



# CITY OF SACRAMENTO

## DEPARTMENT OF GENERAL SERVICES

OFFICE OF THE DIRECTOR

FACILITY MAINTENANCE DIVISION  
FLEET MANAGEMENT DIVISION  
RISK MANAGEMENT & INS. DIVISION  
SUPPORT SERVICES DIVISION

April 22, 1985  
GS:85060:FM:RP

Budget and Finance Committee  
Sacramento, California

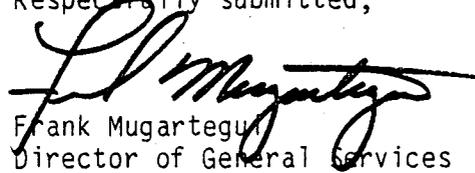
Honorable Members in Session:

SUBJECT: RECOMMENDATION OF AWARD - OFFICE SUPPLY DIRECT  
ORDER ENTRY SYSTEM (OSDOES)

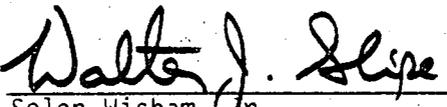
The attached report is being submitted to the Committee for review and consideration.

It is requested that the Committee recommend approval to the City Council the award of the OSDUES contract to Boise Cascade Office Products Division.

Respectfully submitted,

  
Frank Mugartegui  
Director of General Services

RECOMMENDATION APPROVED:

  
FOR Walter J. Slipe  
Solon Wisham, Jr.  
Assistant City Manager



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April 22, 1985  
GS:85061:FM:RP

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: RECOMMENDATION OF AWARD - OFFICE SUPPLY DIRECT ORDER  
ENTRY SYSTEM (OSDOES)**

### SUMMARY

This report recommends the award of the Office Supply Direct Order Entry System (OSDOES) contract to Boise Cascade Office Products Division.

### BACKGROUND

In reviewing our current purchasing methods for the City's office supplies, it has been determined that by eliminating the City's current Central Stores office supply inventory and contracting with a major distributor to direct ship required office supplies, the City could: 1) maintain better control over the procurement of office supplies; 2) improve product availability and delivery time; 3) reduce overall cost of office supplies purchased; and 4) increase employee productivity.

The Direct Order Entry System method would eliminate preparation of numerous requisitions, obtaining quotations, double handling of inventoried office supplies since items ordered would be shipped directly to requestor and the number of invoices handled by the Accounting Division for items with unit costs from \$5.00 to \$75.00 that are not carried in the Central Stores inventory. Also, the system would significantly reduce employee time going to retail stores to purchase various needed office supplies.

Central Stores presently maintains an office supply inventory of 365 various items in its limited space. The Direct Order Entry System would provide a wide range of approximately 12,000 available office supply items.

The City and County of San Francisco Purchasing Departments implemented their Direct Order Entry System for office supplies two years ago and consider it to be a tremendous success program.

Based on the above, staff developed formal specifications for a Request For Proposal (RFP). On December 4, 1985, City Council adopted the specifications which called for proposals to be received by January 8, 1985.

#### FINANCIAL IMPACT

The estimated potential annual hard dollar saving via OSDOES would be approximately \$100,000 to \$125,000 to City-wide operating budgets. This conservative estimate is based on the following FY 1983-84 aggregate expenditure of \$496,517 for "Office Supplies & Materials":

	<u>\$</u>	<u>% of Total</u>
Requests From Stores Inventory	\$145,873	29.4
Requisitions/Purchase Orders	294,357	59.4
Claims	53,812	10.7
Miscellaneous	<u>2,475</u>	<u>.5</u>
Totals	<u>\$496,517</u>	<u>100.0%</u>

It would be difficult to determine the amount of intangible annual savings which would result from a change in our present method of providing City activities with their office supply needs.

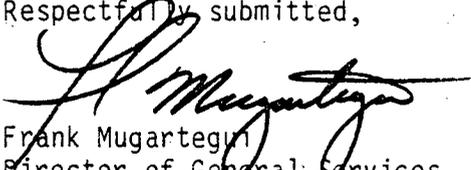
#### CONCLUSION

Based on our evaluation of proposals received (see Exhibit I), Boise Cascade's proposal is the most responsive to the RFP. Considering all factors, it was concluded that Boise Cascade can best provide for the City's needs.

#### RECOMMENDATION

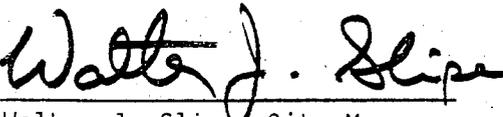
It is recommended that the City Council adopt the attached resolution, (Exhibit II), authorizing and directing the City Manager to enter into a contract with Boise Cascade for a period of one (1) year, with provision to extend the contract for up to two (2) consecutive annual periods.

Respectfully submitted,

  
Frank Mugartegui  
Director of General Services

RECOMMENDATION APPROVED:

May 7, 1985  
All Districts

  
Walter J. Slipe, City Manager

OFFICE SUPPLY DIRECT ORDER ENTRY SYSTEM

PROPOSAL EVALUATION

Proposals were received from three (3) companies: B. G. Office Products, Boise Cascade Office Products Division, and H. S. Crocker, Inc. The proposal from B. G. Office Products was not responsive to the RFP and was not considered in the evaluation process.

