

Request to Extend Contract No. 47017237 with Xerox Canada Ltd.

Date: December 27, 2018

To: General Government and Licensing Committee

From: Chief Information Officer and Chief Purchasing Officer

Wards: All

SUMMARY

The purpose of this report is to seek authority to extend the term of existing Blanket Contract No. 47017237 with Xerox Canada Ltd. for the supply of multi-function devices and printers and related maintenance and support services from January 1, 2019, for a period of six (6) months ending June 30, 2019. Additional funds are required in the amount of \$980,000.00 net of all taxes, as a result of this extension to the Contract.

The Shared Services Executive Steering Committee (SSEC) mandated a joint procurement between the City of Toronto and all Agencies and Corporations for a new workgroup print services contract in order to leverage economies of scale and secure best pricing on supplies and services on December 15, 2017. A project team consisting of representatives from eight (8) Agencies, have worked together to ensure that the RFP captured all of the participants requirements and published the RFP on November 16th, 2018. The RFP was seeking a vendor who would supply new multi-function devices and printers, as well as provide support for any legacy multi-function devices and printers.

During the RFP question period, concerns were brought forward by some proponents in regards to the support of the legacy equipment. The City, in consultation with the participating Agencies, has since decided to cancel the RFP and separate the procurement of new Equipment and Managed Print Services and for the support of Legacy Equipment. This approach was discussed with the Fairness Monitor and they are in agreement. The new procurements will be issued in early January 2019.

The term extension is required to ensure all City Divisions will continue to receive consumables supplies for existing multi-function devices and printers, maintenance, and related support services with no service interruption, while the joint procurement process is being undertaken.

RECOMMENDATIONS

The Chief Information Officer and the Chief Purchasing Officer recommend that:

1. City Council, authorize to the Chief Information Officer to negotiate and execute an amending agreement with Xerox Canada Limited for a period of six (6) months from January 1, 2019 to June 30, 2019, and increase the value of the contract by \$980,000, net of all taxes and applicable charges, under the same pricing, terms and conditions of the existing agreement and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

It is expected that the extension cost will require additional funding of up to \$980,000, net of all taxes and applicable charges, \$1,107,400 including HST and all applicable charges (\$997,248 net of HST recoveries). The current contract will increase from \$19,990,501.78 to \$20,970,501.78, net of all taxes. Funding for this is available in all Program Area's respective 2019 Operating Budget Submissions (G/L 4473) for Cost per Page charges; and in the 2019 Capital Budget Submission for Information & Technology Division in the Capital Desktop Sustainment Account (CIT702-01-05), for Managed Fees and emergency replacement equipment.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On August 29, 2012, Bid Committee granted the authority to award a contract for RFP No. 3409-12-3085 to Xerox Canada Ltd. for the non-exclusive supply of single and Multi-function Print Devices and associated Managed Print Services for a period of 5 years. The Bid Committee Award document can be viewed at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD89.1>.

On December 5, 6, 7 and 8, 2017, City Council granted authority to extend Contract No. 47017237 with Xerox Canada Limited for a period of 12 months, with no Contract value increase.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM23.10>

COMMENTS

The City, Agencies and Corporations are looking to achieve cost savings and avoidances via a single joint procurement. By leveraging the experience and lessons learned from the current contract, the City, Agencies and Corporations are seeking to achieve benefits, including operational efficiencies and savings, by: elimination of multiple contracts, consolidation and reduction of print equipment deployed, economies

of scale achieved through pooling joint purchasing power, lower cost per page in monochrome and colour output, unified service levels and support structures, and increased communication and partnership among the Information & Technology sections.

To this end, the Shared Services Executive Steering Committee (SSEC) mandated a joint procurement between the City, Agencies and Corporations for a new workgroup print services contract through a joint RFP. The one year term extension approved by Council on December 5, 2017 allowed all parties to conduct additional verification, prepare the detailed requirements and finalize the joint RFP that allowed the City and Participating Agencies to go through the joint procurement process, with the goal of a positive Return on Investment for the multi-function fleet.

On November 16, 2018, the City, on behalf of the participating agencies, issued RFP 3409-18-0254, for Multi and Single Functions and Managed Print Services for both new and existing legacy equipment. In the case of the City, legacy equipment included Xerox multi and single function printers. During the RFP process, interested proponents brought up concerns with respect to supporting the legacy equipment. The City and the participating agencies reviewed the concerns with the Fairness Monitor that was retained for this RFP and decided to cancel the RFP. To address the concerns raised, the City and the participating agencies will issue two separate procurements, one for the procurement of new equipment and managed print services, and one for the support of legacy equipment. The intention is to issue these two procurements in early January.

The current extension is for Blanket Contract No. 47017237 with Xerox Canada Ltd. for the supply of multi-function devices and printers and related maintenance and support services expires on December 31, 2018. Given the need to reissue the RFP, the City needs to extend the contract term further to ensure uninterrupted supply of consumables and provision of maintenance and related support services while the joint procurement process is being undertaken. A six (6) month term extension is sufficient to fill the gap until a new vendor and contract is put into place.

CONTACT

Elena Caruso, Manager, Goods and Services Purchasing and Materials Management
Phone: (416) 392-7316, Email: elena.caruso@toronto.ca

Lawrence Eta, Deputy Chief Information Officer, Information & Technology
Phone: (416) 392-8494, Email: lawrence.eta@toronto.ca

SIGNATURE

Rob Meikle
Chief Information Officer

Michael Pacholok
Chief Purchasing Officer