

ORANGE COUNTY
BOARD OF EDUCATION

AGENDA ITEM ABSTRACT

Meeting Date: February 11, 2013

AGENDA ITEM No. 13-02-08

ACTION ITEM: (Y/N) Y

SUBJECT: Copier Service Agreement Approval

INFO. CONTACT Donna Brinkley PHONE: 919-732-8126

ATTACHMENTS: 1. Toshiba Business Solutions Service Agreement
2. Toshiba Executive Summary

PURPOSE: The purpose of this agenda item is to provide an opportunity for the Board of Education to approve a service agreement for copier services with Toshiba Business Solutions.

BACKGROUND: An agreement with Toshiba Business Solutions for copier services was approved by the Board of Education on October 1, 2007 and expires on June 30, 2013. At that time the cost per copy was reduced, a dedicated repair person was provided, repair service was greatly improved, copiers were added when requested, scanning on copiers was free and ink and maintenance was provided at no additional cost. Toshiba has worked with OCS to help reduce copying costs. Copier costs for fiscal year 2008-09 were \$273,025 compared to \$203,247 in fiscal year 2011-12. Toshiba has provided Orange County Schools with the second lowest rates in the state. This proposed new agreement reduces the rate for color copies from .095 cents per copy to .075 cents per copy and black and white copy costs remain the same. Toshiba Business Solutions is currently on state contract. This agreement has been reviewed by counsel.

FINANCIAL IMPACT: Based on current usage projections, the annual financial impact will be \$183,376.

RECOMMENDATION: The Superintendent recommends the Board of Education approve the Toshiba Business Solutions service agreement.

CUSTOMER INFORMATION

Full Legal Name of Customer: Orange County Schools		Street Address: 200 East King Street		
City: Hillsboro	State: North Carolina	Zip: 27278	Telephone:	Fax:
Service Locations and Equipment: See Attachment A				

TERM SCHEDULE

Program Beginning Date January 1, 2013	Program Completion Date June 30, 2018
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COST PER COPY SCHEDULE

Toshiba CPC: \$0.01088	Risograph CPC: \$0.0098	Toshiba Color CPC: \$0.075
The Toshiba CPC includes equipment, accessories, fax equipment, service and supplies (excludes paper, sorter staples, fax supplies and NC sales tax).	The Risograph CPC includes equipment, accessories, service and supplies (excludes paper and NC sales tax).	The Toshiba Color CPC includes equipment, accessories, service and supplies (excludes paper, sorter staples and NC sales tax).

INVOICE SCHEDULE

Months invoices mailed	Payments due by	Invoices include all copies made during	Program Copies Toshiba	Program Copies Color
April 1, 2013	April 25, 2013	January 2013 thru March 2013	3,800,000	60,000
July 1, 2013	July 25, 2013	April 2013 thru June 2013	3,800,000	60,000
October 1, 2013	October 25, 2013	July 2013 thru September 2013	3,800,000	60,000
January 1, 2014	January 25, 2014	October 2012 thru December 2012	3,800,000	60,000
		All Subsequent Quarters	3,800,000	60,000

TERMS AND CONDITIONS

- COPY MANAGEMENT PROGRAM:** Toshiba Business Solutions shall provide to customer the equipment and accessories described on Attachment "A" (the "Equipment"). The copy charges and program copy charges set by this agreement include payment for the use of the equipment, maintenance (during normal business hours), routine inspection, adjustment, parts replacement, drums and cleaning materials required for the proper operation. Paper, sorter staples and fax supplies may not be included in the cost per copy as specified within the cost per copy schedule above.
- COPY MANAGEMENT PROGRAM BILLING:** For each invoice period during which customer participates in the copy management program, TBS shall invoice customer for copy charges, determined by multiplying the actual number of copies made by Customer during such invoice period using the equipment by the applicable cost per copy described in the cost per copy schedule above. In addition, after the end of each annual period, TBS shall have the option to invoice customer for any dollar amount by which the copy charges paid by customer for the annual period are less than the program copy charges for the annual period. The program copy charges for an annual period shall be the dollar amount determined by the number of invoice periods within a 12 month period multiplied by the applicable cost per copy. The annual period shall be the period that begins on the program beginning date (or the day following the preceding annual period, as applicable) and ends on the next anniversary of the program beginning date (or, if earlier, on the program completion date or other date of termination of this agreement). Customer shall pay, no later than the due date shown in the invoice schedule above, the monthly invoices submitted to customer by TBS. Any payment not made within 10 days after such due date may be assessed a late charge of 5% of the delinquent amount.
- CUSTOMER'S REPRESENTATIONS AND AGREEMENTS:** Customer represents and warrants that: (1) it has, in accordance with all legal requirements, fully budgeted and appropriated sufficient funds for the current budget year to pay copy charges and meet all other obligations under this agreement and such funds have not been expended for other purposes; (2) no action, proceeding or investigation is pending or threatened in any court or other tribunal or before any public body, which in any way would restrict or prohibit customer's performance of its obligations under this agreement or its ability to pay copy charges or other payments hereunder, nor is there any basis for any such action, proceeding or investigation; (3) the equipment will be operated by customer and will be used for essential state government purposes during the term of this agreement; and (4) customer has not previously terminated any agreement for non-appropriation, except as described in a letter attached hereto.
- SIGNATURE:** The person signing this agreement on behalf of customer personally represents and warrants that he/she is fully familiar with the applicable legal and regulatory provisions pertaining to this agreement and has full authorization to sign this agreement. Such signer further warrants the governing body of customer has taken the necessary steps, including any legal bid requirements, under applicable law to approve this copy management program; the approval and execution of this agreement have complied with all applicable open meeting laws; and the authorization of the governing body of customer for the execution and delivery of this agreement remains in full force and effect.

