

Municipality Of Chatham-Kent

Finance, Budget, Information Technology & Transformation

Information Technology & Transformation

To: Mayor and Members of Council
From: Mike Branco, Manager, Service Management
Date: April 16, 2021
Subject: Xerox Print and Fax Services

Recommendations

It is recommended that:

1. The contract between The Corporation of the Municipality of Chatham-Kent and Xerox Canada Ltd, for multifunction printers and print management services be extended from June 30, 2021 to June 30, 2024 (thirty-six months) at a minimum total cost of \$662,166.00 (print volume dependent).
2. The existing multifunction printer equipment be extended past the planned 5-year lifecycle to reduce costs under uncertain COVID-19 and work from home conditions. Multifunction printers would be replaced based upon thresholds of service failure under Ontario Education Collaborative Marketplace (OECM) pricing.
3. The current contract between the Municipality and Xerox Canada Ltd, for off-site print services be extended for a period of thirty-six (36) months.
4. On-site and off-site Print Services contracts continue to be aligned under one (1) vendor to realize cost efficiencies for print jobs and marketing materials.
5. The Municipality engage with Xerox Canada Ltd to identify opportunities for cost efficiencies for print services, process and workflow, and based upon new work from home and post-pandemic office requirements.
6. The fax services agreement with Xerox Canada Ltd be renewed until October 31, 2022 at which time the Municipality will review fax volumes and determine if the fax services contract should be extended.

Background

On September 23, 2013, Council approved the recommendations within [RTC 13-08, Service Sustainability Review Process \(SSRP\) Phase III: Reprographics, Copying and](#)

[Printing Services, Printers](#). Recommendation #3 proposed proceeding with a Request for Proposal (RFP) for imaging devices including:

- a) Multifunctional Print Devices (MFD)
- b) Printer Management and Accounting Software

The Request for Proposal was released in January 2014 and awarded to Xerox Canada Inc. via [RFP Award R14-142 - Printers and Print Management Services on May 5, 2014](#). The recommendation approved was as follows:

1. Xerox Canada Ltd. be awarded Part A: Multifunction Print Devices and Part D: Print Management Services.

A contract with Xerox was established for Part A of the Request for Proposal, which included the supply of Multifunction Print Devices only. The term of the contract was as follows:

“The Term of this Agreement shall be October 31, 2014 and October 30, 2019. The Municipality shall be permitted to renew this Agreement, on the same terms and conditions, for two additional one-year terms, by providing the Service Provider with notice of intention to renew in writing.”

During the original RFP it was important to understand the current printer fleet, the requirements of the business units and how the printer fleet could be optimized, prior to entering into a contract for Managed Print Services. Phase one of the contract included an assessment which identified opportunities standardize equipment and streamline printer management. As a result of this assessment the ratio of printers to end users was improved and the location of printers were optimized for each facility, while reducing the overall printer count under the contract.

On May 9, 2016, Council approved the recommendation within [RTC 16-01, Contract Extension: RFP 12-142 Multifunction Print Devices, Print Management Services and Accounting Software](#). The recommendation proposed extending the contract until June 30, 2021 allowing for 5 full years of Xerox managed print services.

As illustrated in Figure 1, the print volumes have been steadily decreasing since the initial print contract was signed with Xerox.

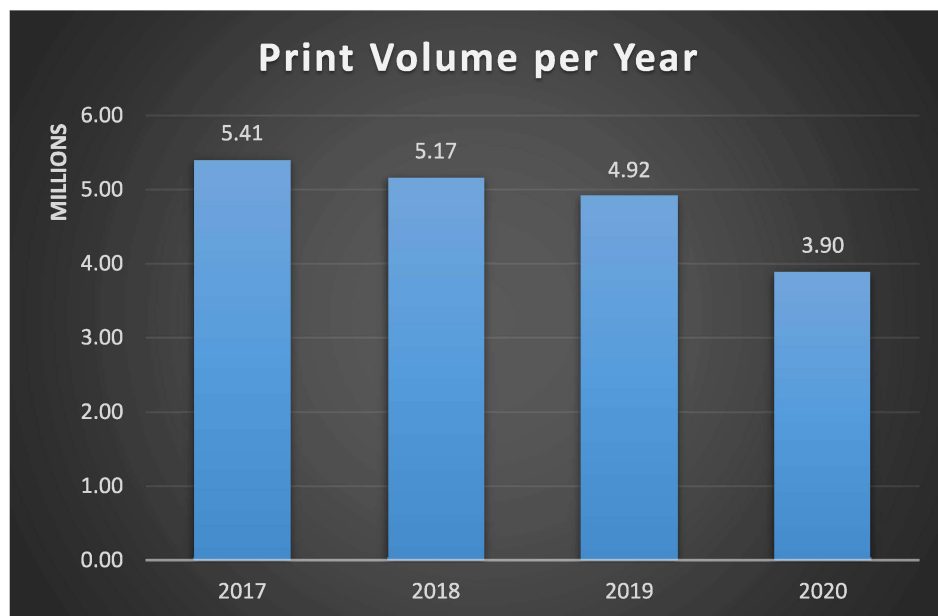


Figure 1: Print Volume per Year has been decreasing since 2017

Approximately 250-300 municipal employees have been working from home since March 2020 and as a result the number of items printed or faxed has decreased. Business units have adopted digital processes to replace printing and many of these new electronic processes will continue past the pandemic. Unfortunately, predicting the trend for the next five years for print fleet & services is difficult due to the uncertainty of the pandemic. There is a possibility of an additional reduction in the printer fleet size during a post-pandemic assessment which will result in Municipal savings.

