




Office of the City Manager

CONSENT CALENDAR

July 18, 2006

To:  Honorable Mayor and Members of the City Council
From: Phil Kamlarz, City Manager
Submitted by: Frances David, Director, Finance
Subject: Purchase Order: Office Supplies and 100% Recycled Processed Chlorine-Free Copy Paper for FY 2007 through FY 2009

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to enter into Purchase Orders with Office Depot to supply all miscellaneous office supplies, and 100% recycled processed chlorine-free (PCF) copy paper for a period of 3 years from July 1, 2006 through June 30, 2009, in an amount not to exceed \$550,000 per year.

FISCAL IMPACTS OF RECOMMENDATION

Routine expenses for the purchase of office supplies, stationary, and some office equipment from Office Depot for all City of Berkeley's departments are not expected to exceed \$550,000 for all funds per year for the term of this resolution. Office supplies and 100% recycled PCF copy paper were taken out to bid to ensure that the City would continue to pay the lowest available prices. Last year Alameda County Waste Authority granted funds to the City to pay the difference between 35% recycled copy paper and 100% recycled PCF copy paper. The grant funds allowed the City to minimize costs to the City by subsidizing the City for the higher costs. It was also hoped that the competitive bid process would offer business opportunities to local businesses.

According to the Producer Price Index, prices to manufacture office products have increased approximately 2.4%, and for paper approximately 6.8% over last year. However, by bidding these categories out at this time, the City will be able to continue to purchase all office supplies and copy paper for approximately the same overall cost as last year, and will save approximately \$35,000 on office supplies based on comparison to the next lowest bidder.

CURRENT SITUATION AND ITS EFFECTS

The City is currently piggybacking on a competitively bid contract from the City of Santa Cruz, and placing orders for all office supplies and piggybacking on a competitively bid contract from the City and County of San Francisco for the 100% recycled PCF copy paper with Corporate

Express. The City began using Corporate Express in FY 2006 when the then current vendor of office supplies (Office Depot) could not provide the 100% recycled PCF copy paper. Office Depot has now located a supplier for the PCF copy paper and will be able to provide it to the City.

All orders will continue to be placed with Office Depot via the Internet just as they are currently with Corporate Express, which greatly reduces duplicate orders, and the amount of paperwork for staff and order tracking.

BACKGROUND

Finance – General Services completed a RFP in June 2006 to competitively bid miscellaneous office supplies and 100% recycled PCF copy paper. The City received bids from 5 vendors: Alko, Corporate Express, Radstons, Office Depot, and Office Max. Office Depot was selected as the vendor, which offered best price and best service for the City of Berkeley. Office Depot averaged 23% less on core miscellaneous items than the next lowest bidder. Office Depot is also offering an average discount of 55% on non-core items, and a 1% rebate on annual purchases made via the Internet, which will be paid to the City annually. All bidders offered discounts on non-core items, but no other bidder offered a rebate.

Ordinance 60,196-N.S.states in section “D” that the City of Berkeley should adopt a purchasing practice increasing the dependence on less-toxic, non-chlorinated, sustainable alternative products and processes, such as PCF paper. The City of Berkeley last year awarded our office supply and copy paper business to Corporate Express. Previous to awarding the business to Corporate Express, the City purchased office supplies from Office Depot for nine years piggybacking on the Los Angeles contract.

Annual expenditures for office supplies have averaged \$537,493 each year for FY 2000 through 2006. Routine expenses for the purchase of office supplies, stationary, and some office equipment from Office Depot for all City of Berkeley’s departments are not expected to exceed \$550,000 per year for fiscal years 2007, 2008, or 2009.

Competitively bidding this category of products afforded local businesses the opportunity to bid on the City’s business. The City received three bids from local businesses: Alko, Radstons, and Office Depot. Office Depot has a local storefront located in Berkeley, which is a multi-million dollar retail outlet. Office Depot also gives a donation of 5% of their annual City taxes to the Berkeley Unified School District.

RATIONALE FOR RECOMMENDATION

The City will be able to buy all office supplies and 100% recycled PCF copy paper from one vendor. Office Depot offers an average of 23% less on core miscellaneous items than the next lowest bidder; an average discount of 55% on non-core items; and will pay the City a 1% rebate annually on all purchases made via the Internet.

ALTERNATIVE ACTIONS CONSIDERED

The price protection, which we hoped to achieve, has been realized. By continuing to piggyback on other cities contracts local businesses would not have the opportunity to bid on our business, and we may not be able to contain costs at or less than those of last year.

CONTACT PERSON

Sharon Thygesen, General Services Manager

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RESOLUTION NO. -N.S.

AUTHORIZING THE CITY MANAGER TO EXECUTE PURCHASE ORDERS FOR ALL CITY OF BERKELEY DEPARTMENTS FOR THE PURCHASE OF MISCELLANEOUS OFFICE SUPPLIES, 100% RECYCLED PROCESSED CHLORINE-FREE COPY PAPER AND OFFICE PRODUCTS.

WHEREAS, all City departments utilize office supplies; and

WHEREAS, the Council has mandated that City offices use 100% recycled processed chlorine-free (PCF) copy paper; and

WHEREAS, City purchases for office supplies and 100% recycled PCF copy paper combined will not exceed \$550,000 citywide annually; and

WHEREAS, this annual procurement exceeds the \$100,000 procurement limit from any single vendor in one year as established by Council; and

WHEREAS, the City of Berkeley put this category of products out to bid on an RFP specification number #06-10106-C in an effort to secure the lowest pricing and best service for the City of Berkeley operations; and

WHEREAS, Office Depot responded to that RFP and satisfied the competitive bid requirement to provide office supplies and 100% recycled PCF copy paper, and has been deemed to be the best value and lowest price as the City's supplier of these goods; Office Depot is to be the City of Berkeley's main supplier for office supplies, 100% recycled PCF copy paper and office products.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Berkeley authorizes the City Manager to execute Purchase Orders for all City operations with Office Depot Business Services Division ("Office Depot") for the purchase of miscellaneous office supplies and 100% recycled PCF copy paper in an amount not to exceed \$550,000 annually from July 1, 2006 through June 30, 2009, for the prices as specified in the response to RFP (Specification #06-10106-C) as submitted by Office Depot.