

Legislation Text

File #: BILL NO. 16-191, **Version:** 1

AN ORDINANCE APPROVING MODIFICATION NO. 5 TO AGREEMENT NO. 2012-002 WITH TOSHIBA BUSINESS SOLUTIONS TO EXTEND THE TERM OF THE AGREEMENT AN ADDITIONAL TWO (2) YEARS AND TO REDUCE THE TOTAL MONTHLY LEASE RATE PAYABLE BY THE CITY OF LEE'S SUMMIT AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SAME BY AND ON BEHALF OF THE CITY. (F&BC 8-29-16)

Issue/Request:

AN ORDINANCE APPROVING MODIFICATION NO. 5 TO AGREEMENT NO. 2012-002 WITH TOSHIBA BUSINESS SOLUTIONS TO EXTEND THE TERM OF THE AGREEMENT AN ADDITIONAL TWO (2) YEARS AND TO REDUCE THE TOTAL MONTHLY LEASE RATE PAYABLE BY THE CITY OF LEE'S SUMMIT AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SAME BY AND ON BEHALF OF THE CITY.

Key Issues:

Modification No. 5 to agreement 2012-002 with Toshiba Business Solutions is to modify the current agreement term expiration date from July, 2 2017 to July 2, 2019 at a reduced overall monthly rate. The modified agreement term shall be in effect from October, 2016 through July 2, 2019 (34 months). The modification will also modify Exhibit A-2 (Monthly Lease Cost Breakout) of the agreement from the current Exhibit A-2 Revised 6-16-2016 to Exhibit A-2 Revised 8-12-2016.

The current monthly rate for the City's print devices is \$7,359.07/mo. There is an additional \$909.97/mo that represents the City's average monthly overages. The overall current total monthly rate is \$8,269.04. If approved, the modified 34 month lease term will be at the monthly rate of \$6,439.48 which equates to a savings of \$1,829.56/mo and an overall savings over the 34 month lease term of \$62,205.04. The savings represents potential elimination of the average monthly overages costs by increasing the number of designated black & white and color clicks (prints) per machine. There is also an additional estimated savings of \$13,000+ for not having to pay to ship equipment back to Toshiba at the end of the modified lease term. This makes a total estimated savings of \$75,205.04+ over the modified lease term.

The modified 34 month term is derived from the new rates beginning in October, 2016. October 2016 through July, 2016 equates to 10 months and extension of the agreement termination date for 24 months equates to 34 months total.

All other contractual items and terms will remain the same and in effect.

Any machine that may need to be refurbished during the extended agreement term will be done so at "no cost" to the City. A same function performance loaner will be provided by Toshiba during the time it takes to refurbish the machine at "no cost" to the City.

Proposed Committee Motion:

I MOVE TO RECOMMEND TO THE CITY COUNCIL ADOPTION OF AN ORDINANCE APPROVING MODIFICATION NO. 5 TO AGREEMENT NO. 2012-002 WITH TOSHIBA BUSINESS SOLUTIONS TO EXTEND THE TERM OF THE AGREEMENT AN ADDITIONAL TWO (2) YEARS AND TO REDUCE THE TOTAL MONTHLY LEASE RATE PAYABLE BY THE CITY OF LEE'S SUMMIT AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SAME BY AND ON BEHALF OF THE CITY.

Background:

An RFP for Copier Lease and Maintenance was conducted in 2011. Nine proposals were received, two firms were interviewed and the agreement was awarded to Toshiba Business Solutions.

The current lease and maintenance service agreement expires on July 2, 2017.

The City's Procurement and Contract Services Manager and the Chief Technology Officer participated in meetings with Toshiba on various occasions pertaining to potential reduction in costs options.

Toshiba proposed a lease extension that would include increasing the number of designated black & white and color clicks (prints) for all City devices that should eliminate the average monthly overages that currently equate to \$909.97/mo. The City's monthly rate will be reduced from \$8,269.04/mo to \$6,439.48/mo and that should produce a savings of \$1,829.56/mo and an overall savings over the modified 34 month lease term of \$62,205.04. There is also an additional approximate savings of \$13,000+ for not having to pay to ship equipment back to Toshiba at the end of the term. This makes a total estimated savings of \$75,205.04+.

Impact/Analysis:

Modifying the current Toshiba lease and maintenance agreement term to be in effect from October, 2016 through July, 2019 (34 months) will equate to an estimated savings of \$62,205.04 over the 34 month term and an additional \$13,000+ equating to an overall estimated savings of \$75,205.04+.

Timeline:

Start: ____

Finish: ____

Other Information/Unique Characteristics:

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Presenter:

Ben Calia, Procurement and Contract Services Manager

Recommendation:

AN ORDINANCE APPROVING MODIFICATION NO. 5 TO AGREEMENT NO. 2012-002 WITH TOSHIBA BUSINESS SOLUTIONS TO EXTEND THE TERM OF THE AGREEMENT AN ADDITIONAL TWO (2) YEARS AND TO REDUCE THE TOTAL MONTHLY LEASE RATE PAYABLE BY THE CITY OF LEE'S SUMMIT AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SAME BY AND ON BEHALF OF THE CITY.

Committee Recommendation: [Enter Committee Recommendation text Here]