



REPORT TO COUNCIL

City of Sacramento

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Www. CityofSacramento.org

Consent
September 25, 2007

**Honorable Mayor and
Members of the City Council**

Title: Agreement: Purchase of Office Supplies

Location/Council District: Citywide

Recommendation: Adopt **Resolution** 1) Approving the utilization of the County of San Diego's cooperative purchasing agreement with Corporate Express for the purchase of office supplies; and 2) authorizing the Procurement Services Manager to issue purchase orders to Corporate Express for office supplies not to exceed \$1.125 million through June 30, 2008.

Contact: Christopher Stewart, Procurement Services Manager, 808-6202

Presenters: None

Department: Finance

Division: Procurement Services

Organization No: 1181

Description/Analysis

Issue: The City of Sacramento has ongoing requirements for the purchase of office supplies and equipment. In order to mitigate any disruption to the flow of office supplies and equipment to the City, the Procurement Division seeks approval to use the County of San Diego cooperative contract to procure office supplies and equipment for the City of Sacramento.

Policy Considerations: The recommendation in this report is in accordance with the provisions of City Code Section 3.56.240, which upon approval of the City Council allows for the use of legal contracts of other government jurisdictions or public agencies without separate competitive bidding by the City.

Environmental Considerations: This project has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA), under Section 15061(b) (3) of the CEQA Guidelines, which state that CEQA applies only to projects which have the potential for causing a significant

effect on the environment. The current proposal involves only the purchase of office supplies.

This contract includes 100% recycled paper in addition to many other environmentally friendly and recyclable products.

Rationale for Recommendation: Best value was determined by comparing a representative sampling of 55,000 items of our current product pricing to that which is offered in the San Diego NIPA contract. Based on the comparison and projected order quantities, the San Diego Contract represents a 6.5% savings to the City of Sacramento, which equates to \$77,000 annually. In addition to the favorable pricing, the cooperative contract terms and conditions are similar to our current contract terms with a few extra benefits such as: free recycling of used toner cartridges, favorable pricing for the 100% recycled content paper, extended product warranties and a liberal product return policy. The pricing terms and conditions were offered and accepted through a competitive solicitation that was conducted by the County of San Diego. Based on the foregoing, staff recommends that the Procurement Services Manager be authorized to use this cooperative contract for the purchase of office supplies and equipment for the period requested.

The use of cooperative contracts is an alternative to City conducted competitive bidding that usually results in lower operating costs through volume purchasing and combining resources with other government agencies. The Procurement Division will re-evaluate the option of soliciting bids for competitive pricing within the next nine months.

Financial Considerations: There is no cost or fee to Procurement Services for entering into the proposed cooperative purchasing alliance. Funding for purchases made under this cooperative purchasing alliance will come from various departmental operating budgets, as required. Using the current pricing and usage as a gauge, it is estimated that this contract will result in an estimated annual savings of \$77,000.

Emerging Small Business Development (ESBD): Cooperative Purchasing Agreements are created, evaluated and awarded by other government agencies that may or may not have similar emerging and small business programs as the City of Sacramento. The Procurement Services Division is cognizant of such possibilities and shall consider other alternatives if it is determined that using cooperative contracts will have a negative impact on small businesses if it cannot be mitigated.

Respectfully Submitted by: 
Chris Stewart, Procurement Manager

Approved by: 
Russell Fehr
Director of Finance

Recommendation Approved:


Ray Kerridge
City Manager

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Background Information:

In ongoing efforts to reduce City operating costs and maximize staff resources, many government agencies have begun sharing joint contracting benefits through cooperative purchasing agreements referred to as "piggybacking." Examples include the National Intergovernmental Purchasing Alliance (NIPA), which was established through a collaborative effort of public agencies across the United States with the specific purpose of reducing procurement costs by leveraging group volume. This strategic procurement approach increases pricing competitiveness, and lowers operating costs through volume and leverage buying.

The cooperative contract with the County of San Diego is valued at \$75 million based on last year's usage. This large volume allows for the maximum discounts offered as part of this contract. After a careful cost and price analysis of our current contract pricing and the County of San Diego NIPA contract (which is with our current provider Corporate Express Inc.) Staff has determined that it would be advantageous for the City to piggyback on the County of San Diego NIPA Office Supply Contract which is a result of NIPA collaboration to procure office supply for City requirements.

Best value was determined by comparing a representative sampling of 55,000 items of our current product pricing to that which is offered in the San Diego NIPA contract.

- The San Diego contract is executed by Corporate Express who is also our current office supply provider.
- The transition is seamless for departments in that the order placing process remains the same. The only difference being savings on invoices when compared to previous invoices.
- The current City contract expired on August 12, 2007. Based on the current office supply market, the San Diego County contract prices are competitive and it is unlikely that we will do better on our own at this time.