

STAFF REPORT



ITEM NO. 16

CITY OF OCEANSIDE

DATE: November 19, 2008

TO: Honorable Mayor and City Council Members

FROM: Financial Services Department

SUBJECT: **REJECT ALL BIDS RECEIVED FOR THE REQUEST FOR PROPOSAL (RFP) FOR OFFICE SUPPLY PRODUCTS AND APPROVE AN OPEN PURCHASE ORDER IN AN AMOUNT NOT TO EXCEED \$231,000 FOR THE PURCHASE OF OFFICE SUPPLY PRODUCTS**

SYNOPSIS

Staff recommends that the City Council reject all bids received for the Request for Proposal (RFP) for office supply products and approve an open purchase order for fiscal year 2008-2009 in an amount not to exceed \$231,000 to Corporate Express/Staples of Poway for the purchase of office supply products pursuant to the County of San Diego National IPA contract with Corporate Express/Staples, and authorize the Financial Services Director to execute the purchase order.

BACKGROUND

Although a majority of City departments have been using Corporate Express/Staples since 1999, not all office supply products are being purchased from one vendor exclusively. In an effort to ensure that the City is getting the best possible price for basic office supply products, the Financial Services Department mailed out Requests for Proposals on August 7, 2008, to 16 office supply companies, with a deadline of September 8, 2008. A total of five responses were received with four of the responses eligible to compete in an interview process. In an effort to standardize the bid proposals, the vendors were required to provide "per unit" pricing on the bid sheet. This made it easier to compare pricing since the RFP did not specify name brand items and multiple unit packaging. The vendor proposals are as follows:

Bidder	City	Bid
Corporate Express / Staples	Poway	\$212.80
OfficeMax	San Diego	\$234.77
Complete Office	Poway	\$249.34
Carroll Business Supply	Santee	\$257.70

On October 16, 2008, a panel consisting of multiple City departments held interviews to rate the vendors based on best pricing, customer service, green compliance and product quality. The lowest bidder was Corporate Express/ Staples with a 40 percent discount resulting in a total unit cost of \$212.80. It is important to note that although Corporate Express/Staples submitted a bid proposal, the City is currently grandfathered into their National IPA program which is a County of San Diego blanket purchase agreement effective 2007 through 2012. The contract is a national intergovernmental purchasing alliance which is promoted for use by other public agencies, and offers a blended discount of approximately 60 percent. The National IPA cost for the same products came in at \$199.91, an overall cost savings of \$12.89 per unit.

The interview panel determined that due to better pricing, the City should stay with the current agreement with Corporate Express/Staples' National IPA program. It would be inefficient to continue with the RFP process when the current vendor can provide uninterrupted service with the best pricing. The use of regular reporting from Corporate Express/Staples and the opportunity to educate staff will allow the City to contain costs for office products now and in the future.

ANALYSIS

The Financial Services department performed a survey of all City departments to determine how office supplies were purchased, where they were purchased and the satisfaction level departments had with the current vendors. The consolidation of office supply purchases allows better pricing and cost efficiency for City staff.

The City's purchasing policy allows for participation in any voluntary cooperative purchasing agreement entered into between other governmental municipalities to procure City supplies which are available and advantageous to the City. The City of Oceanside is currently utilizing the National Intergovernmental Purchasing Alliance (National IPA) Office Product contract which runs from July 2007 through June 2012. The five-year term (one year with 4 one-year automatic renewals) was competitively solicited and awarded by the County of San Diego, but is available to participating public agencies nationwide. The contract includes a blended 63 percent discount on a core list of 1,100 items and a blended discount of 41 percent on approximately 5,000 non-core items. Paper pricing is held firm every six months with review in January and July.

The contract is for office supplies ordered on an as-needed basis. The types of goods and services to be provided include, but are not limited to, expendable office supplies, such as batteries, binders, copy paper, glue sticks, note pads, paper clips, pens, and tape. The estimated annual expenditure of office supplies for fiscal year 2008-2009 is

\$231,000. The award of this contract will allow the City to benefit from guaranteed pricing.

FISCAL IMPACT

Departments have included office supply appropriations at the business unit level in the fiscal year 2008-2009 adopted budget (XXXXXX.5221).

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council reject all bids received for the Request for Proposal (RFP) for office supply products and approve an open purchase order for fiscal year 2008-2009 in an amount not to exceed \$231,000 to Corporate Express/Staples of Poway for the purchase of office supply products pursuant to the County of San Diego National IPA contract with Corporate Express/Staples, and authorize the Financial Services Director to execute the purchase order.

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