

## Information Item

**Date:** December 14, 2020

**To:** Mayor, Mayor Pro Tempore, and Members of the City Council

**From:** Ben Rowe, Assistant City Manager; Tom Kureczka, Chief Information Officer

**Subject:**  
Informational Memo for Ricoh Managed Services

**Strategic Focus Area:** Service Excellence

**Strategic Objective:** Ensure Service Delivery Efficiency and Effectiveness

**Strategic Plan Action Item:** No

**Key Work Item:** No



The City has participated in a Managed Services Provider (MSP) contract for the past fifteen years for reproduction, printing, and courier services. The three components of these contracts have been:

- 1) Mail distribution and courier services for the City's inter-office mail and all inbound and outbound USPS and Accountable mail for all City locations/addresses as well as the US Postal locations within the City.
- 2) The provision and support of the fleet of Multi-Functional Printer devices, standard printers, copiers, and scanners in City facilities.
- 3) The Reprographic/Print Center Services located in the basement of the Bryce A. Stuart Municipal Building.

The first contract was awarded in February 2006 following a Request for Proposal (RFP) process. Ricoh was the selected vendor and, following City Council approval, entered into a five-year contract with the City. Since that time, the City has entered into two additional five-year contracts with Ricoh, each time again following an RFP process and Council approval, for a total of three consecutive five-year contracts with Ricoh.

The current and third contract with Ricoh will expire on January 31, 2021. Staff plans to present a request for consideration to enter into a three-year extension of this contract, starting February 1, 2021, to the Finance Committee in January. This request is based on several factors, including:

- 1) The last RFP process five years ago resulted in 20+ vendor responses, with only two that could provide all three components as listed above. Staff considered individual contracts with different vendors for each of the three components, but after consideration of costs, managing three separate contracts, providing office space for three distinct vendors, and the common aspects of the services, the decision was made to maintain one contract.

- 2) The existing contract provides the City the option for an extension for five years. Ricoh has confirmed that they are also supportive of a contract extension for three years.
- 3) Through participation in a national RFP process, Ricoh was awarded a contract in the U.S. Communities Government Purchasing Alliance. This contract offers Ricoh's most competitive prices and meets all N.C. State Statutes. The City has been registered with U.S. Communities since 2005.
- 4) Ricoh has an existing N.C. State purchasing contract.
- 5) Ricoh maintains a local presence, with 300+ employees living within the Triad area.
- 6) Ricoh's performance during the current five-year contract has included a technology uptime of 98.8%, with the average service response time less than 2.4 hours.
- 7) All Print Shop services requested by the City that Ricoh cannot accommodate, considered "overflow", are sub-contracted out by Ricoh. The Ricoh Site Manager first attempts to contract directly with local M/WBE providers. In the event that Ricoh cannot find local providers for the work needed, they will then contract with other providers. Examples of local providers recently used include:

Sir Speedy in Winston-Salem, a female-owned business

Cedar Ridge Graphics in Oak Ridge, a veteran-owned business

Quality Printing in Greensboro, a female-owned business

Ricoh has stated that a contract extension will contain the verbiage that they will continue this practice, giving a list of local M/WBE providers, as provided by the City, the right of first refusal before looking elsewhere for assistance.

- 8) Ricoh has a diverse team of five employees whose central day-to-day working hub is in the Bryce A. Stuart Municipal Building. The Ricoh Site Manager and Team Leader are both women. There are four (4) minority groups represented within the Ricoh onsite team: Female, African-American, Pacific Islander, and Dominican.
- 9) From January 1, 2019 to December 31, 2019, Ricoh nationally purchased a total of \$93.9 million in goods and services from diversity-owned businesses. Of this amount, \$44 million were purchases from woman-owned businesses, \$36 million from M/WBE's, and \$13.9 million from disabled veteran-owned businesses.
- 10) The leases for the existing fleet of printing devices will expire at the end of the current contract. With an extension, Ricoh will replace all devices with newer models. The replacement activities for these 200+ devices will be managed as a project, and Ricoh has stated that they will contract out the project management services to a local M/WBE.

