



Board Agenda Item 31

DATE: April 27, 2021

TO: Board of Supervisors

SUBMITTED BY: Raman Bath, County Librarian

SUBJECT: Lease and Maintenance Agreement with Jones-Walbaum Corporation

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute an Agreement with Jones-Walbaum Corporation, doing business as American Business Machines, to lease a high-speed digital color copier with maintenance and repair services, effective April 27, 2021 through April 26, 2026, total not to exceed \$210,000, including a purchase option provided for in lease prior to end of lease term (\$17,500).

Approval of the recommended action will allow for the replacement of the Library's Canon imagePRESS C700 color production digital press with an updated high-speed digital color copier model with maintenance and repair services at a lower lease rate. The recommended agreement includes a purchase option, at the end of the 60-month lease term, for a purchase option price of \$17,500. The copier will be located at the Central Library and utilized by Library's Graphics team to process the Library-wide digital print jobs. If Library staff decides to purchase the copier, staff will bring an item back to your Board for your Board's approval of the purchase, prior to the date required to exercise the purchase option. This item is countywide.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended actions, the Library will be unable to process digital color copy needs or obtain the related maintenance and supplies.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The replacement high-speed digital color copier with maintenance and repair services is funded from Measure B and property tax revenue. The maximum compensation in FY 2020-21 is \$34,141; \$210,000 for the term. The recommended agreement includes delivery and installation, all projected maintenance/repair, training for staff on the equipment, and removal upon lease termination, unless the County exercises the purchase option. The monthly lease payments cover all the supplies (excluding paper) and maintenance/repairs within the minimum per copy thresholds of 5,000 for black and white copies and 22,000 for color copies, all subject to applicable California sales tax. The Library will be billed in arrears for additional maintenance charges per copy rate when the number of copies exceeds the monthly minimum copy thresholds noted above, see Attachment B. The recommended agreement includes an option to purchase the color copier at the end of the lease term at fair market value, based on the customer residual not to exceed 25% of end fair market value (\$17,500). Sufficient appropriations and estimated revenues are included in the Library's Org 7511 FY 2020-21 Adopted Budget and will be included in subsequent budget requests.

DISCUSSION:

The Purchasing Manual stipulates that the County may use cooperative purchasing contracts bid by another governmental agency if it is unlikely that a separate County bid would result in prices, terms, and/or conditions that are more favorable. PEPPM Cooperative Purchasing (PEPPM) is a national technology bidding and purchasing cooperative administered by Central Susquehanna Intermediate Unit (CSIU), a political subdivision of the Commonwealth of Pennsylvania. PEPPM issued a Request for Proposal (RFP) (PEPPM 2019 Product Line Bid - Pennsylvania) in August 2018 for a high-speed digital color copier with maintenance and repair services, with awards in November 2018. The evaluation team awarded the contract to Jones-Walbaum Corporation, doing business as American Business Machines (ABM). ABM is recommended from the PEPPM Contract 528897-044 for Canon USA - Copiers | Copiers, fax, multi-function printers and micrographic products, available to all eligible agencies via their website www.peppm.org.

Following Internal Services Department - Purchasing Division's review of the PEPPM RFP process on November 18, 2020 a determination was made that the policies and procedures were consistent with the County's RFP process. The Library is requesting to procure a high-speed digital color printer with maintenance and repair services, which was competitively bid and awarded by PEPPM, enabling the County to leverage the pricing, terms, and conditions from the contract to the County's advantage.

With your Board's approval of the recommended agreement, the replacement high-speed digital color copier with maintenance and repair services will be used by the Library's Graphics team for Library-wide digital print jobs. The included maintenance services include cleaning, lubrication, and ordinary adjustments necessary to maintain the copier in good operating condition. ABM will provide all operating supplies, with the exception of paper, as well as factory-certified service technicians to respond to the Library's service calls. In the event there is a large job that the Library cannot handle, ABM will offer its services to the Library at a wholesale price. As a part of the recommended agreement, ABM will also offer training to Library staff, upon request.

The recommended agreement contains Attachment B, which is a lease financing agreement with Canon Financial, and which will be incorporated by reference into the County's lease. This lease agreement with Canon Financial contains non-standard provisions, including a limitation on liability, limitations on warranty, and a non-standard indemnification provision that requires that the County indemnify Canon Financial against any claims for damages caused by the Equipment.

The recommended agreement was reviewed by Risk Management on 3/12/2021. Library staff believes that the benefits of entering into the recommended agreement outweigh the potential risks because this agreement contains a much more advanced machine than the Library already has, along with all necessary maintenance and service at a competitive rate, and the potential risks are similar to those the County takes on with other similar large equipment leases.

The lease agreement contains two methods for exercising a purchase option: (1) if the County wants to purchase the equipment before the end of the term, County may give 60 days' notice and pay a price equal to all remaining lease payments, plus the fair market value of the machine, plus all applicable taxes and fees, or (2) at the end of the lease term, County may give notice it intends to purchase the equipment for \$17,500 plus any applicable taxes and fees. Library staff believes that if it does decide to purchase the equipment, it would be at the end of the lease term, in which event, staff will bring an item back to your Board for your Board's approval of the purchase, prior to the date required to exercise the purchase option. Following your Board's approval of the purchase, Library staff would issue a letter to ABM and Canon Financial, at least 60 days prior to the end of the lease term, notifying them that the County intends to purchase the copier.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with ABM

CAO ANALYST:

Raul Guerra