



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: David N. Carmany, City Manager

FROM: Bruce Moe, Finance Director
Gwen Eng, General Services Manager

DATE: May 17, 2011

SUBJECT: Consideration of the Award of a Two-Year Agreement for Office Supplies to Office Depot (Estimated Annual Value of \$75,000)

RECOMMENDATION:

Staff recommends that the City Council: a) waive formal bidding per Municipal Code Section 2.36.150 (cooperative purchasing); b) award a two-year office supplies contract to Office Depot with an estimated annual value of \$75,000; and c) authorize the City Manager to extend the contract at the end of the initial term for up to three one-year periods if Office Depot is performing well.

FISCAL IMPLICATION:

Sufficient funds are budgeted in each department for on-going office supplies. Citywide, we expend approximately \$75,000 annually on office supplies.

DISCUSSION:

The City contracts with a single firm to provide diverse types of office supplies. The contract includes on-line ordering and thrice weekly deliveries directly to the ordering departments. This is the most cost-effective and dependable manner to obtain these items since we do not incur the cost and inconvenience of stocking the supplies ourselves.

Historically, the City has participated in cooperative purchasing¹ with other public agencies for office supplies. This has resulted in considerable savings over individual solicitations due to the volume of materials purchased. The City's current contract with Office Depot was based on the County of Los Angeles' solicitation on behalf of the U.S. Communities cooperative group. This contract for routine office supplies was set to expire, so staff researched existing contracts for possible piggybacking² opportunities. There are several national office supplies contracts available.

¹ Cooperative purchasing is an arrangement where various public agencies aggregate their quantities in order to reduce costs of procurement.

² Piggybacking is the extension of pricing, terms, and conditions to other governmental agencies at the mutual consent of all parties. This is permissible under the City's Municipal Code, section 2.36.150

Each contract was reviewed not only for cost but the length of the contract, number of bids received, terms, technical capabilities including on-line ordering, fill rate, range of items, quality control, billing, multiple delivery points and other operational support items.

In order to evaluate the cost effectiveness of each contract, a 3-month usage report containing 467 items the City typically purchases was given to each vendor and they provided pricing based on the available cooperative contracts. The following is a recap of the prices:

<u>Vendor</u>	<u>Contract</u>	<u>Sample Cost</u>
1. Office Depot	NIPA (Nat'l Intergovernmental Purchasing Alliance)	\$16,028.19
2. Office Max.	WSCA (Western States Contracting Alliance)	\$16,918.40
3. Staples	NJPA (National Joint Powers Alliance)	\$19,507.67

Staff also reviewed the State of California and County of Los Angeles office supply contracts, but found that they did not meet the City's needs, or did not meet the City's competitive bid standards.

Office Depot's pricing and capabilities leads staff to recommend that the City Council award this firm a contract. The new contract pricing is approximately 14.1% lower than the previous contract for the same items. The contract period is for two years with options for three additional one-year periods. Staff is requesting that the City Manager be given the authority to extend the contract at the end of the initial period if Office Depot is performing well. If approved, the contract will be in the form of a purchase order. In addition, the City may cancel the contract at any time without cause if necessary.