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DEPARTMENT OF
FINANCE

PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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August 26, 1997

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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: ADOPTION OF SPECIFICATIONS AND AWARD OF BID 1749, STOCKLESS OFFICE SUPPLIES SYSTEM, IN A TOTAL AMOUNT NOT TO EXCEED \$650,000 PER CONTRACT YEAR.

LOCATION/COUNCIL DISTRICT: City-wide; All Districts

RECOMMENDATION:

Staff recommends that the City Council adopt specifications and accept the lowest responsible bid for the contract resulting from Bid No. 1749 for a Stockless Office Supplies System. Award is recommended to Office Depot, Business Services Division, 4720 Northgate Boulevard, Sacramento, CA 95834.

CONTACT PERSONS: Chris Slay, Buyer, 433-6344
Dennis Kerhulas, Senior Buyer, 433-6342

FOR COUNCIL MEETING OF: August 26, 1997

SUMMARY:

Attached is a tabulation of the sealed proposals received by the City Clerk for furnishing supplies and services in accordance with the specifications used in the bidding process, and recommendation for award of Bid 1749 for a Stockless Office Supplies System.

BACKGROUND INFORMATION:

Since 1986, the City of Sacramento has been purchasing the majority of its office supplies through a just-in-time, stockless office supplies contract. Orders for office supplies are placed through a computerized order-



entry system and delivered directly by the vendor to designated City offices. The current vendor is Boise-Cascade Office Products.

For the bidding process, 160 items with an historically high City usage rate were selected to allow for price comparison between vendors. In addition, bidders were required to provide discounts against 30 manufacturers' price lists for items not specifically enumerated in the bid pricing sheets. Office Depot submitted the lowest responsible bid, in the total amount of \$1,322.11. This amount reflects a total for the single-unit prices of the items selected for bid evaluation purposes. Comparative totals for the other bidders are shown on the attached bid tabulation sheet (Attachment 1). When Office Depot's bid prices were applied to actual usage figures for a six-month period of Fiscal Year 1996-97, they show a savings in excess of 60 percent compared with pricing under the current contract. In addition, Office Depot offered an average discount of 52.57 percent for products offered by the thirty (30) manufacturers listed in the bid, and a 65 percent discount on the entire Office Depot "house" brand product line. Pricing for other office products sold by Office Depot, but not specifically identified in the bid or on the discount schedules, will be based on the most favorable prices currently offered to the State of California.

Based on their submission of the lowest responsible bid, staff recommends that the Council award a contract to Office Depot, Inc. in a total amount not to exceed \$650,000.00 per contract year. Fiscal Year 1996-97 expenditures against the stockless office supplies contract totaled slightly over \$520,000.00. Authorization of a contract in an amount not to exceed \$650,000.00 per contract year will accommodate expected growth over the life of this potential five (5) year contract.

In June of this year, the Council approved extension of the City's current stockless office supplies contract with Boise-Cascade Office products through the end of calendar year 1997, to allow for smooth transition when a new contract is awarded. As soon as the new contract is approved, staff will begin the transition to Office Depot as the City's stockless office supplies provider. Staff anticipates running both contracts concurrently during the transition period, in order to ensure uninterrupted service. Full transition to the Office Depot contract will be completed before the end of the current calendar year.

FINANCIAL CONSIDERATIONS:

Funds for office supplies are included in the operating budgets of individual City departments, and no budget augmentations are requested. To the extent that savings are achieved under this contract, as is anticipated, those savings will accrue to the individual departmental budgets.

ENVIRONMENTAL CONSIDERATIONS:

Ongoing administrative and maintenance activities, such as purchase of supplies, equipment or materials which are not made for purposes of a public works construction project, do not constitute a "project" and are exempt from the California Environmental Quality Act (CEQA). CEQA Guidelines, Sections 15061(b)(1), 15378(b)(3).

POLICY CONSIDERATIONS:

The recommendations in this report are in accordance with the provisions of Title 57 of the Sacramento City Code.

MBE/WBE EFFORTS:

Requests for bid were sent to 32 prospective bidders, 11 of which were identified as minority/women business enterprise (M/WBE) firms. Of the 6 responses received, two (2) were from M/WBE firms. Office Depot, Inc., the firm recommended for award, is not an M/WBE firm. Office Depot does, however, maintain a program to identify products sold by Office Depot that are manufactured or distributed by minority, women, and disabled veteran business enterprises (MWDVBE). These products are identified in the Office Depot catalog, and City usage reports for these products will be available from Office Depot.

Respectfully Submitted,



Robert Holbrook
Procurement Services Manager

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

1 Attachment