

Agenda Report

December 8, 2014

TO: Honorable Mayor and City Council

FROM: Department of Finance

SUBJECT: AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH OFFICE DEPOT/OFFICEMAX TO PROVIDE OFFICE SUPPLIES AND OTHER RELATED ITEMS

RECOMMENDATION:

It is recommended that the City Council:

- 1) Find that the proposed contract is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061 (b) (3), General Rule;
- 2) Authorize the City Manager to enter into an agreement with Office Depot/OfficeMax in an amount not to exceed \$500,000 to be the primary provider of office supplies and other related items for a period of one year with two one year optional renewal periods. Neither competitive bidding nor competitive selection are required pursuant to City Charter Section 1002 (H), contracts with other governmental entities or their contractors, and Pasadena Municipal Code Section 4.08.049.

BACKGROUND:

In July 2011, the City Council authorized the City Manager to enter into an agreement with OfficeMax, chosen through a selection process, to be the primary supplier of office-related supplies for the City of Pasadena. This action also authorized the City Manager or his designee to approve two, one-year extensions to the agreement. The amount of the agreement was not to exceed \$300,000 annually. The rationale for consolidation of office-related supply purchases through one vendor was to achieve volume discount savings and to enhance productivity. Since inception of the OfficeMax agreement, the City has saved over \$24,000. Additionally, the City received \$13,703 in rebates for enrolling in the OfficeMax "America Saves" program. The City Council subsequently granted extensions to this contract through the end of the year.

A Request for Information (RFI) was circulated to help determine the most effective approach for the office supply procurement program. Three suppliers responded to the RFI; they were Office Depot/OfficeMax, Office Solutions, and LD Products. Each supplier had a program for the City to take advantage of a multi-jurisdictional office supply purchasing pool to leverage Pasadena's purchasing power and gain better price points for supplies.

In November 2013, Office Max and Office Depot merged into one company. With this merger, the second and third largest office supply chains are now one entity. The proposal submitted by Office Depot/OfficeMax clearly demonstrated a superior level of support, supply management and pricing while providing the best tools to readily ascertain procurement efficiency and waste minimization.

The Office Depot/OfficeMax pool program is called "America Saves." Per the City Charter and the Pasadena Municipal Code (PMC), award of contracts can be made via a "piggy-back" option. Under the current "America Saves" program, a core list of approximately 250 items were identified and discounted between 10 and 90 percent from regular retail pricing. Initially, this core list was developed based on Pasadena's office supply procurement activity. The core items on the list have been revised over the past three years as the City's spending patterns have evolved to maximize overall savings.

The "America Saves" program was selected via a bidding process by Oakland County, Michigan in April 2013, which supports the exemption from competitive bidding. Staff reviewed Office Depot/OfficeMax's current agreement with Oakland County, Michigan, and is satisfied that it meets the requirements of the "piggy-back" option per Pasadena Municipal Code.

Staff recommends that the City Manager be authorized to approve an agreement with Office Depot/OfficeMax to be the City's primary office supplier, through their American Saves program for an initial term of one year with two, one-year renewal options. Per staff's review, Office Depot/OfficeMax provides the best combination of price, management tools, and partnership to help the City achieve a successful office supply procurement program.

COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

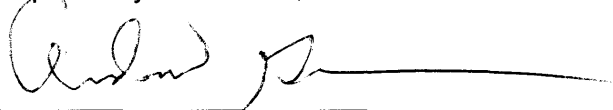
ENVIRONMENTAL ANALYSIS:

The proposed contract has been determined to be exempt from the CEQA process pursuant to State CEQA Guidelines Section 15061 (b)(3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed contract herein will not have a potentially significant effect on the environment and therefore falls under this "general rule" exemption to CEQA.

FISCAL IMPACT:

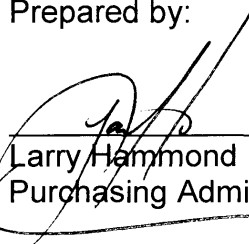
The cost of this action will be approximately \$500,000. Funding for this action will be addressed by use of existing budgeted appropriations in various materials and supplies accounts (8101) within City departments. There will be no impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



ANDREW GREEN
Director of Finance

Prepared by:



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Approved by:



MICHAEL J. BECK
City Manager