Summary Title: Approval of Amendment Number 1 with ARC for New Replacement Copier Machines for Utilities Bill Print

Title: Approval of Amendment Number 1 to Contract Number C16166822 With ARC Document Solutions for Copiers/Printers to Increase the Annual Amount by $41,000 to add Utilities Bill Printing and Other Departments for a new Annual Not-to-Exceed Amount of $408,068

From: City Manager

Lead Department: Administrative Services

Recommendation
Staff recommends that Council approve and authorize the City Manager or his designee to execute Contract Amendment No. 1 to Contract No. C16166822 with ARC Document Solutions (ARC) for managed print services to increase annual compensation by $41,000 for an annual total not to exceed amount of $408,068 to reflect newly added utilities bill print machines and machines in other departments (Attachment A).

Background
The City of Palo Alto uses multifunctional copier, printer, fax and scanner machines and related maintenance services citywide provided by ARC as part of a five-year contract established in 2016 (CMR ID #7046), with a not to exceed value of $1.7 million over the five year term. This contract was entered into in place of the expired Toshiba copier lease agreement. The new ARC contract implemented new multifunctional machines under a managed print services model providing standard copy and scanning functions and link via the cloud to the ARC document storage platform. The new machines replaced the City’s prior fleet of standard office copiers. Staff evaluated solution options from several vendors offered through cooperative pricing arrangements and determined that ARC offered the best combination of price and features. Offerings from ARC, Cannon, EIS-Xerox, Toshiba, Ricoh, Sharp and CTKonica, KBA-Kyocera and Ricoh were reviewed during this process.

Discussion
The City of Palo Alto prints its own utility bills for all utility customers, approximately 350,000 paper bills annually. The City previously used stand alone laser printers for this function. Those units were aging and needed to be replaced. Under the 2016 ARC contract, ARC was able to test
and deploy new bill printing machines and include them in the citywide contract. This allows the City to consolidate printing activities to a single contract instead of maintaining stand along printers including specific toner supply for those units. In addition to the new ARC units brought on for utility bill printing, ARC machines were also added in six department locations throughout the City that previously had an aging standalone network printer. Departments that have added units include: Administrative Services, Development Services, Police and Public Works.

Where the City can replace network printers with ARC units, the City benefits from reducing reliance on separate firms to service the network printers. All ARC units are serviced regularly by ARC, including replacing toner cartridges and stocking with paper; these costs are rolled into the per-click charge model operating by ARC. It is expected that the City’s overall cost will reduce in the future as the City continues its conversion from paper-based processes to paperless. The Utilities Department has an initiative to reduce the number of paper bills with a new customer engagement portal scheduled to go live by end of fiscal year 2019.

**Resource Impact**
Assuming current print rates, the cost for including the new Utilities bill print and other department machines is an additional $41,000 per year, bringing the not to exceed contract authority to $408,068 annually over the five year contract term. This increase in annual cost is evenly split between the additional machines for utility bill printing and the various new machines installed across departments. The actual costs will vary depending on printing quantity, color versus black and white, utility bill content and inserts. As all of these machines represent existing printing services, delivered by way of a different business model and contract, it is anticipated that new costs to the City will be marginally higher than current costs due to the managed services component of the ARC contract which includes supply management such as paper and toner. Higher costs will be partially offset by reduced maintenance expense for the replaced aging network printers and reduced costs for toner and paper for those network printers. Streamlined management of citywide printing activities and supply management will allow staff to be more efficient as well. For example FY 2018, IT saw maintenance cost savings of $6,000. It is expected that with rules-based printing and monitoring offered with the MPS software, overall citywide printing costs will decrease in the out years of the contract; implementation of this is currently pending software testing and validation.

Amendments to budgeted levels through the allocation of print and copier charges as part of the FY 2019 Mid-Year Budget review were brought forward to align funding sources with this new centralized contract approach for these activities, including the reallocation from the previous utility bill printing activity to this ARC contract.

**Environmental Review**
These services do not constitute a project for the purposes of the California Environmental Quality Act.
Attachments:

- Attachment A: ARC Contract Amendment
Attachment A

AMENDMENT NO. 1 TO CONTRACT NO. C16166822
BETWEEN THE CITY OF PALO ALTO AND
ARC DOCUMENT SOLUTIONS

This Amendment No. 1 (this “Amendment”) to Contract No. C16166822 ("Contract" as defined below) is entered into December 10, 2018, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and ARC DOCUMENT SOLUTIONS, a Texas Limited Liability Company, doing business at 2430 Mariner Square Loop, Ste. A, Alameda, Ca 94501, Telephone Number: (415) 495-2542 (“CONSULTANT”).

RECITALS

A. The Contract was entered into between the parties for the provision of Copier Equipment, Software, and Services.

B. City intends to increase the not to exceed compensation from $367,068.00 by $41,000.00 to $408,068.00 to cover higher-than-anticipated use of services as specified in Exhibit “A”, “Scope of Services”, of the Contract during certain months during the term.

C. The parties wish to amend the Contract accordingly.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Definitions. The following definitions shall apply to this Amendment:


b. Other Terms. Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

SECTION 2. Section 5, “COMPENSATION FOR ORIGINAL TERM” of the Contract is hereby deleted and replaced in the entirety to read as follows:

“5. COMPENSATION FOR ORIGINAL TERM. CITY shall pay and CONSULTANT agrees to accept as not-to-exceed compensation for the full performance of the Services and reimbursable expenses, if any:
☑ A sum calculated in accordance with the fee schedule set forth at Exhibit C, not to exceed a total maximum compensation amount of Four Hundred Eight Thousand Sixty Eight dollars ($408,068.00).

CONSULTANT agrees that it can perform the Services for an amount not to exceed the total maximum compensation set forth above. Any hours worked or services performed by CONSULTANT for which payment would result in a total exceeding the maximum amount of compensation set forth above for performance of the Services shall be at no cost to CITY.”

SECTION 3. Legal Effect. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

SECTION 4. Incorporation of Recitals. The recitals set forth above are terms of this Amendment and are hereby fully incorporated herein by this reference.

(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)
SIGNATURES OF THE PARTIES

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Amendment on the date first above written.

CITY OF PALO ALTO

APPROVED AS TO FORM

ARC DOCUMENT SOLUTIONS

Director of Operations

VP MPS Operations