



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

1000 Rochester Hills Dr.  
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Legislative File No: 2018-0020

**TO:** Mayor and City Council Members  
**FROM:** Bob Grace, Director of MIS  
**DATE:** February 5, 2018  
**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 the purchase of twenty-one (21) multi-function devices in the amount of \$117,159 and a Maintenance Agreement in the amount of \$150,000 to Applied Imaging, Grand Rapids, Michigan for a total amount of \$267,159 through April 1, 2023.

**REASON FOR PURCHASE:**

The City is at the 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. Working together with the Finance Division options were reviewed to understand the City's use of copiers and printers, considering total cost of ownership of all devices and exploring the options available to best manage these resources.

At the time of the last contract term, the City determined that leasing the machines was in the best interest of the City. The evaluation was conducted again to determine if for this contract, it would be in the best interest of the City to continue leasing the machines, or to purchase them outright. Based on the evaluation done by the Chief Financial Officer it was determined that it is in the City's best interest to purchase the equipment at this time. Factors considered were the opportunity cost of estimated potential interest that could be generated from the one-time purchase payment compared with the present value of the known total lease payments over 60-months.

The City of Farmington Hills on behalf of the MITN Cooperative Purchasing Group, solicited a Request for Proposals for copier and print management, resulting in an award to Applied Imaging, Grand Rapids, Michigan. The award based on best value provides a unique, total solution business approach to the management of print and copier devices. The RFP requested information regarding firm qualifications, equipment and customer service approach along with pricing. Pricing was requested for a variety of devices. Each device can be configured with options such as duplexing, faxing, stapling, hole punching, etc. In addition vendors were asked to supply pricing on their full-line catalog of goods and services to allow for flexibility in product and service selection for each City.

The maintenance plan is for five years, which is why City Council is being requested to waive under Section 2-273(b), the 3-year requirement for long-term contracts, under Section 2-281. This business model provides a cost effective solution for the City's print management and will align with the City's replacement

schedule. By entering into this maintenance agreement for the five year term the City will have locked in pricing and is able to manage their costs since pricing per copy is a known factor.

The City will auction all machines that are being replaced utilizing the MITN surplus auction site.

Other benefits of this business model include:

- 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 scanning, etc.
- Purchasing will spend less time:
  - Soliciting for equipment, toners, and supplies for copiers and printers
  - Multiple equipment purchases (e.g. fax machines, scanners, etc)
  - Yearly disposal of equipment
  - Multiple purchase orders/vendor administration
- Machines will be new, thus less down time and service requests
- Machines will be standardized and consistent Citywide
- 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

**PROCESS:**

**Vendor Name and Address:**

Applied Imaging Office Solutions  
 555 Glenwood Hills Parkway  
 Grand Rapids, MI 49512

**Reason for Selection:**

Best Value

**Method of Purchase:**

Purchase Order/Blanket Purchase Order

**BUDGET:**

If approved by City Council, a 1<sup>st</sup> Quarter 2018 Budget Amendment will be presented to increase MIS Office Equipment with funds to be drawn from MIS Retained Earnings. To offset those funds, the annual lease principal and interest expense budgets will be eliminated over the next 5-year period.

Fund Name	Department Account No	Account No. Description	2018 Budget Amount	2018 Cost	2018 Remaining Budget
MIS Fund	636.980000	Office Equipment	\$0	\$117,159	(\$117,159)
MIS Fund	636.990000	Principal Lease	\$21,600	\$0	\$21,600
MIS Fund	636.995000	Interest Lease	\$3,400	\$0	\$3,400
		<b>2018 Total</b>	<b>\$25,000</b>	<b>\$117,159</b>	<b>(\$92,159)</b>

Funding for the Maintenance contract is included in the 2018 Adopted and 2019-2023 Projected Budgets at \$30,000 per year.

<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>5-Year Budget Amount</b>	<b>5-Year Cost</b>	<b>5-Year Remaining Budget</b>
MIS Fund	636.807000	Contractual Services	\$150,000	\$150,000	\$0

**RECOMMENDATION:**

It is recommended that City Council 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.

It is also recommended that City Council authorize the purchase of twenty-one (21) multi-function devices in the amount of \$117,159 and a Maintenance Agreement in the amount of \$150,000 to Applied Imaging, Grand Rapids, Michigan for a total amount of \$267,159 through April 1, 2023.

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<b>APPROVALS:</b>	<b>SIGNATURE</b>	<b>DATE</b>
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Supervisor of Procurement		
Mayor		
Deputy Clerk		