



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
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[www.rochesterhills.org](http://www.rochesterhills.org)

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Legislative File No: 2013-0078

**TO:** Mayor and City Council Members  
**FROM:** Bob Grace, Director of MIS  
**DATE:** March 4, 2013  
**SUBJECT:** Multi Function Devices and Printer Management

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**REQUEST:**

City Council is requested to waive under Section 2-273(b), the 3-year requirement for long term contracts, under Section 2-281, which allows City Council the authority to waive any regulation or procedure pertaining to purchasing, deeming it to be in the best interest of the City.

City Council is requested to authorize a five-year lease agreement for multi function devices to PNC Equipment Finance, LLC, Cincinnati, Ohio, in the amount of \$110,257.80 and a Maintenance Agreement for multi function devices and printer management to Applied Imaging, Novi, Michigan, in the amount of \$89,742.20 for a total amount of \$200,000.00 through April 1, 2018.

**REASON FOR PURCHASE:**

We are currently at a point where it is time to begin replacement of copy machines as several are showing signs of age and the vendor maintenance contract will expire soon. Responsibility for the copy machines was moved from Facilities to MIS in the 2011 budget.

Based on issues with the existing older machines and customer support, information was gathered on alternatives to outright purchasing of copiers. We have worked with the Fiscal Team to review information on the city's use of copiers and printers, considered the total cost of ownership of all devices and explored new programs providing better ways to manage these resources.

The City of Farmington Hills on behalf of the MITN Cooperative Purchasing Group, solicited an RFP for copier and print management, resulting in an award to Applied Imaging, Novi, Michigan. The award based on best value provides a unique, total solution business approach to the management of print and copier devices.

Due to the age of the existing machines, the city is at a pivotal point to engage a lease/support agreement with a vendor. Through this program the city will save approximately 6% of current copy/printing related expenses. The lease arrangement will allow the placement of new, appropriately sized, multi function machines throughout the city. At the end of five (5) years the city will own the equipment. The vendor will hold the price per page for five (5) years at a rate less than the current escalating pricing.

Other benefits of this business model include:

- The program will allow MIS to continue with our printer consolidation plan, moving more printing to the multi function devices, where the cost per page is less expensive.
- The multi function devices will be geared toward the needs of the departments, taking into account historical print volumes, paper sizes and envelope requirements.
- MIS will spend less time:
  - Ensuring that appropriate printer drivers are up-to-date
  - Reviewing multiple vendor invoices
  - Moving and setting up used copiers in other locations
  - Updating various user interfaces for faxing, scanning, etc.
- Purchasing will spend less time:
  - Soliciting for equipment, toners and supplies for copiers and printers
  - Multiple equipment purchases
  - Yearly disposal of equipment
  - Multiple purchase orders/vendor administration
- Machines will be new, thus less down time and service requests
- Total solution utilizing one vendor as opposed to multiple contracts and vendors for the various citywide copiers and printers
- Equipment is Energy Star rated, producing savings in electrical and cooling costs
- Service provider is a local Michigan company
- Lease to own program – at end of 5-year lease City owns equipment.

The lease agreement and maintenance plan is five years. The five year term is compatible and will be a continuation of the City's replacement policy for copy machines. The business model provides a cost effective solution for the City's print management. In order to execute a 5-year lease, a waiver under Section 2-273(b), the 3-year requirement for long term contracts, under Section 2-281, which allows City Council the authority to waive any regulation or procedure pertaining to purchasing, deeming it to be in the best interest of the City, is required.

#### **PROCESS:**

##### **Vendor Name and Address:**

Applied Imaging  
46620 Ryan Court  
Novi, MI 48377

PNC Equipment Finance, LLC  
995 Dalton Avenue  
Cincinnati, Ohio 45203

##### **Reason for Selection:**

Best Value

##### **Method of Purchase:**

Contracts/Blanket Purchase Orders

#### **BUDGET:**

If the agreement is approved by City Council, Fiscal shall prepare the necessary 2<sup>nd</sup> Quarter Budget Amendments to increase the Contractual Services (636.807000) and Capital Lease Payment (636.950000) accounts; and to decrease the Equipment Maintenance (636.932000 / budgeted for printer maintenance) and Capital Office Equipment (636.980000) accounts appropriately. As well, there are anticipated to be savings citywide in departmental Operating Supplies (###.740000) accounts as printer toner costs are included as part of this cost agreement, as opposed to being charged departmentally.

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
MIS Fund	636.807000	Contractual Services	\$15,000.00	\$17,948.44	(\$2,948.44)
MIS Fund	636.995000	Capital Lease Payment	\$0	\$22,051.56	(\$22,051.56)
MIS Fund	636.932000	Equipment Maintenance	\$5,000.00	\$0.00	\$5,000.00
MIS Fund	636.980000	Capital Equipment	\$25,370.00	\$0.00	\$25,370.00
Citywide	###.740000	Operating Supplies	\$10,000.00	\$0.00	\$10,000.00

**RECOMMENDATION:**

It is recommended that the Rochester Hills City Council hereby waives under Section 2-273(b), the 3-year requirement for long term contracts, under Section 2-281, which allows City Council the authority to waive any regulation or procedure pertaining to purchasing, deeming it to be in the best interest of the City.

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APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		