



CITY of CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: OCTOBER 15, 2020

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: RON AHLERS, CHIEF FINANCIAL OFFICER
MICHAEL MCCONVILLE, MANAGEMENT ANALYST

SUBJECT: RECOMMENDATION THAT CITY COUNCIL APPROVE A FIVE-YEAR LEASE AGREEMENT WITH CANON SOLUTIONS AMERICA INC. TO PROVIDE OFFICE COPIER & MAINTENANCE SERVICES IN AN AMOUNT NOT TO EXCEED \$200,000

MEETING DATE: OCTOBER 28, 2020

SUMMARY RECOMMENDATION:

City Council approve a five-year lease agreement with Canon Solutions America Inc. to provide office copier & maintenance services in an amount not to exceed \$200,000.

BACKGROUND:

The City currently leases 10 copy machines located at six City facilities, costing \$5,731 a month, or \$68,772 annually. The number and location of the copiers are as follows: three at City Hall, three at Library, one at Senior Center, one at De Anza Park, one at Tennis & Swim Center, and one at Creekside Preschool. Each copier has its own lease and service agreement (20 leases total) which is overseen by the Finance Department.

After a Finance Department review, it was determined that the current copier lease agreements are not optimal for meeting the City's needs, nor are they the most efficient use of City funds. Several copier machines offer different capabilities and

upgrades than others, which occasionally requires staff to delay office functions or utilize machines located outside of their respective departments. Also, because each individual copier has its own lease, the City is unable to utilize aggregate pricing during negotiations for new agreements when current leases expire. The end result is a situation where the City pays a higher price for its copier use and maintenance, with staff being unable to perform as efficiently as possible.

DISCUSSION:

In an effort to reduce costs, increase staff efficiency, improve copier capability, and streamline the City's lease agreements, staff reviewed different options to optimize the City's current office copier machine arrangement. In a manner consistent with the requirements of the Uniform Public Construction Cost Accounting Act, staff determined that a single master lease provided by Canon Solutions America Inc. would significantly improve the City's copier machine situation. The lease provides the following benefits:

- Reduces leasing and service costs by 45%, or \$156,000 over the life of the five-year contract
- Upgrades all existing Canon machines to the new Canon IR Advance DX Series
- Upgrades the minimum capabilities of all copiers to include color, three hole punch, and faxing capabilities, in addition to other modern technology upgrades
- Eliminates 11 lease contracts for 1 master lease contract
- Eliminates 10 services contracts for 1 master service contract
- Establishes a fixed service pricing for five years
- Provides a \$5,201.46 refund back to the City for a buyout of a Xerox copier lease

FISCAL IMPACT/SOURCE OF FUNDING:

Under current lease agreements, the City pays \$5,731 a month, or \$68,772 annually, for office copier and maintenance services. Entering into the proposed master lease with Canon Solutions America Inc. would reduce the City's total expenses by 45%, costing \$3,130 monthly. This amounts to a monthly savings of \$2,601, or \$31,212 annually. Total savings over the course of the five-year lease is \$156,000.

REQUESTED ACTION:

City Council approve a five-year lease agreement with Canon Solutions America Inc. to provide office copier & maintenance services in an amount not to exceed \$200,000. To also authorize the City Manager to sign all documents with Canon Solutions America Inc. regarding this lease agreement.

ATTACHMENTS:

1. Canon Solutions America Inc. Master Sales & Services Lease Proposal & Agreement