



Legislation Text

File #: 19-974, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Cooperative Procurement 19-303, Office Supplies, to Office Depot for an amount not to exceed \$200,000 and for a two-year term

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

The City maintains an office supply contract, which is used by all City departments to purchase general office supplies for City operations. Orders are placed by individual departments via the internet or phone and delivery is made to the requesting location. It should be noted this contract excludes technology-related items and copy paper, which are purchased through the IT Department, and office furniture, which is purchased through the Department of Public Works.

Over the last decade, the City has reduced office supply expenses through demand management and reuse efforts. With next day delivery on the office supply contract, City departments are able to maintain a low inventory of supplies for general use. In addition, staff members are encouraged to purchase off brand name products to reduce costs. When a department no longer uses a select office product, other departments are notified to see if someone else is able to use the item. These options continue to keep costs down. As a result, the recommended annual award has been reduced from \$235,000 in 2007 to \$125,000 in 2018.

However, the reduced spend impacts the City's ability to obtain competitive pricing as an individual agency. In 2018, the Procurement Team conducted an analysis to determine if the office supply contract should continue to be bid or to transition to a national cooperative contract. Staff evaluated cooperatives with three office supply vendors and recommended use of a cooperative office supply contract in order to achieve better pricing. City Council awarded Contract 18-209 to Office Depot for a one-year term and \$125,000 to test the cooperative pricing structure.

DISCUSSION:

The City's current contract with Office Depot ends on November 30, 2019. Prior to recommending a new award, staff conducted an analysis to determine if the City should continue to use a national cooperative or return to conducting a bid. The table below shows a comparison of the City's total spend on general office supplies over the last three years.

Term	Procurement Method	Total Spend
December 2016 - November 2017	Bid	\$92,832.99
December 2017 - November 2018	Bid	\$91,337.53
December 2018 - September 2019*	Cooperative	\$53,138.35*

*reflects a 10-month period, current term has not ended.

Using the prior bid, the City's spend was consistently around \$90,000 compared to a little over \$50,000 during the first 10 months of the one-year cooperative contract. The City's total spend for general office supplies on the cooperative contract is a little more than half the total spend during the previous two years. The reduction is a combination of better pricing incentives using the cooperative buying power and reduced need for office supplies.

Staff recommends the use of approved cooperative contract, Omnia Partners 19-12R through Office Depot, for the City's general office supplies. Staff also recommends a reduction in the requested annual award amount from \$125,000 (in 2018) to \$100,000 based upon historical spend information. The amount was not reduced further because the City recently received a communication from Office Depot that they are implementing a tariff surcharge on certain core list items. Office Depot is negotiating with vendors and looking for alternate sources to limit increases, but it is unclear what the total impact of the tariff surcharge will be.

The term of this contract is two years from December 1, 2019 to November 30, 2021.

FISCAL IMPACT:

CIP#: N/A

Each city department maintains an office supplies expense account and charges items as needed through this contract. A total of \$187,653 is budgeted for office supplies throughout the City in 2020, pending Council approval. Office supplies will be budgeted appropriately in future years based upon this contract.