Based on the print volume for the historical four-year trend, it is estimated that \$662,166.00 per year will be spent on print services for the next 36 months.

Comments

On May 11, 2020 Council approved the recommendation of [RTC005 - Financial Resiliency and Covid-19](#): “Cancellation of computer desktop replacement program for 2020”. The recommended contract extension and lifecycle extension for printers aligns with this Council approved direction for the computer desktop inventory. A 2021 printer replacement program would incur additional cost and resource demand to purchase or lease new printers during a time of significant uncertainty about future print requirements.

The recommended contract extension aligns with the direction to be financially resilient during COVID-19. Xerox will support the extended lifespan of 173 purchased printers past the planned 5-year lifecycle due to the reduced use under COVID-19 and remote work. In order to continue our current level of service, printers will be replaced when needed or if the financial costs incurred to sustain the printer exceeds the value of the device. Xerox is a supplier partner of the Ontario Education Collaborative Marketplace (OECM) cooperative purchasing agreement, <https://oecm.ca/office-and-production->

[multi-function-devices-and-related-services-mfd](#), printers needing to be replaced would be purchased at the OEM rates.

Extending the life of our printers and print contracts with Xerox for 36 months is recommended over completing an RFP or awarding a contract through OEM for the following reasons:

- Low print usage over 2020 and predicted in 2021 and 2022
- Lack of readiness to define printer requirements post-pandemic
- Corporate priority for printing is low during the pandemic
- Shift to digital processes will impact printer requirements
- Significant number of staff are currently working remotely
- Vendor access in buildings due to pandemic restrictions/recommendations
- Cost savings/deferral of capital cost until required
- Immediate transition to an OEM contract would require complete replacement of the existing printer hardware

The oldest printer in our fleet is currently 5 years old. In the amendment provided by Xerox, a 36-month extension was recommended after they evaluated the current models in our fleet. Xerox provided confirmation that these models have a minimum of 3-year lifespan left and will be fully supported during the length of the extension. Replacement of printers is not currently a corporate priority and the additional time will allow administration to re-assess the entire fleet when we would have a better understanding of the sustained printing change post-pandemic.

As employees have shifted to remote work, there are some printers that have seen minimal activity as business units began switching to digital processes. At this time, many business units would be unable to re-assess their printer needs due to COVID-19 and the current digital shift.

Due to the pandemic, it has been asked that vendor presence in Municipal buildings be kept to a minimum. By running an RFP and replacing the printer fleet, we would require vendors to visit each Municipal building multiple times.

By extending the current contract with our current printer fleet, Xerox has provided a new monthly minimum charge at \$18,393.50 in comparison to the previous \$19,235.50 (\$10,104 savings per year).

Extending printer lifecycle will also defer the following capital payments for 3 years:

- New print management software ~ \$55,000
- New printers ~ 100 printers x \$2,064.00 = \$206,400

The corporation is currently converting our fax infrastructure to Fax over VoIP, meaning that faxes can be sent and received over an internet network rather than traditional telephone infrastructure. Renewing the fax services agreement with Xerox for 1 year

until October 31, 2022 as opposed to 36-month term will allow us to negotiate the number of fax lines that are still required on an annual basis.

Although Xerox Canada Ltd is a member of OEMC, when evaluating the master OEMC agreement, we would be required to procure new printers and new print services under the new contract rather than extend the leases or lifecycle.

While the Municipality's Purchasing Bylaw provides that a purchase of this value should be performed through competitive means such as an RFP or Tender, administration is recommending extensions of the existing contracts with Xerox due to the financial and operational matters discussed in this report.

Areas of Strategic Focus and Critical Success Factors

The recommendations in this report supports the following areas of strategic focus:

☐ Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

☐ A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

☐ People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

☐ Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report supports the following critical success factors:

☒ Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

☐ Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

☐ Has the potential to support all areas of strategic focus & critical success factors

☐ Neutral issues (does not support negatively or positively)

<http://www.chatham-kent.ca/Council/councildirections/Pages/CKPlan2035.aspx>

Consultation

Jennifer Scherle, Purchasing Officer and Dave Taylor, Director of Legal Services were consulted.

Financial Implications

There are some savings that will be realized in extending the current contract, including reduced monthly minimum charge and cost avoidance in replacing equipment that is still functional. Delaying a contract renewal until our office environment has stabilized will provide an opportunity to ensure new contracts align with business need and may lead to longer term savings.

There are currently no additional financial implications resulting from the recommendations. All costs are covered under the current operational budget and reserves within Information Technology & Transformation, or within departmental budgets.

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Attachment(s): none