



## Sacramento Public Library Authority

July 23, 2009

Agenda Item 14.0: Contract – Vended Copiers

**TO: Sacramento Public Library Authority Board Members**

**FROM: Rick Teichert, Deputy Director – Administrative Services**

**RE: Contract – Vended Copiers**

### **RECOMMENDED ACTIONS:**

1. **Approve** a purchase contract with Encompass, Inc. for the purchase of 28 coin vended copiers in an amount not to exceed \$110,000.
2. **Approve** an annual maintenance agreement for the maintenance, support and toner for the 28 coin vended copy machines for the period of August 1, 2009 through June 30, 2010 at an annual cost not to exceed \$8,000 combined.
3. **Authorize** the Library Director to sign all documents related to the contracts described herein within the approved terms.
4. **Approve** a budget amendment to appropriate \$55,000 to the County/Cities Fund and \$55,000 to the City of Sacramento General Fund for the purchase of 28 coin vended copy machines from undesignated fund balance. Staff will reflect this change in the FY 2009/10 Final Budget presented at the September 24, 2009 Board meeting.
5. **Direct** staff to include the maintenance cost and estimated copy machine revenue in the FY 2009/10 Final Budget to be presented to the Board on September 24, 2009.

### **REASON FOR RECOMMENDATION**

For several years, the Library has been able to provide coin-vended copy machines for customers' use in each library in the system by way of an agreement with Ricoh Corporation. Under a "turn-key" arrangement, Ricoh has owned the machines, serviced them, provided toner, collected and deposited the revenue, and shared a small percentage of the revenue with the Library. In March, 2009, Ricoh Corporation notified the Library that they would be exiting the business of providing coin vended copy machines as of April 15, 2009. In order to continue to provide this service to library customers, staff negotiated a rental arrangement with Ricoh for the existing copy machines to remain in the library branches through July 31, 2009, with Library branch staff collecting and depositing the copy machine revenue.



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This temporary rental arrangement provided the necessary time to issue Requests for Proposals to continue to provide coin-vended copiers for library customers. Two RFP's were issued - one for a "turn-key" operation, similar to the previous arrangement with Ricoh; and one for the purchase or lease of 28 coin-vended copiers. No viable proposals were received in response to the "turn-key" RFP. However, 11 vendors responded to the purchase or lease RFP.

A committee of five staff members reviewed the proposals and narrowed the selection to five potential vendors including Digital, Ricoh, Encompass, Caltronics, and Ray Morgan. After comparing the five vendors, Encompass, Inc. was selected based on meeting the specifications noted in the RFP, and their quoted cost for purchase and cost for lease being significantly less than the next closest vendor (11.6% and 15.9%, respectively). The committee contacted four references who praised Encompass for their outstanding customer service and response times.

Based on these findings, staff recommends purchasing 28 Xerox copiers to be provided by Encompass. The total purchase price for the copiers including maintenance is \$144,889, compared to a 60-month lease cost with maintenance of \$169,217. Staff recommends appropriating the budget for this purchase from fund balance in the County/Cities and City of Sacramento General Funds.

Staff also recommends entering into an annual maintenance contract that provides preventative maintenance and toner, and a four-hour response time for any machine malfunctions. The cost of the annual maintenance contract for all 28 machines is not expected to exceed \$8,000, based on estimated copier usage.

The Library sold approximately 175,000 vended copies last year. At 15 cents per copy (current "per copy" price based on the Library's Fine & Fee Schedule adopted in September, 2008), staff estimates the potential annual revenue from copier use to be \$26,250. Based on the assumption that usage would continue at 175,000 paid copies per year, the capital purchase cost and annual maintenance fee would be recovered in 5.7 years.

At 20 cents per copy (and still assuming 175,000 vended copies), staff estimates the potential annual revenue from copier use to be approximately \$35,000. The capital purchase cost and annual maintenance fee would be recovered in 4.3 years if the "per copy" cost were raised to 20 cents. Staff will evaluate the merits of a potential fee increase and address this issue with other fees when presenting the FY 2009/10 Final Budget in September.