SUBJECT: Lease of Canon Photocopiers for Print Shop FCS06096 (City Wide)  
Referred from Corporate Administration Committee on April 12, 2006  
Outstanding Business Item (S).

RECOMMENDATION:

a) That the current contract with Canon Inc. for the lease of Departmental photocopiers be amended to include the lease of two Canon Black & White imageRunner 7105 systems for the City’s in-house print shop operation.

b) That Outstanding Business Item (S) of the Corporate Administration Committee be identified as completed and removed from the Outstanding list.

Joseph L. Rinaldo  
General Manager  
Finance and Corporate Services

EXECUTIVE SUMMARY:

In April of 2006 Council approved the termination of negotiations with the Thumbprint Group for outsourcing the City’s Print Shop. At that time it was noted that staff would be looking at alternatives for management of the Print Shop.
BACKGROUND:

Throughout 2005 and into 2006, negotiations had been ongoing with Canon Inc. for the management of the City’s print shop by The Thumbprint Group. These negotiations were terminated based on the fact that certain outstanding contract issues could not be resolved. Since that time staff has initiated improvements in the overall operation of the print shop based upon the following criteria:

(a) The process of establishing new tender documents for the outsourcing of print jobs that cannot be done in house was commenced.

(b) Options for replacement of the old in-house photocopiers were examined with a view to reducing costs for printing and incorporating newer technology into the in-house operation.

ANALYSIS/RATIONALE:

New Tender

During the negotiations with Canon Inc., the tender process to establish a new preferred vendor list for outsourcing print jobs was put on hold. For a number of months now the Supervisor of Print and Mail has been working with Purchasing to finalize revised tender documents that are now near completion. We anticipate that there will be a new preferred vendor list in late 2006 or early 2007.

Print Shop Photocopiers

In 2004 the City entered into a contract with Canon Inc. for the supply of departmental photocopiers. This was based upon the successful negotiation of an RFP which initially included photocopiers for both city departments and the print shop. The matter of new photocopiers for the print shop was put on hold pending the negotiations with Canon for management of the print shop. Despite the termination of negotiations for management of the print shop, there still remains a contractual obligation to deal with Canon first on the replacement of the print shop photocopiers.

Over the course of the summer months the Clerk’s Division has discussed options with representatives from Canon. We have received input from Purchasing, IT and Finance and Administration. We have agreed upon an acceptable option with Canon which would allow us to replace the two old photocopiers with two new Canon Black & White imageRunner 7105 systems. The lease of the two copiers would be added to the present contract for the departmental copiers which will have 44 months left on its term as of November 1, 2006 which is our anticipated date for receipt of the new copiers. At the end of the 44 months the copiers become City property.

With the 44 month term, the pricing of .0207 per impression for the first 400,000 per month and .0078 for each impression after 400,000 is favourable enough, based on present volumes, to allow us to reduce our charge back to departments even with our
overhead added to the cost (the pricing includes all capital and servicing). In addition we will be introducing software which will allow customers to submit digital print jobs directly to the print shop. Both copiers will also be configured identically to maximize workflow and job splitting.

**ALTERNATIVES FOR CONSIDERATION:**

The City has an obligation to at least attempt to negotiate an acceptable lease arrangement with Canon prior to pursuing other options.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

We anticipate that the Assistant Print Shop Supervisor will be able to work more efficiently with the new copiers thereby increasing the number of copies done on an annual basis. We expect that this increased volume will be drawn from the Departmental copier volume.

The Budgets and Finance Division has undertaken a cost/benefit analysis of the proposed lease option which shows it to be a cost effective alternative. A summary of the analysis is attached hereto as Appendix “A”.

**POLICIES AFFECTING PROPOSAL:**

Purchasing has confirmed that as long as the lease is part of the existing photocopy lease contract with Canon, we are in conformity with City policy.

**RELEVANT CONSULTATION:**

- IT Services
- Purchasing
- Finance and Administration
- Other Municipal 7105 Canon copier users

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Evaluate the implications of your recommendations by indicating and completing the sections below. Consider both short-term and long-term implications.

Community Well-Being is enhanced. □ Yes  ☑ No

Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.
Environmental Well-Being is enhanced.  □ Yes  ☑ No

Economic Well-Being is enhanced.  □ Yes  ☑ No

Does the option you are recommending create value across all three bottom lines?  □ Yes  ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  □ Yes  ☑ No
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**Purchase Option**

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