

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 21, 2022

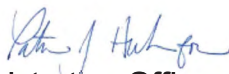
CAO File No. 0150-11848-0001

Council File No. 21-0339

Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Communication from the Department of Airports dated March 16, 2022; referred by the Mayor for a report on March 16, 2022

Subject: **PROPOSED SECOND AMENDMENT TO CONTRACT NO. DA-5272 WITH SHARP ELECTRONICS CORPORATION FOR ONGOING MANAGED PRINT SERVICES AT LOS ANGELES WORLD AIRPORTS**

RECOMMENDATION

That the Mayor:

1. Approve a proposed Second Amendment to Contract No. DA-5272 with Sharp Electronics Corporation to extend the contract term by one year and increase the contract authority by \$957,421 for a total not-to-exceed \$3,457,421, for ongoing managed print services at Los World Airports, subject to City Attorney approval as to form and compliance with the City's Standard Provisions, including: Living Wage / Service Contractor Worker Retention Ordinances, Affirmative Action Program, Business Tax Registration Certification, Child Support Obligations Ordinance, Contractor Responsibility Program, First Source Hiring Program, Bidder Contributions CEC Form 55, and MLO CEC Form 50;
2. Authorize the Chief Executive Officer to execute the proposed Second Amendment to Contract No. DA-5272, upon approval by the Los Angeles City Council, and prior to the execution of the Second Amendment, Sharp Electronics Corporation must have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports;
3. Return the request to the Los Angeles World Airports for further processing, including Council Consideration.

SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (BOAC) requests approval of a proposed Second Amendment to Contract No. DA-5272 with Sharp Electronics Corporation to increase the contract authority by \$957,421, for a total not-to-exceed \$3,457,421,

and extend the term by one year for ongoing managed print services (multi-function photocopiers) at LAWA. The term of the current contract expired on March 31, 2022 and authorization of the Second Amendment will enable services to continue through March 31, 2023.

Sharp Electronics Corporation (Sharp) provides multi-function photocopiers on a leased basis at several LAWA facilities. LAWA currently has 175 network-enabled photocopiers that offer copy, print, scan, and fax capabilities at various LAWA offices. Contract No. DA-5272 includes maintenance, repairs, parts, user training, and consumable supplies, not including paper. In addition to providing copy, print, scan, and fax capabilities, the photocopiers have security features that help protect business information. These components include data encryption, hard drive overwrite functionality, and secure printing through user passcodes and card readers. The security element ensures the confidentiality of data such as employee information and legal documents.

As a result of the COVID-19 pandemic, photocopier use decreased significantly because administrative staff started telecommuting during the pandemic, which caused LAWA to assess the long-term use of its machines. On February 18, 2021, the original term of the Contract was amended to extend Sharp's services through March 31, 2022. The term extension enabled LAWA to retain the Contractor's services while LAWA's Information Management and Technology (IMT) Division continued reviewing the Department's ongoing needs for photocopiers as staff remained on telework schedules. Accordingly, the IMT Division identified underused machines and returned 15 of them to offset the steady decline in printer usage. The table below illustrates a three-year gradual reduction in costs associated with the diminishing use of the multi-function copiers between March 2019 and February 2022.

Billing Period	Total Cost
Year 1: March 2019 - February 2020	\$705,470
Year 2: March 2020 - February 2021	\$570,097
Year 3: March 2021 - February 2022	\$512,589

As shown in the chart above, LAWA experienced an estimated 19 percent decline in its billing cost from year one to year two and a further 10 percent drop from year two to year three. Although underused photocopiers have been returned to Sharp, the IMT Division anticipates that restoration of the machines that were previously returned will be required to accommodate the administrative staff that returned to LAWA offices on April 4, 2022. Photocopy usage levels are expected to increase substantially because the concept of electronic document submission will no longer be practicable. According to LAWA, hard copy documents such as Board-approved contracts will be required since teleworking schedules are implemented on a limited basis. The outcome of the administrative staff returning to LAWA campuses will trigger considerable increases in machine use, the total cost of printing operations, and provide the IMT Division with a more realistic measure of the managed print services required for future contracts.

Approval of a second term extension and an increase in the contract authority is requested at this time as LAWA has yet to determine how its return to work processes will be implemented and its overall impact on printing volume. Additionally, the extended period will enable the IMT Division to

continue assessing the various LAWA groups to determine a sustainable number of leased photocopiers. Furthermore, staff will use the extension period to conduct a competitive procurement process to explore different options to obtain the best value for the new managed print services contract.

The BOAC approved the proposed Second Amendment at its meeting on March 3, 2022. Actions taken on this item by the BOAC will become final pursuant to the provisions of Los Angeles City Charter Section 373.

FISCAL IMPACT STATEMENT

Approval of the proposed Second Amendment to Contract DA-5272 with Sharp Electronics Corporation to extend the contract term by one year will have no impact on the General Fund. Costs incurred under this contract will be recovered through landing fees, terminal building rates and charges, and non-aeronautical revenues. Funding for this contract is available in the FY 2021-22 Los Angeles World Airports Operating Budget in LAX Cost Center 2001614 - LAWA-wide Copiers, Commitment Item 522 – Materials and Supplies. Funding for subsequent years will be requested as part of the annual budget process. The proposed Second Amendment complies with LAWA's Financial Policies.

MWS:DG:10220089