



CITY OF MENIFEE

SUBJECT: Clarifying Authorization of Canon Equipment Lease Per-Page Charges

MEETING DATE: July 17, 2024

TO: Mayor and City Council

PREPARED BY: Michelle Sarkissian, Information Technology Manager

REVIEWED BY: Ron Puccinelli, Chief Information Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Confirm the City Council's June 21, 2023 approval of the five-year equipment lease agreement with Canon for copiers and printers, included approval of the associated per-page costs outlined within the agreement, in an amount of \$40,000 for Fiscal Year 2023/2024; and
2. Confirm approval of an annual increase of up to \$5,000 per year of the lease agreement for per-page costs in a total not-to-exceed amount of \$250,000 through June 30, 2028.

DISCUSSION

On June 21, 2023, the City Council approved a five-year lease agreement with Canon for reprographic equipment, which included copiers and printers used by all City departments and staff. This lease agreement also included a per-page charge that covered the cost of toner, staples, and ongoing equipment maintenance. Although the approved lease agreement presented in the June 21st staff report included the per-page costs, the not-to-exceed amount presented within the recommended action did not include the inclusion of per-page costs.

Staff determined that the most appropriate and transparent course of action was to seek the City Council's approval of the increased not-to-exceed amount associated with the per-page costs outlined in the previously approved agreement. It is important to note that there are no changes to the original lease agreement itself. The terms and conditions, including the per-page costs, remain exactly as initially presented and authorized by the City Council in June of 2023. There is no separate agreement between the City and Canon for the per-page costs.

Costs associated with actual printing per-page are based on use, at a flat rate of \$0.0074 for black and white pages and \$0.05 for color pages. Based on historical data, the annual per-page costs are estimated to be approximately \$40,000 per year over the five-year lease term. To account for potential fluctuations in workload and City staff growth, an annual increase not-to-exceed \$5,000

per year in total annual per-page costs is being recommended. The total five-year agreement amount would be \$543,277.40.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The fiscal impact for the printing costs of the devices is expected to be approximately \$250,000 over the five-year term of the agreement. This would bring the total fiscal impact of the equipment lease plus total per page printing costs to \$543,277.40 over the five-year term of the agreement.

Table 1 below provides the breakout of the costs for each year over the five-year term of the agreement.

This item is currently budgeted in the Fiscal Year 2023/2024 and 2024/2025 Budget under leased equipment for General Services and Menifee Police Department within the General Fund (1100-GSD-652502 and 1100-MPD-652502). These charges would also be budgeted in subsequent years. The table below summarizes both the original equipment lease costs and the clarified annual per-page cost estimates:

TABLE 1 – ANNUAL LEASE AND PRINTING COSTS

Year	Fiscal Year	Fund	Annual Cost w/Tax** (Lease)	Estimated Annual Per-Page Costs	Total Budgeted Amount
1	2023/2024	General Fund	\$58,655.48	\$40,000	\$98,655.48
2	2024/2025	General Fund	\$58,655.48	\$45,000	\$103,655.48
3	2025/2026	General Fund	\$58,655.48	\$50,000	\$108,655.48
4	2026/2027	General Fund	\$58,655.48	\$55,000	\$113,655.48
5	2027/2028	General Fund	\$58,655.48	\$60,000	\$118,655.48
		TOTAL	\$293,277.40	\$250,000	\$543,277.40

*Equipment lease includes an additional \$5,000 per year for employee growth and facility expansion.

**Tax is approximately \$359.75 per month or \$4,317 per year.

No additional budget appropriation action is required.

ATTACHMENTS

1. June 21, 2023 Staff Report
2. Approved Agreement