

# Agenda Report

June 19, 2017

**TO:** Honorable Mayor and City Council  
**FROM:** Department of Finance  
**SUBJECT: AUTHORIZE A CITYWIDE PURCHASE ORDER CONTRACT WITH FEDEX CORPORATE SERVICES, INC. FOR SMALL PACKAGE DELIVERY SERVICES FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$125,000**

## **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. Authorize the issuance of a contract with FedEx Corporate Services, Inc. (FedEx) for small package delivery services in an amount not to exceed \$125,000 from July 1, 2017 through November 27, 2021. Competitive bidding is not required pursuant to City Charter Section 1002(H) for contracts with other governmental entities or their contractors for labor, materials, supplies or services; and
3. Grant the proposed contract an exemption from the competitive selection process pursuant to Pasadena Municipal Code Section 4.08.049(B) contracts for which the City's best interests are served.

## **BACKGROUND:**

On August 26, 2015, the City Manager approved a contract with FedEx to provide citywide, small package delivery services in an amount not-to-exceed \$40,000 for a period of one year or until the funds have been expended, with a six-month optional extension subject to approval by the City Manager, for the same price, terms, and conditions, not-to-exceed \$20,000. The contract was awarded through the Western States Contracting Alliance (WSCA) program, which was selected through a competitive selection process by the state of Utah in February 2011. The Purchasing Division of the Department of Finance is responsible for the FedEx contract. The City continues to require the small package delivery services of FedEx; therefore, staff is recommending

leveraging the new National Association of State Procurement Officials (NASPO) Cooperative Purchasing Organization, LLC (NASPO Value Point) master agreement between the state of Utah and FedEx Corporate Services, Inc., Contract No. MA454, effective November 28, 2016 through November 27, 2021. NASPO Value Point is a cooperative purchasing program which facilitates public procurement solicitations using a state model which may be used by local agencies such as the City of Pasadena. The contract provides extremely competitive pricing based on 2015 historical usage for 39 states (see Table 1).

Package Type Zone 2	Priority Overnight by 10:30am Rate	Priority Overnight by 10:30am NASPO Contract Rate	Savings	Standard Overnight Rate	Standard Overnight NASPO Contract Rate	Savings
FedEx Envelope 8 oz.	\$22.28	\$6.31	72%	\$21.95	\$5.91	73%
FedEx Pak – 1 lb.	\$26.59	\$6.37	76%	\$24.59	\$6.02	76%
FedEx Pak – 2 lbs.	\$26.94	\$6.51	76%	\$25.97	\$6.08	77%

Package Type FedEx Ground 1-5 Days Delivery	Ground Standard Zone 2 0-150 Miles	Ground Standard Zone 2 NASPO Contract Rate	Savings	Ground Standard Zone 3 151-300 Miles	Ground Standard Zone 3 NASPO Contract Rate	Savings
Weight - 1lb.	\$7.25	\$3.74	48%	\$7.92	\$3.75	53%
Weight - 2lbs.	\$8.00	\$3.75	53%	\$8.62	\$3.76	56%
Weight - 3lbs.	\$8.13	\$3.76	54%	\$8.99	\$3.77	58%

In April 2016, the state of Utah through NASPO Value Point, procured small package delivery services by conducting a Request for Proposal (RFP); four proposals were received and evaluated by subject matter experts from various states. Proposals were scored on criteria such as qualification of carriers, prior experience, availability of drop boxes, regional points of contact, marketing plan, green initiatives, data security, ability to meet scope of work, and the schedule of rates and charges. Three contracts were awarded as part of the solicitation one of which is with FedEx Corporate Services, Inc.

In November 2016, the state of California established a participating addendum Contract No.7-16-99-28-01 with FedEx Corporate Services, Inc. Execution of the California addendum provided state and local governmental agencies access to the small package delivery contract. The state of California pre-approved price lists are

posted for use by local agencies on an annual basis and are subject to review. The state of California will use the Producer Price Index and Consumer Price Index during the rate review. Per the addendum, the City of Pasadena may use its own contract. The contract will include FedEx Priority Overnight, Standard Overnight, 2-Day a.m., 2-Day, Express Saver, Ground, Home Delivery Ground, and Ground Multi-weight Service.

Based on the services received by the City from this vendor, it is recommended to award the contract to FedEx Corporate Services, Inc. in the amount of \$125,000 through November 27, 2021, which mirrors the expiration date of the master contract. The contract and exemption are in compliance with the City's requirements pursuant to Charter section 1002(H) and Pasadena Municipal Code Section 4.08.049(B). It is in the City's best interest to use this contract to ensure departments receive reduced pricing on small package deliveries.

**COUNCIL POLICY CONSIDERATION:**

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

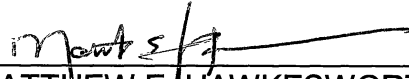
**ENVIRONMENTAL ANALYSIS:**

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 purchase of small package delivery services is an ongoing administrative and maintenance activity. 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 this action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

The cost of this action is \$125,000. Funding for this action will be addressed by using existing appropriations in various material and supplies accounts of City departments. Funds will be expended in fiscal years 2018, 2019, 2020, and 2021.

Respectfully submitted,



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Prepared by:



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Approved by:



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STEVE MERMELL  
City Manager