



Agenda Report

December 3, 2018

TO: Honorable Mayor and City Council
FROM: Department of Finance
SUBJECT: **CONTRACT AWARD TO SPICERS PAPER, INC., KELLY PAPER COMPANY, AND SOUTHLAND ENVELOPE CO., INC. FOR PAPER AND ENVELOPE SUPPLY NOT TO EXCEED \$378,430, \$193,767 AND \$82,904, RESPECTIVELY**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Accept the bid dated August 22, 2018 submitted by Spicers Paper, Inc. in response to specifications to furnish copy paper, sheet-cut paper and NCR - carbonless, and authorize the City Manager to enter a contract with Spicers Paper, Inc. for three years in an amount not to exceed \$227,058 with the option for two additional one-year terms in the annual amount of \$151,372, at the discretion of the City Manager, for a total of \$378,430 for five years; and
3. Accept the bid dated August 22, 2018 submitted by Kelly Paper Co. in response to specifications to furnish parent sheet paper, and authorize the City Manager to enter a contract with Kelly Paper Co. for three years in an amount not to exceed \$116,260 with the option for two additional one-year terms in the annual amount of \$77,507, at the discretion of the City Manager, for a total of \$193,767 for five years; and
4. Accept the bid dated August 22, 2018, submitted by Southland Envelope Co., Inc. in response to specifications to furnish envelopes, and authorize the City Manager to enter a contract with Southland Envelope Co., Inc. for three years in an amount not to exceed \$49,742 with the option for two additional one-year terms in the annual amount of \$33,162, at the discretion of the City Manager, for a total of \$82,904 for five years; and
5. Reject all other bids received.

BACKGROUND:

The Printing Services section of the Department of Finance is dependent on reliable and fast delivery of substrate materials (e.g. envelopes, paper) for successful ongoing operations. These materials cover a large range of sizes, weights, and finishes that are not available from office supply companies and are used to fulfill all in-house printing orders.

On August 2, 2018, a Notice Inviting Bids for provision of paper and envelopes was published in the *Pasadena Journal* and *Pasadena Weekly* and posted on the City's website which generated notices to 436 vendors, 23 of which were local vendors. The bid package included an estimated volume of total outsourced substrate purchases over a 12-month period.

Based on past procurements that were unique to the printing industry and past procurement data for Printing Services, staff designed this competitive bid to administer a split award into five main categories. These categories include copy paper, sheet-cut paper, parent sheet paper, NCR – carbonless, and envelopes. The total volume of each substrate ordered annually was reviewed from several previous years and average volumes were established. These volumes were used to establish the projected annual volume of each category which were then totaled to establish an overall total volume of substrate needed.

Vendors were invited to bid on one or more of these categories which would be awarded individually by category. Following advertising, bids were received on August 22, 2018 and the bid results are listed below.

Category 1: Copy Paper		
Bidder	Location	Bid Amount
Spicers Paper, Inc.	Santa Fe Springs, CA	\$51,422.06
Kelly Paper Company	Pasadena, CA	\$52,122.00
		(1% Pasadena Business Pref: \$51,600.78)

Category 2: Sheet-Cut Paper		
Bidder	Location	Bid Amount
Spicers Paper, Inc.	Santa Fe Springs, CA	\$21,633.81
Kelly Paper Company	Pasadena, CA	\$22,701.89
		(1% Pasadena Business Pref: \$22,474.87)

Category 3: Parent Sheet Paper		
Bidder	Location	Bid Amount
Kelly Paper Company	Pasadena, CA	\$38,753.15
		(1% Pasadena Business Pref: \$38,365.61)
Spicers Paper, Inc.	Santa Fe Springs, CA	\$38,703.00

Category 4: NCR - Carbonless		
Bidder	Location	Bid Amount
Spicers Paper, Inc.	Santa Fe Springs, CA	\$2,629.97
Kelly Paper Company	Pasadena, CA	\$5,198.51
		(1% Pasadena Business Pref: \$5,146.52)

Category 5: NCR - Envelopes		
Bidder	Location	Bid Amount
Southland Envelope Co., Inc	Lakeside, CA	\$16,580.53
Kelly Paper Company	Pasadena, CA	\$19,838.66
		(1% Pasadena Business Pref: \$19,640.27)
Spicers Paper, Inc.	Santa Fe Springs, CA	\$21,266.87

Spicers Paper, Inc. was the lowest responsive and responsible bidder in three categories: copy paper, sheet-cut paper, and parent sheet paper. Since 2014 the City has conducted business with Spicers Paper, Inc. issuing purchase orders for materials and supplies totaling over \$74,000.

Based on Municipal Code 4.08.046, staff applied a 1% bid preference to a Pasadena business. As codified in the City's Purchasing Ordinance, Kelly Paper Company's original bid amount of \$38,753.15 for Category 3 was reduced to \$38,365.61 for evaluation purposes only, thus making them the lowest responsive and responsible bidder. It is important to note that their contract award will be made at the original bid amount. With a 1% Pasadena business preference, Kelly Paper Company was the lowest responsive and responsible bidder in Category 3 - Parent Sheet Paper. Since 2012 the City has conducted business with Kelly Paper issuing purchase orders for materials and supplies totaling over \$100,000.

Southland Envelope Co., Inc. was the lowest responsive and responsible bidder in Category 5 - Envelopes. Since 2015 the City has conducted business with Southland Envelope Co., Inc. issuing purchase orders for materials and supplies totaling over \$15,000.

The proposed contracts fully comply with the City's Competitive Bidding and Living Wage Ordinances.

COUNCIL POLICY CONSIDERATIONS:

Approval of these contract awards supports the City Council's strategic planning goals of maintaining fiscal responsibility and stability and promoting the local economy.

ENVIRONMENTAL IMPACT:

The action proposed herein is not subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3), and 15378. The authorization to enter into a contract with Spicers Paper, Inc., Kelly Paper Company, and Southland Envelope Company, Inc. for paper and envelope supply is an administrative activity (e.g., purchasing of supplies). This action would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

The maximum cost of this action will be approximately \$655,101 over a five-year period. Sufficient current year funding for this action is available in the Fiscal Year 2019 Operating Budget.

Respectfully submitted,


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