- 11) With an extension of the existing contract with Ricoh, the Print Shop in the Stuart facility will remain intact and stable. If the City were to enter into a contract with another vendor, Ricoh will be required to remove their equipment, and a new vendor would need to install their equipment. With the COVID situation, having to address these major equipment moves is better avoided at this time.

The City's current contract with Ricoh is structured and based on two categories. The first category represents the Managed Services and includes the Mail Distribution and Courier Services and Reprographic/Print Center Services. The second category represents Equipment Leasing for the fleet of Multi-Functional Printer devices, standard printers, copiers, and scanners in City facilities. The costs for these categories for the last five years are shown in the following tables:

### Managed Services

Contract Year	Time Period	Cost *	Percentage of Change
1	2/1/16 – 1/31/17	\$277,452.00	-----
2	2/1/17 – 1/31/18	\$277,452.00	0%
3	2/1/18 – 1/31/19	\$300,752.00	8.4%
4	2/1/19 – 1/31/20	\$347,352.00	15.5%
5	2/1/20 – 1/31/21	\$347,352.00	0%
<b>Total</b>	<b>2/1/16 – 1/31/21</b>	<b>\$1,550,360.00</b>	<b>23.9%</b>

\* Note that the cost increase from Year 2 to Year 3 was due to additional facilities added to the services. The increase from Year 3 to Year 4 was due to additional facilities and an increased workload within the Print Center which resulted in Ricoh increasing their on-site staffing count by one individual. Both of these cost increases were approved by City Council during the annual operations budgeting process. In February 2016 Ricoh's mail distribution services included 37 mail stops. This has increased over the past five years to the present number of 84 mail stops.

### Equipment Leasing

Contract Year	Time Period	Cost **	Percentage of Change
1	2/1/16 – 1/31/17	\$143,031.22	-----
2	2/1/17 – 1/31/18	\$204,304.76	42.8%
3	2/1/18 – 1/31/19	\$204,886.69	0.3%
4	2/1/19 – 1/31/20	\$207,807.24	1.4%
5	2/1/20 – 1/31/21	\$226,042.67	8.8%
<b>Total</b>	<b>2/1/16 – 1/31/21</b>	<b>\$986,072.58</b>	<b>53.3%</b>

\*\* Note that increases in the annual leasing costs were the result of the City adding additional devices to the contract. These cost increases were approved by City Council

during the annual operations budgeting process. In February 2016 the equipment leasing contract included 138 devices. This has increased over the past five years to the present number of 207 devices.

While Ricoh is willing to enter into an extension of up to five years, staff recommends an extension of three years. This recommendation takes into consideration the anticipated continuation of some form of teleworking by City employees and the current relocation activities of staff within City facilities. A three-year extension will provide the time to continue with the services needed today while adjusting to employee teleworking practices and the staff utilization of City facilities. Staff would assess and address, as required, the need for these services in three years.

The proposed costs from Ricoh for a three-year extension are shown in the following tables:

**Managed Services**

<b>Contract Year</b>	<b>Time Period</b>	<b>Cost</b>	<b>Percentage of Change</b>
1	2/1/21 – 1/31/22	\$385,744.00	----
2	2/1/22 – 1/31/23	\$397,316.32	3%
3	2/1/23 – 1/31/24	\$409,235.81	3%
<b>Total</b>	<b>2/1/21 – 1/31/24</b>	<b>\$1,192,296.13</b>	<b>6%</b>

**Equipment Leasing**

<b>Contract Year</b>	<b>Time Period</b>	<b>Cost ***</b>	<b>Percentage of Change</b>
1	2/1/21 – 1/31/22	\$231,600.00	----
2	2/1/22 – 1/31/23	\$231,600.00	0%
3	2/1/23 – 1/31/24	\$231,600.00	0%
<b>Total</b>	<b>2/1/21 – 1/31/24</b>	<b>\$694,800.00</b>	<b>0%</b>

\*\*\* Note that the cost for all three years staying the same assumes no additional devices are leased. The cost could increase in the event of a new project, such as the City adding an additional facility to the contract. There also exists the potential for additional leased equipment for existing facilities.

Staff plans to present a request for consideration to enter into a three-year extension to the Finance Committee in January.