



Agenda Report

August 11, 2014

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Director of Finance

SUBJECT: TEMPORARY EXTENSION OF OFFICE DEPOT/MAX AGREEMENT TO PROVIDE OFFICE-RELATED SUPPLIES

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the City Manager to extend the agreement with Office Depot/Max to be the primary provider of office-related supplies for the City through October 31, 2014.
2. Find that the proposed agreement extension is exempt from the competitive selection process pursuant to Pasadena Municipal Code Chapter Section 4.08.049(B) contracts for which the City's best interests are served. This extension is already exempt from the competitive bidding requirements pursuant to Charter section 1002(H), contracts with other governmental entities or their contractors for labor, material, supplies, or services.

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 two annual extensions to the OfficeMax agreement will conclude in August 2014 and, due to other priorities, staff was delayed in finalizing a Request for Information (RFI) and in reviewing responses to formulate a recommendation to the City Council. Additionally, effective November 5, 2013, OfficeMax and Office Depot merged to become Office Depot/Max. With this merger, the second and third largest office supply chains are now one entity. Given the startup time to implement and train on a new office-supply ordering system, staff will need additional time to review options and develop a recommendation going forward. Therefore, a three-month extension is requested to gather information to complete this analysis.

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 for the three years preceding approval of the agreement. 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 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.

COUNCIL POLICY CONSIDERATION:

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

FISCAL IMPACT:

The cost of this action will be approximately \$75,000. Funding for this action will be addressed by use of existing budgeted appropriations in various materials and supplies accounts (8101) within the City departments. It is anticipated that approval of this action could result in approximately \$2,000 in savings during the extension period. 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
Department of Finance

Approved by:



MICHAEL J. BECK
City Manager