



Agenda Report

July 22, 2019

TO: Honorable Mayor and City Council
FROM: Department of Finance
SUBJECT: **CONTRACT AWARD TO KELLY PAPER COMPANY FOR PAPER SUPPLY NOT TO EXCEED \$381,370.**

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. i) Accept the bid dated May 6, 2019 submitted by Kelly Paper Co. in response to specifications to furnish copy paper and sheet-cut paper; and
ii) Reject all other bids received; and
iii) Authorize the City Manager to enter a contract with Kelly Paper Co. for three years in an amount not to exceed \$228,822 with the option for two additional one-year terms in an amount not to exceed \$152,548 at the discretion of the City Manager, for a total of \$381,370 for five years

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.

In August, 2018 a bid process was conducted for provision of paper and envelopes for Printing Services. Bids were received and the award process was initiated. Unfortunately, due to unforeseen events in the paper manufacturing industry, including the closure of a major paper manufacturer, the bidders for three of the categories were unable to honor their bid pricing. This necessitated a re-bid for these three categories.

On April 10, 2019, a Notice Inviting Bids for provision of sheet-cut paper was published in the *Pasadena Journal* and *Pasadena Weekly* and posted on the City's website which generated notices to 450 vendors, 24 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 a split award into three main categories. These categories include copy paper, sheet-cut paper, and NCR – carbonless. 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 May 6, 2019 and the bid results are listed below.

Category 1: Copy Paper		
Bidder	Location	Bid Amount
Kelly Paper Company	Pasadena, CA	\$52,329.06
		(1% Pasadena Business Pref: \$51,805.77)
Spicers Paper, Inc.	Santa Fe Springs, CA	\$56,197.51
ActOne Government Solutions, Inc.	Torrance, CA	\$86,215.50

Category 2: Sheet-Cut Paper		
Bidder	Location	Bid Amount
Kelly Paper Company	Pasadena, CA	\$23,944.88
		(1% Pasadena Business Pref: \$23,705.43)
Spicers Paper, Inc.	Santa Fe Springs, CA	\$23,754.49
ActOne Government Solutions, Inc.	Torrance, CA	\$71,973.15

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 \$52,329.06 for Category 1 was reduced to \$51,805.77 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, likewise, the lowest responsive and responsible bidder in Category 2. Since 2012 the City has conducted business with Kelly Paper issuing purchase orders for materials and supplies totaling over \$100,000.

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 Kelly Paper Company for paper and 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 \$381,370 over a five-year period. Sufficient current year funding for this action is available in the Fiscal Year 2020 Operating Budget.

Respectfully submitted,


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