

## COMMISSION AGENDA ITEM

### Item 8(c) – Sharp Copier Maintenance Contract Amendment



**Date:** March 27, 2025

**To:** California State Lottery Commission

**From:** Harjinder K. Shergill Chima *HKC*  
Director

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Information Technology Services Division

**Subject:** **Item 8(c) – Sharp Copier Maintenance Contract Amendment**

### ISSUE

The California State Lottery (Lottery) entered into a five-year maintenance contract for its Sharp copiers with Smile Business Products, Inc. (Smile) on May 21, 2022. The Lottery is seeking California State Lottery Commission's (Commission) approval to increase the expenditure authority by \$20,000 to cover Sharp copier overage fees for the remainder of the contract term.

### BACKGROUND

The Lottery procured 17 Sharp copiers in May 2022 to replace the end-of-life copiers through a mandatory state contract with Smile. The contract covers Sharp copier maintenance and consumables, which includes a maximum number of black and white and color copies/prints for each of the 17 copiers for a term of five (5) years. All copies/prints beyond the monthly maximum number allowable in the maintenance agreement incur an overage fee.

When creating the original Purchase Order (PO), Information Technology Services Division (ITSD) took an average usage over the prior two (2) years to produce a baseline copier usage and determined that Lottery usage would not exceed the usage limits covered by the monthly maintenance plan. Based on this determination, funding for overages was not included in the original purchase order.

However, due to increased color print copier usage beginning in April 2023, the original maintenance contract was amended to add \$10,000 for overages. Beginning June 2024 due to Return to Office, print usage further increased, as a result, therefore an additional \$2,500 was added to the contract in November 2024. Based on current copier usage rates, the Lottery now projects the additional overage allowance funds will be fully expended by the end of this fiscal year. If the Lottery does not increase the contract's expenditure authority to enable additional overage fees to be paid, the Sharp copier maintenance service provided by Smile may be restricted causing work inefficiencies due to down time from copiers experiencing malfunctions.

### DISCUSSION

The Lottery has been spending approximately \$350 per month on overage fees since April 2023.

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The additional expenditure authority being requested will provide a buffer should the Lottery's printing usage increase through the remaining term of the contract.

To mitigate future overage fees, ITSD has procured a managed secure print software solution that will increase awareness for the end users to reduce overall printing and accidental printing. This product is intended to be deployed Spring 2025. In an effort to reduce overages related to color printing, ITSD has set the default setting on all copiers to default to black and white. Applications are also being reviewed to determine if forms can be printed in black and white instead of color. These mitigation strategies will help optimize printing usage and should reduce overage fees.

Continuing the Sharp copier maintenance contract is essential to conducting Lottery business and must remain uninterrupted. If this service is interrupted and a copier were to malfunction, Lottery staff do not have the expertise to fix these issues. Lottery staff utilizing the copiers will not be able to perform their daily activities in support of the Lottery's mission.

Exercising this amendment would increase the original expenditure authority of \$249,554.45 by \$20,000, bringing the total expenditure authority to \$269,554.45. The Lottery requests the Commission approve the requested increase in expenditure authority pursuant to Lottery Regulations Section 8.6.3.A, which provides as follows:

“No contract amendment that brings the cumulative value of the contract to \$250,000 or more may be executed without prior Commission approval.”

### **RECOMMENDATION**

The Lottery recommends the Commission approve the proposed contract amendment to increase the expenditure authority by \$20,000 for overage fees to the Sharp copier maintenance purchase order 100101, to ensure maintenance services continue without interruption. The new maximum contract expenditure authority will be \$269,554.45 and the term remains unchanged, with an expiration date of May 20, 2027.