



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Consent
 June 16, 2009

Honorable Mayor and
 Members of the City Council

Title: Purchase/Cooperative Agreement: Citywide Office Supplies

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) approving the use of County of San Diego cooperative purchasing agreement (reference no. 519042) with Staples, Inc. for the purchase of office supplies in an amount not to exceed \$1.3 million each year through June 30, 2012; and 2) authorizing the City Manager or the City Manager's designee to execute purchases in the amount specified above provided that sufficient funds are available in the budgets adopted for the applicable fiscal years.

Contact: Chris Stewart, Procurement Services Manager, 808-6240; Sonny Eboigbe, Procurement Analyst, 808-7432

Presenters: None

Department: General Services

Division: Procurement Services

Organization No: 13001061

Description/Analysis

Issue: The City of Sacramento has ongoing requirements for the procurement of office supplies and equipment. The County of San Diego recently extended its cooperative purchasing agreement with Staples, Inc. to June 30, 2012 and this report recommends approving the use of that contract through June 30, 2012.

Policy Considerations: The recommendation in this report is consistent with City Code Chapter 3.56. In accordance with City Code Section 3.56.240, the City Manager may, by cooperative purchasing agreements approved by City Council, purchase supplies through contracts of other governmental jurisdictions without

separate competitive bidding, where it is advantageous to the City.

Environmental Considerations:

California Environmental Quality Act (CEQA): This project has been determined to be exempt from the requirements of 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 project involves only the purchase of office supplies.

Sustainability Considerations: This contract includes pricing for many recycled products including recycled paper, and many other environmentally friendly and recyclable products.

Rationale for Recommendation: In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement method increases pricing competitiveness and lowers operating costs through volume buying. When comparing the administrative costs of procurement, staff considers product research, source selection, specifications, advertising, staff reports, awarding, protest, and administration of the contract. It is often more cost-effective to eliminate the cost and time spent on these administrative processes and purchase items and services through a cooperative purchasing program.

The City has used both regional and national cooperative purchasing agreements to complement its own contracting initiatives. Cooperative purchasing enables City departments and the Procurement Services Division to evaluate a broader range of contracting opportunities and to share resources with other jurisdictions. Cooperative purchasing also leverages internal and external resources to maximize cost savings opportunities for the City.

On May 20, 2008, City Council adopted Resolution No. 2008-293 authorizing the use of the County of San Diego cooperative purchasing agreement with Corporate Express (reference no. 519042) through June 30, 2009. Corporate Express subsequently merged with Staples, Inc. and the cooperative purchasing agreement reflects the change in the corporate name. After a full year, the contractor has performed in accordance with the stated terms of the contract and the City is realizing savings. From October 2008 through March 2009 the City reduced spending on office supplies by 16.8% from the same period one year earlier. This reduction is achieved through the favorable contract pricing and cooperation between the Procurement Services Division and the vendor to keep redirecting end users to best value items which include the generic vendor brand products rather than name brand products.

The City will continue to take advantage of other benefits offered by this cooperative agreement such as: toner cartridge recycling program and toner

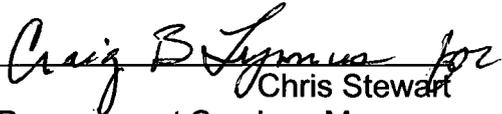
product guarantee; favorable pricing for recycled content paper; extended product warranties; and a liberal product return policy.

The cooperative purchasing agreement pricing terms and conditions were determined through a competitive solicitation that was conducted by the County of San Diego. The total value of the cooperative purchasing agreement is \$100 million, which is approximately 100 times the City's projected expenditures. This means that the City continues to benefit from pricing discounts based on the economic order quantities of the cooperative purchasing agreement, which are much more than could be achieved solely by the City of Sacramento.

Financial Considerations: There is no cost or fee to Procurement Services for participating in the cooperative purchasing alliance. Funding for purchases made under this cooperative purchasing alliance will come from the various department operating budgets, as required. Using the current pricing and usage as a gauge, this contract will result in an estimated 16% annual savings.

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. The Procurement Services Division is cognizant of such possibilities and has considered other alternatives to minimize the potential impact to small business. For example, in addition to this cooperative contract, Procurement Services developed an opportunity for small businesses by initiating a sheltered market – small business contract as an alternative to this cooperative agreement with San Diego County. On June 24, 2008, City Council adopted Resolution No. 2008-432, awarding a sheltered market – small business contract to Burkett's Office Supply. In addition, Procurement Services is continuously looking for opportunities to encourage the prime supplier, Staples, Inc., to utilize local and certified small businesses as distributors when practical.

Respectfully Submitted by:


Chris Stewart
Procurement Services Manager

Approved by:


Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:



for Ray Kerridge
City Manager

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RESOLUTION NO. 2009-XXXX

Adopted by the Sacramento City Council

June 16, 2009

**APPROVING THE USE OF A COOPERATIVE PURCHASING AGREEMENT FOR
THE PURCHASE OF OFFICE SUPPLIES**

BACKGROUND

- A. On May 20, 2008, City Council adopted Resolution No. 2008-293 authorizing the use of the County of San Diego cooperative purchasing agreement with Corporate Express/Staples, Inc. (reference no. 519042).
- B. The City has realized substantial cost savings for City departments through the use of this cooperative purchasing agreement.
- C. In accordance with City Code Section 3.56.240, the City Manager may, by cooperative purchasing approved by City Council, purchase supplies through contracts of other governmental jurisdictions without separate competitive bidding, where it is advantageous to the City.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The County of San Diego cooperative purchasing agreement (reference no. 519042) with Staples, Inc. is hereby approved for the purchase of office supplies in an amount not to exceed \$1.3 million each year through June 30, 2012.
- Section 2. The City Manager or the City Manager's designee is hereby authorized to execute purchases in the amount specified above provided that sufficient funds are available in the budgets adopted for the applicable fiscal years.