On January 25, 1985, formal meetings were held with H. S. Crocker and Boise Cascade representatives for an overall review of their proposals. A second meeting was held with H. S. Crocker representatives in order to clarify questions from the previous meeting. On March 7, 1985, each company was requested to submit a sample computer billing tape and hard copy printout of the bills. In addition, they were asked to submit the prices which would be offered to the City on a list of office supply items.

The two companies compare favorably with each other in a number of areas. Those areas included in the following evaluation section of this report are areas in which differences appear.

EVALUATION

The areas discussed in this section are as follows: computer tape and hard copy billings, catalog, references, and pricing.

1. Billings

Each vendor has agreed to provide the City with a computer tape for billing purposes.

H. S. Crocker does not presently provide a computer tape for billing to any of its direct order entry system customers; however, they have assured the City that they can provide a tape in the City's required format, along with hard copy bills. Data Processing has reviewed a sample tape and confirmed that such a tape can be readily used by the City's computer to immediately interface with the financial systems with no programming by City staff required.

Boise Cascade provides some of its direct order entry system customers with a tape. They will provide a tape to the City in a pre-established format which will require approximately 30 days of programming time in order to interface with the City's financial system. Data Processing has reviewed a sample tape and verified that the tape can be used in the Boise Cascade format with the additional programming mentioned above. Boise Cascade initially proposed to provide the City with a tape or hard copy bills. They have since agreed to provide both tape and hard copy for an unspecified period of time, reserving the right to review on a quarterly basis the City's need to have both. It is anticipated that within three to six months City staff will complete programming to produce hard copy bills on the City's computer from the tape provided by Boise Cascade.

2. Catalog

H. S. Crocker's catalog is presently printed every four (4) years, using a "generic" format with black and white pictures of some of the items available. H. S. Crocker representatives have stated they will

soon be going to an annual publication with color photos of the available items. The total number of items available under this type of program is approximately 14,000. This number accounts not only for the different types of items but also the different colors, sizes, and shapes of various items.

The Boise Cascade catalog is published annually in September with a computer supply supplement published annually in April. All items are displayed in color. Boise Cascade's total number of items available under this type of program is 8,000 to 9,000. This number accounts only for the different types of items. If size, shape and color were included in this number it would at least double to 16,000 to 18,000.

Both vendors will provide unlimited quantities of catalogs for City staff and will also conduct training sessions to familiarize staff with the catalogs and order forms.

### 3. References

Each vendor was asked for a list of other agencies who are utilizing a system similar to the one requested by the City. H. S. Crocker provided the names of Mercy and Sutter Hospitals in Sacramento. Both of those entities are utilizing a direct order entry system but deliveries are made to a central location and itemized billing is done by the hospitals themselves in order to charge back the requesting departments. H. S. Crocker was unable to provide the name of any user who was presently receiving a computer tape billing. Boise Cascade is the vendor utilized by the City/County of San Francisco for their direct order entry office supply system. They receive no tape billing as a result of restrictions created by their own accounting system.

However, Weyerhaeuser Corporation of Oregon does receive tape billing from Boise Cascade and is satisfied with the process.

4. Pricing

The final consideration in making this evaluation has been the pricing plans offered by each vendor for office supplies purchased on the direct order entry system.

H. S. Crocker has offered to provide a 50% discount off list price for up to 350 items purchased most often by the City. These items would comprise an "Office Essentials Catalog" and would be identified by the City as the most commonly used. All other items would be priced at between 20% to 50% off. The discounts would be assigned by the vendor.

Boise Cascade would also provide a contract discount price on a specified number of frequently purchased items. The discount is not an across the board percentage; however, when prices on identical items were compared between the two vendors, Boise Cascade had the lower price on 88% of the items. Items not included within the contract discount scheme would be discounted at between 38% to 42%.

Based on the above evaluation, except in the area of billings, Boise Cascade proposed a system more responsive to the City's needs. The difference in the area of billings between the two vendors is the amount of programming required by City staff in order for the Boise Cascade tape to interface with the City's financial system. This consideration is somewhat mitigated by the fact that

Boise Cascade has successfully provided tape billings to other agencies and Crocker has not. Although Crocker representatives insist that the tape will be no problem, the City of Sacramento would be Crocker's first experience with providing tape billing.

Considering all the factors and finally focusing on the cost of items to be purchased, it is concluded that Boise Cascade would provide the City with a stockless office supply direct order entry system at the lowest cost.

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION AUTHORIZING CONTRACT  
FOR OFFICE SUPPLY DIRECT ORDER  
ENTRY SYSTEM (OSDOES) WITH BOISE CASCADE  
OFFICE PRODUCTS DIVISION

BE IT RESOLVED BY THE CITY COUNCIL:

1. That the City Manager is authorized and directed to enter into a contract with Boise Cascade to provide the City with their proposed stockless Office Supply Direct Order Entry System, as outlined in their bid (#757);
2. That the term of the contract shall be for one (1) year from the effective date of the contract;
3. That the contract may be extended for up to two (2) consecutive annual periods, if mutually agreeable to both parties; and
4. That there will be no additional funding provided for office supplies and materials than is appropriated in the City's Annual Operating Budget.

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MAYOR

ATTEST:

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CITY CLERK

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