

## Agenda Report

August 31, 2015

**TO:** Honorable Mayor and City Council

**FROM:** Department of Finance

**SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH OFFICE DEPOT/MAX TO PROVIDE OFFICE-RELATED SUPPLIES**

### **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 a contract with Office Depot/Max to provide office-related supplies in an amount not to exceed \$375,000 for a period of one year or until the funds have been expended; with a one-year optional extension subject to approval by the City Manager, for the same price, terms and conditions, for a grand total not to exceed \$750,000. The proposed contract is 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; and
3. Grant the proposed contract an exemption from the competitive selection process pursuant to PMC section 4.08.049 (B), contracts for which the City's best interests are served.

### **BACKGROUND:**

In July 2011 the City Council entered into a contract with Office Max in an effort to realize cost savings by bundling the city's purchases of office supplies. Prior to the time, numerous individual purchase orders were open with various vendors for office products. The rationale for consolidation of office-related supply purchases to one vendor was to achieve volume discount savings. Since the inception of the Office Max agreement, January 2012, the City has saved approximately \$154,431 in hard-dollar savings, and in rebates for being enrolled in the Office Depot/Max "America Saves" program. On October 20, 2014, the City Council authorized the City Manager to extend the agreement with Office Depot/Max to December 31, 2014 to be the primary supplier of office-related supplies to the City of Pasadena.

Under the current “America Saves” program, a core list of approximately 250 items the City frequently orders are 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 has been revised over the life cycle of the prior contract as the City’s spending patterns have changed to maximize overall savings. In addition, the City receives an annual 2% cash rebate from all purchases made through this program. The estimated amount the City will receive based on sales from the past 12 months is approximately \$47,000.

The America Saves program was selected via a bidding process by Oakland County, Michigan in April 2013, which will support an exemption to competitive bidding. Utilizing this contract and obtaining the reduced process is in the best interest of the City.

Even though we are proposing to “piggyback” on an existing contract, purchasing staff on October 1, 2014 completed a Request for Information (RFI) to provide office-related supplies. The RFI was advertised on Planet Bids and was sent to 14 perspective proposers. Three companies responded to the City’s RFI:

Office Depot/Max	Signal Hill, CA
LD Products	Long Beach, CA
Office Solutions	Yorba Linda, CA

Staff independently evaluated the proposals based on the criteria stated in the RFI. Separately, staff received and reviewed a detailed “Usage Reports” of the City’s order history over the past from January 2012 and December 2014 as well as the City’s most commonly used office supplies.

Office Depot/Max met all the requirements of the RFI. Based on the City’s history of office supply ordering, and the information received in the RFI’s, the “America Saves” program meets the City’s needs, and is therefore recommended for award of the proposed contract.

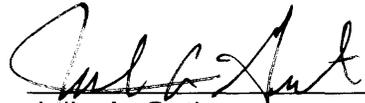
**COUNCIL POLICY CONSIDERATION:**

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 \$375,000. Funding for this action will be addressed by utilization of existing budgeted appropriations in various materials and supplies accounts within the various departments.

Respectfully submitted,



Julie A. Gutierrez  
Interim Director of Finance

Approved by:

  
MICHAEL J. BECK  
City Manager