SAN LEANDRO UNIFIED SCHOOL DISTRICT
BUSINESS AND OPERATIONS

To: Facilities and Technology Committee

From: Kevin Collins, Assistant Superintendent for Business and Operations
Rob Mangewala, Director of Technology, Assessment, Research and Program Evaluation

Date: April 5, 2017

Re: Printer and Copier Purchase Agreement

Our district currently has contracts with two companies to provide copier and printer services district-wide. The smaller contract is with Caltronics to supply and service 11 copiers, with an annual cost of about $50,000 (depending on usage). The Caltronics copier contract expires in January 2019. There are no proposed changes to the current Caltronics agreement.

The larger contract is with Ray Morgan Company to provide printers and copiers throughout the district. The Ray Morgan contract costs about $400,000 per year for service and equipment leasing, and expires in November 2019. Ray Morgan has provided a proposal for the district to purchase the equipment that the district is currently being leased.

The total cost of the buyout would be $684,874.57, which includes a "residual charge" of $77,015 plus tax for the equipment to become property of the district. The full cost of the equipment buyout would be charged to Measure J1, which included language regarding purchase of technology. The district would continue to pay Ray Morgan for servicing the equipment for the remainder of the term of the contract at an annual cost of $170,000 (General Fund expense). The net annual savings to the district's General Fund would be $230,000. At the end of the Ray Morgan service contract, the district would have the option to continue service and repair through a new Ray Morgan contract or look to another vendor for service.

Current Contract

- $170,000 per year service (general fund)
- $230,000 per year lease (general fund)
- $1,035,248.50 total remaining on contract

Proposed Contract

- $684,874.57 one-time charge to purchase all equipment (bond)
- $170,000 per year for service and repair (general fund)
- Net savings of $230,000 per year to general fund
- Proposal would cost $111,126 more than current contract total, however district would own all equipment which would remain useable after term of contract

Staff recommends that the Facilities and Technology Committee approve the agreement with Ray Morgan Company to purchase our currently leased equipment using Measure J1 funds.