ACCEPTANCE:

TOSHIBA BUSINESS SOLUTIONS by _____ Title: _____ Date: _____

CUSTOMER:

ORANGE COUNTY SCHOOLS by _____ Title: _____ Date: _____

EXECUTIVE SUMMARY

TOSHIBA/CMG

Toshiba/CMG (Copy Management Group) is made up of 140+ teammates whose goal is to "take care of the customer." We are accomplishing this by providing the highest quality products, offering the most aggressive pricing, hiring the most productive employees, which make us one of the most successful copier companies in the United States. We are committed to doing this while being good and moral stewards at our work and where we live. We are succeeding by working together, within the state, county and local governments of the Carolinas.

History - TBS/CMG traces its origin to McRae Graphics, a wholly-owned subsidiary of McRae Industries located in Montgomery County North Carolina. In 1983, McRae purchased a small office products company in Charlotte, North Carolina. From the start, this new copier company began expanding their business throughout the Carolinas and Virginia. The company was innovative and highly successful, particularly in the commercial markets arena.

ORG Change - Through a series of internal restructuring and a complete organizational change, a new company transformed and was introduced in 1994 as McRae Office Solutions. One of the main differences between the old company versus the new was market motivated. The new company would be divided into two different sales divisions, Commercial Division and the Copy Management Group Division (CMG). The commercial would market products to all businesses excluding state, local and county governments, K-12 public schools and post education. These accounts would be marketed by the Copy Management Group. Thus, CMG became an entity.

Growth - During the course of the next five years, CMG became the vendor of choice in the Carolinas for copier management programs. CMG also became the North Carolina State Contract provider for Copiers and Facsimile products, service and supplies. By year 2000, CMG reached another milestone by achieving a copy management goal of one (1) billion copies. This objective was achieved through cooperative partnerships with over 75% of the public schools in North Carolina and other state, county and local governmental entities.

EXECUTIVE SUMMARY

TOSHIBA/CMG

Acquisition - In September 2004, McRae Office Solutions was acquired by Toshiba, a \$53 billion-dollar strong corporation. This alliance gave CMG additional resources and marketing initiatives to further expand its customer base. Did this new acquisition work? It certainly did. In December 2006, the CMGroup surpassed the two (2) billion copy management mark. This achievement continues to give the CMGroup great pride in contributing and being part of the Toshiba team – part of the 62nd largest company in the world.

Recent Events- In July 2010, TBS/CMG surpassed the 2.5 billion copy management mark within the north Carolina and South Carolina K-12 and government environment. Over ninety (90%) percent of the school systems in NC and most of the northern counties of South Carolina are currently involved with CMG's unique copy/print/scan solutions program. Over one-third of the NC county governments are involved with this solution as well.

Why Choose TBS/CMG?

As a TBS customer, you are aware of CMG's dynamic mission and passion to achieve the highest possible levels in all aspects of the Copier/Print/Scan/DocMGMT marketplace. Each of our customers has an extraordinary opportunity to embrace and enjoy a new approach and methodology to the information management world. In this ever-changing and highly technical market, TBS has opted to become the North and South Carolina copier solutions provider for all the right reasons.

- Quality products.
- Experience.
- The highest level of customer satisfaction is the product of our fervor. In essence, the alliance with our customers and our ability to support and satisfy their needs are unequalled in the industry.