

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**

**Item No.** 8d  
**Date of Meeting** March 5, 2009

**DATE:** February 13, 2009

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Tony Baca, Manager, Airport Buildings & Facilities Services  
Michele Fideler, Airport Facilities Manager

**SUBJECT:** Lease for Multifunction Document Devices

**REQUEST:** Request Authorization to Execute a Lease for Multifunction Document Devices for the Airport Office Building at an estimated cost of \$463,251.

**SYNOPSIS:** The lease for multifunction document devices in the Airport Office Building must be renewed. These devices provide copy, print, scan and fax ability at central locations in the building. The lease will provide new devices and necessary servicing over a four year period, while saving the Airport \$143,345 compared to the existing lease. The new lease will reduce the number of leased devices from 20 to 18 and will employ environmentally sustainable practices in terms of recycling and energy rate.

**BACKGROUND**

The Port of Seattle's Airport Office Building (AOB) is occupied by approximately 300 employees and contract workers on six floors. There are 20 Xerox multi-function, networked devices strategically located throughout the AOB that perform copying, printing, faxing and scanning. The four-year leases on all but one of these machines expired in December 2008.

The Port has cooperative purchasing agreements for multifunction document devices with both King County and the State of Washington. The proposed new lease is based upon the State of Washington contract pricing and terms. The Airport Facilities Manager interfaced with Port purchasing agents prior to receiving proposals from Xerox, Ricoh, and Kyocera.

Currently, the Port has only Xerox and Ricoh machines installed throughout the organization. The purpose in limiting the number of companies is for operation and management purposes. The Port's Information and Communications Technology (ICT) Department must manage the installation of the devices on the Port's network, ensure that they meet the Port's information security requirements and assist users installing the print drivers on their computers. ICT is also required to interface with the companies when troubleshooting network/device issues, planning for new features, and assisting with any changes or moves. If the number of brands of machines were increased, the management of the devices becomes more complex and more staff support would be required.

## **COMMISSION AGENDA**

T. Yoshitani, Chief Executive Officer

February 13, 2009

Page 2 of 3

An assessment of the historical usage and locations of the existing devices led to the conclusion that two of the 20 existing devices could be eliminated, bringing the total to 18.

Both Xerox and Ricoh were provided a list of requirements for the next copier lease and both companies were able to meet most of the requirements. They both proposed excellent machines, maintenance service, and competitive pricing. In addition, as a gesture of good faith, we investigated Kyocera machines.

### **RECOMMENDED ALTERNATIVE**

Request authorization to execute a new four-year lease for 18 Ricoh multi-function devices for the Airport Office Building. The machines have the speed, features and user-friendliness needed, their pricing is competitive and lower than our existing lease, and they have excellent recommendations from both within and outside of the Port. Ricoh has a new service organization and model which has received stellar reviews in the industry, they offer customized billing, and their sales representatives are clear communicators and responsive.

### **OTHER ALTERNATIVES CONSIDERED**

1. Execute a new four-year lease for 18 Xerox multi-function devices for the Airport Office Building. Even though their machines are reliable, ongoing billing, installation and support issues have occurred since 2006. This alternative is not recommended.
2. Execute a new four-year lease for 18 Kyocera multi-function devices for the Airport Office Building. Their specialty is the education market. Their fastest, comparable machine was slower than the Xerox or Ricoh machines. Installing a fleet of untried machines in the fast-paced airport environment is unwise. This alternative is not recommended.

### **FINANCIAL IMPLICATIONS**

#### **Cost Estimate**

The total estimated cost for the four-year lease including per-copy costs is \$463,251

Lease costs:

18 machines @ \$379.60 per month = \$6,832.80 per month (plus tax)

\$6832.80 x 48 months = \$327,974 total lease cost

Cost per copy:

Black: \$0.0069

Color: \$0.055

Estimated copy costs based on current use:

Black: 5,624,257 x \$0.0069 = \$38,807

Color: 1,753,979 x \$0.055 = \$96,469

## **COMMISSION AGENDA**

T. Yoshitani, Chief Executive Officer

February 13, 2009

Page 3 of 3

### **Source of Funds**

The expense costs are budgeted in the approved 2009 annual Port budget for the Airport Office Building as a recurring expense. Assuming implementation of the new contract by April 1, 2009, there will be an estimated savings to the 2009 budget of \$25,000.

### **Financial Analysis**

Compared to the existing lease, the proposed lease will reduce costs by an estimated \$2,987 per month, for a total of \$143,345 over the life of the lease. The newer machines cost less to build and operate and the market has gotten more competitive. Purchase of the equipment was not pursued for several reasons. The primary reason is that the technology for these devices is changing rapidly and the new machines will be obsolete in four years or less. Purchasing requires cash up front, which was not budgeted. Leasing allows an affordable monthly payment (financing by the leasing company). Most businesses lease their copiers to avoid the significant capital outlay required to purchase, and avoid the expense (in both time and dollars) to surplus or discard the machines at the end of their useful life.

### **ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS**

Ricoh has excellent environmental qualifications, such as a zero-waste-to-landfill practice. They use state of the art de-manufacturing systems to recover 95% of the material content from equipment that has reached the end of its useful life. Ricoh's products are Energy Star compliant.

### **PREVIOUS COMMISSION ACTION**

This item has not previously gone to Commission for approval.