



CITY COUNCIL ACTION REPORT

May 6, 2010

TO: John Szerlag, City Manager

FROM: Mark F. Miller, Acting Assistant City Manager/Economic Development Services
Susan A. Leirstein, Purchasing Director
Gert Paraskevin, Information Technology Director
Steven J. Vandette, City Engineer

SUBJECT: Standard Purchasing Resolution 1: Award to Low Bidder – Reprographic System

Background

- The current reprographic system was purchased in 2000 and is functionally obsolete. Parts are scarce and are not readily available. Maintenance contracts are not available requiring repairs or service calls to be dealt with individually as issues arise.
- The Engineering, Planning, Building Inspection, Building Operations and Information Technology Departments share in the maintenance costs for the system and are the primary users. Other departments use the system periodically but do not share in the cost.
- The reprographic system serves the following needs for these departments:
 - Printing – capable of printing full size 24” x 36” plan sheet size prints in black and white
 - Scanning – capable of scanning full size 24” x 36” plan sheet size prints in color
 - The current system only scans in black and white
- The Engineering Department is responsible for the plan preparation for Capital improvement projects. In addition, the Engineering Department is also responsible for archiving construction related documentation for both public and private development projects. Scanned documents are archived for future reference. Scanning of documents has increased in importance over the past five years due to the ability to quickly reproduce these files or send them as attachments to email.
- Scanned plan sheets are being linked to the GIS system to provide staff with a faster and more efficient way to research resident or business owner requests for infrastructure related inquiries. Electronic copies are also easily sent via an attachment to email to consultants, developers and other interested parties. This also provides for more efficient FOIA request retrievals versus numerous paper documents in file drawers.
- On April 15, 2010, bid proposals were received to furnish one (1) new reprographic system, including color scanning, controller and software, with stand, stacking rack system, three (3) year maintenance contract, delivery, installation and training, less optional trade-in for the current system.
- 113 vendors were notified via the MITN system. Three (3) bid responses were received from two (2) vendors (one vendor submitted two bids, one for an alternate piece of equipment).
- A lease of the equipment specified was also included as an option in the bid proposal document. Attached Appendix A provides a breakdown of each option and the total estimated cost over a 5-year period. The total estimated cost for the lease equipment over this period was \$30,454.80. Additionally, Dunn Blue discussed a rental option for \$536.00 per month or \$32,160 over five-years. Extrapolating the purchase of the KIP 3102 over the same 5-year period yields an estimated total cost of \$25,237.50 (toner and paper costs were estimated based on previous history and, for comparison purposes, the maintenance contract was estimated for the remaining two years beyond the specified 3-year contract).

May 6, 2010

To: John Szerlag, City Manager
Re: Bid Award – Low Bidder – Reprographic System

Financial Considerations

- Funds to purchase the reprographic system are included in the 2009/10 Engineering Department Capital Account – General Equipment, account number 401.442.442.7978.
- The department's current reprographic system has a trade-in value of \$250 and includes removal of the equipment from the Engineering Department. A review of similar equipment sold at auction on the MITN website shows that the trade-in value is consistent with other communities' sales, with final prices ranging from \$251.50 to \$500.
- The future cost for maintenance and supplies, including toner and paper, will be split by the Engineering, Building Inspection, Planning and Information Technology Departments. A 10% reduction in the list price for toner and 20% reduction in the list price for paper will be provided by the vendor when these supplies are purchased.

Legal Considerations

- ITB-COT 09-39 to furnish one (1) new reprographic system including stand and stacking rack system, was competitively bid as required by City Charter and Code.
- The award is contingent upon vendor submission of properly executed contract documents including insurance certificates and all other specified requirements.

Recommendation

- City management and the Engineering department recommend awarding a contract to furnish, deliver and install one (1) new KIP 3102 reprographic system including stand, stacking rack system, training and three (3) year on-site parts and labor maintenance contract including the purchase of the City's current KIP 2950 reprographic system, to the lowest bidder, Dunn Blue Reprographics, 1009 West Maple, Troy, MI, for an estimated total net cost of \$17,452.50.

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VENDOR NAME:

Dunn Blue
Reprographics

Konica Minolta
Business Solutions

Alternate

Dunn Blue
Reprographics

PROPOSAL: TO FURNISH ONE NEW REPROGRAPHIC SYSTEM FOR TROY ENGINEERING DEPARTMENT LESS OPTIONAL TRADE-IN.

OPTION 1: OUT RIGHT PURCHASE

Furnish & Install one new Reprographic System in the City of Troy Engineering Department in accordance with the specifications

COMPLETE FOR THE SUM OF:

\$ 14,583.00	\$ 16,816.00	\$ 16,056.00
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Manufactured by:
Model Number:

KIP America	KIP America	OCE
KIP 3102	KIP 3102	OCE P/W 300

ADDITIONAL ITEMS:

Stand
Stacking Rack System
Other:

Included	N/A	Included
\$ 749.50	\$ 1,202.00	N/A
Blank	N/A	Blank

Price of other

\$ -	\$ -	\$ -
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MAINTENANCE CONTRACT:

2010 Year 1
2011 Year 2
2012 Year 3

	Based on 30,000 annual SF	
\$ 775.00	\$ 900.00	\$ 1,825.00
\$ 790.00	\$ 900.00	\$ 1,825.00
\$ 805.00	\$ 900.00	\$ 1,825.00

SUPPLIES NEEDED: Filled Out Y or N

Supplies will be charged at current prices less
Price List
Dated

Yes	Includes toner No escalation for 3 yrs	Yes
10% Toner 20% Paper	Blank	10% Toner 20% Paper
Blank	Blank	Blank
Blank	Blank	Blank

