of \$234,805 has been determined to be fair and reasonable and the best obtainable pricing by the Contract Administrator and Project Manager. This determination of reasonableness is based upon that the existing contract’s prices will be used and the technical evaluation.

**BOARD REPORT ATTACHMENT "A-2"
LIST OF SUBCONTRACTORS**

LEASE OF CONVENIENCE COPIERS

Prime Contractor: Canon U.S.A. Corporation.

Subcontractor(s): None

Total Commitment: No goal recommended