



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MAY 7, 2014

FROM: CONTRACTS AND PURCHASING

SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT NO. 39702 TO STAPLES, INC. FOR THE PURCHASE OF GENERAL OFFICE SUPPLIES

SUMMARY:

The Contracts and Purchasing Division requests approval to award Contract No. 39702 to Staples, Inc. (Staples), headquartered in Framingham, MA, for the purchase of general office supplies. Contract No. 39702 is a one-year contract, with two, one-year renewal options at an annual amount not-to-exceed \$380,000. Through this contract, the City of Los Angeles Harbor Department (Harbor Department) will purchase general office supplies required for daily business operations.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Approve Contract No. 39702 with Staples, Inc. for a term of one-year at an amount not-to-exceed \$380,000, with two, one-year renewal options at an annual amount not-to-exceed \$380,000;
2. Authorize the Executive Director to execute the proposed contract;
3. Authorize the Executive Director or designee, in his/her discretion, to exercise two, one-year renewal options at an amount not-to-exceed \$380,000 annually, subject to budget authorization in each year; and
4. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context - The Harbor Department has an on-going need for general office supplies to maintain an efficient office environment. General office supplies are considered to be small office items used for business purposes such as pencils, pens, paperclips, notebooks, binders, and small electrical appliances such as fans, electric pencil sharpeners, electric staplers, and lamps. Each Division budgets for its office supply needs as part of the annual budget process. The amounts are aggregated to determine the contract amount required each year. The Contracts and Purchasing Division (CPD) is responsible for translating the needs of each Division into a Harbor Department-wide contract for the purchase of office supplies.

The City of Los Angeles, including the Proprietary Departments, has been using Office Depot, Inc. (Office Depot) as its office supply vendor since the company was founded in 1986. The Harbor Department's current contract with Office Depot is a one-year contract, with two, one-year renewal options at an amount not-to-exceed \$370,000 per year. All of the renewal options have been exercised and the contract will expire on June 30, 2014.

Selection Process - In October 2013, CPD initiated a cost analysis of major office suppliers capable of meeting the needs of the Harbor Department. CPD contacted Quill, Bluebird Office Supplies, Staples, and Office Depot. CPD compared the pricing of approximately 500 office supply items used by the Harbor Department. The cost analysis indicated that the overall pricing from Staples is 10% lower than Office Depot. Bluebird did not respond to the request for information, and Quill indicated that they could not offer pricing lower than Staples. Below is the cost comparison of the Harbor Department's 500 most commonly purchased office supplies:

Cost Comparison	
Office Depot Pricing:	\$200,306.41
Staples Pricing:	\$180,298.51
Projected Savings (\$):	\$20,007.90
Projected Savings (%):	10.0%

The comparative analysis includes item costs and tax only inasmuch as Staples and Office Depot do not charge a delivery fee. As a result of the analysis, CPD staff is recommending that the Harbor Department award a contract to Staples for general office supplies (Transmittal 1). Staples' process for order and delivery of supplies is handled online and provides for next day delivery.

In addition to the cost savings, purchasing office supplies from Staples will have a positive impact on the workload of the Accounts Payable Division. Staples ships 98% of their items from a warehouse in La Mirada, CA. Office Depot ships office supplies from various warehouses throughout the region which results in multiple invoices per single order. For example, a single order of ten items could be shipped in ten different

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packages resulting in ten different invoices from one order. This has significantly impacted the workload of the Accounts Payable Division, and staff has difficulty processing the excessive number of invoices. As a result of purchasing office supplies from Staples, the Accounts Payable Division will be able to realign staff resources to more efficiently process invoices.

Pursuant to Sections 371 (e) (8) of the City Charter and 10.15 (a) (8) of the Los Angeles Administrative Code, it is recommended that the Harbor Department piggyback on an Agreement with the League of Oregon Cities (LOC) which consists of all 242 incorporated cities in the State of Oregon. On September 17, 2012, after issuing a Request for Proposals, LOC awarded Contract No. RFP525 to Staples for office supplies and services (Transmittal 2). The Harbor Department will benefit from piggybacking on Contract No. RFP525 in that significant cost savings will be realized due to the leveraged purchasing power of the LOC and the high volume government discounts on the contract.

Local Business Enterprise - Staples, headquartered in Framingham, MA, is a qualified Local Business Enterprise and has a considerable presence in Southern California. Staples employs over 4,000 people in Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties, contributing to the local economy and employment rates. Staples has 122 facilities in the five county region, including delivery business fulfillment centers, call centers, sales offices, service delivery operations, and 104 retail stores. Staples has a strong commitment to the local communities and provides charitable funding to several agencies within Los Angeles County.

CPD requests approval to award Contract No. 39702 to Staples for the purchase of general office supplies. Contract No. 39702 is a one-year contract, with two, one-year renewal options at an annual amount not-to-exceed \$380,000. The requested amount of \$380,000 for Fiscal Year (FY) 2014/15 Department-wide expenditures is based on the information provided by each Division as to their needs for office supplies. Over the prior three FYs, the Harbor Department expended an average annual amount of \$332,680 for general office supplies. The contract amount of \$380,000 provides a maximum spending authority. Actual contract expenditures may be less than the contract amount and will be limited to the budget allocation approved by the Board in each FY.

ENVIRONMENTAL ASSESSMENT:

The proposed action is award of a contract to Staples for the purchase of general office supplies. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II Section 2 (f) of the Los Angeles City CEQA Guidelines.

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ECONOMIC IMPACT:

Spending under the proposed contract will support 5 direct and 2 secondary jobs for the five-county region.

FINANCIAL IMPACT:

The proposed one-year contract, with two, one-year renewal options, is for a not-to-exceed amount of \$380,000 annually. Should the Harbor Department exercise the renewal options in future years, funds will be requested to be budgeted as part of the annual budget adoption process in each future year, upon Board approval. If all renewal options are exercised, the maximum authorized expenditures for the entire term of the contract are for an amount not-to-exceed \$1,140,000. In addition to the renewal options being at the Harbor Department's discretion, a funding out clause is also included in the contract.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved Contract No. 39702 as to form and legality.

TRANSMITTALS:

1. Contract No. 3970 with Staples
2. The League of Oregon Cities Contract No. RFP525

FIS Approval:  (initials)
CA Approval:  (initials)

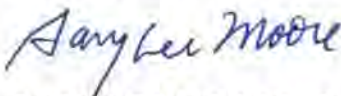


TRICIA CAREY
Director of Contracts and Purchasing



MOLLY CAMPBELL
Deputy Executive Director

APPROVED:



GARY LEE MOORE, P.E.
Interim Executive Director