OPTION 2: 5 YEAR LEASE

Furnish & Install one new Reprographic System including printer, controller, scanner, and software. City of Troy may purchase the equipment at lease end for \$1.00

(332.00 + 64.58 + 25.00)

Based on 30,000 annual SF
overage @ .025/sq ft

(365.00+152.09+58.00+25.00)

COST FOR LEASED EQUIPMENT:

\$ 421.58	\$ 439.00	\$ 600.09
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Manufactured by:
Model Number:

KIP America	KMBS	OCE
KIP 3102	Kip 3102 w/color scanning	OCE Plotwave 300

ADDITIONAL ITEMS:

Stand
Stacking Rack System
Other:

Included	N/A	Included
\$ 18.00	\$ 26.32	N/A
Blank	N/A	Blank

Price of other

\$ -	\$ -	\$ -
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EARLY TERMINATION:

\$332.00 for each month remaining	No Penalty, only remaining payments	\$355.00 for each month remaining
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OPTION 3: OPTIONAL TRADE IN

LESS: One (1) Digital Printer (Purchased in 2002)
Model # KIP 2950 (Includes Printer, controller, scanner, software & two stacking trays)

\$ (250.00)	\$ (1,300.00)	\$ -
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ESTIMATED NET TOTAL:

\$ 17,452.50	\$ 19,418.00	\$ 21,531.00
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DESCRIPTIVE LITERATURE: Attached
Y or N

Yes	Yes	Yes
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VENDOR NAME:		Dunn Blue	Konica Minolta	Dunn Blue	
		Reprographics	Business Solutions	Reprographics	
SERVICE FACILITY:	Location	Troy, MI	KMBS	Troy, MI	
			Troy Branch Office		
	# of Miles	2 Miles	<1 Mile	2 Miles	
	Response Time	3 Hours	4 Hours	3 Hours	
	Authorized Dealer	Yes	Yes	Yes	
CONTACT INFORMATION:					
	Names:	Ken Van Portfliet	Anna Stewart	Ken Van Portfliet	
	Hours of Operation	7 AM to 5 PM	8 - 5 M-F	7 AM to 5 PM	
	24 Hr. Phone Number	248-310-4801	248-755-5208	248-310-4801	
INSURANCE:	Can Meet	XX	XX	XX	
	Cannot Meet				
	but offer - Additional Cost				
PAYMENT TERMS:		Net 30	30 Days	Net 30	
WARRANTY:	As Specified				
DELIVERY DATE:	Two weeks	As requested by City		Three Weeks	
EXCEPTIONS:	Price includes: PDF	90 day warranty covers parts & service only		Price includes: PDF	
	option, print receiving rack, & start up toner	5 yr lease is financial lease with a non-appropriations clause		option	
TRADE-IN NOT TO BE AWARDED SEPARATELY	Y or N	No	Yes	No	
ACKNOWLEDGEMENT: Signed	Y or N	Yes	Yes	Yes	

ATTEST:
 Diane Fisher
 Scott Finlay
 Linda Bockstanz

 Susan Leirstein CPPO CPPB
 Purchasing Director

BOLDFACE TYPE DENOTES LOW BIDDER

APPENDIX A: 5 Year Cost Comparison

OPTION 1: Outright Purchase

	Dunn Blue	Konica
Complete Sum:	\$ 14,583.00	\$ 16,816.00
Additional Items:	\$ 749.50	\$ 1,202.00
Trade In Cost:	\$ (250.00)	\$ (1,300.00)
Total Equipment Cost:	\$ 15,082.50	\$ 16,718.00
Maintenance Contract:		
Year 1	\$ 775.00	\$ 900.00
Year 2	\$ 790.00	\$ 900.00
Year 3	\$ 805.00	\$ 900.00
Year 4	\$ 820.00 **Est. Cost	\$ 900.00 **Est. Cost
Year 5	\$ 835.00 **Est. Cost	\$ 900.00 **Est. Cost
5yr Total Estimated Maint Cost:	\$ 4,025.00	\$ 4,500.00
* Toner	\$ 2,050.00	Included
Paper	\$ 4,080.00	\$ 4,080.00
		Est Cost - Was not incld on bid
OPTION 1: Total Cost w/maint & Toner (5yrs)	<u>\$ 25,237.50</u>	<u>\$ 25,298.00</u>
*Increased toner to 5 per year based on current usage		

OPTION 2: 5 Year Lease

	Dunn Blue	Konica
Monthly Cost:	\$ 421.58	\$ 439.00
KIP Machine	\$ 332.00	\$ 439.00
Maintenance	\$ 64.58	\$ -
Toner	\$ 25.00	Included
Monthly Cost:	\$ 18.00	\$ 26.32
Stand	Included	N/A
Stacking Rack	\$ 18.00	\$ 26.32
TOTAL MONTHLY COST:	\$ 439.58	\$ 465.32
5 Year Lease:	\$ 26,374.80	\$ 27,919.20
Paper Cost: (5 yrs) - Estimated	\$ 4,080.00	\$ 4,080.00
TOTAL 5 YEAR LEASE:	<u>\$ 30,454.80</u>	<u>\$ 31,999.20</u>

RENTAL PROGRAM:

	Dunn Blue
Monthly Cost:	\$ 536.00
Incls service, consumables, and bond paper for the first 2,500 sq ft per month.	
Overages at \$0.07 / sq ft	
TOTAL ESTIMATED 5 YEAR COST:	<u>\$ 32,160.00</u>