



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: MAY 9, 2017

FROM: CONTRACTS AND PURCHASING

SUBJECT: RESOLUTION NO. _____ - AWARD OF CONTRACT NO. 39810 TO STAPLES, INC. FOR THE PURCHASE OF GENERAL OFFICE SUPPLIES

SUMMARY:

Staff requests approval to award Contract No. 39810 to Staples, Inc. (Staples), headquartered in Framingham, MA, for the purchase of general office supplies. Contract No. 39810 is a one-year contract, with two, one-year renewal options at an annual amount not-to-exceed \$350,000. Through this contract, the City of Los Angeles Harbor Department (Harbor Department) will purchase general office supplies required for daily business operations.

Contract No. 39810 is the financial responsibility of the Harbor Department.

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve Contract No. 39810 with Staples, Inc. for a term of one-year at an amount not-to-exceed \$350,000, with two, one-year renewal options at an annual amount not-to-exceed \$350,000;
3. Authorize the Executive Director to execute the proposed contract;
4. Authorize the Executive Director or designee, in his/her discretion, to exercise two, one-year renewal options at an amount not-to-exceed \$350,000 annually, subject to budget authorization in each year; and
5. Adopt Resolution No. _____.

DATE: MAY 9, 2017

PAGE 2 OF 4

**SUBJECT: AWARD OF CONTRACT TO STAPLES FOR THE PURCHASE OF
GENERAL OFFICE SUPPLIES**

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 has been using Office Depot, Inc. (Office Depot) as its office supply vendor since the company was founded in 1986. 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 was 10% lower than Office Depot.

In addition to the cost savings, it was determined that purchasing office supplies from Staples would 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 resulted in multiple invoices per single order. For example, a single order of 10 items may have been shipped in 10 different packages resulting in 10 different invoices from one order. This invoicing was significantly impacting the workload of the Accounts Payable Division, and staff had difficulty processing the excessive number of invoices. As a result of the cost analysis and invoicing issue, the Harbor Department contracted with Staples in July 2014 for office supplies. Staples invoicing practices has significantly reduced the workload of the Accounts Payable Division and they have realigned staff resources to more efficiently process invoices and handle other pertinent tasks.

The Harbor Department's current contract with Staples is a one-year contract, with two, one-year renewal options at an amount not-to-exceed \$380,000 per year. All of the renewal options have been exercised and the contract will expire on June 30, 2017.

Selection Process – 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 a Contract issued to Staples by the National Joint Powers Alliance (NJPA) for general office supplies. The NJPA is a national public purchasing agency that establishes nationally leveraged and competitively solicited contracts for use by NJPA members which include government agencies, school districts, higher education institutions, tribal organizations, non-profits, and all other public agencies in the United States and Canada. On November 20, 2014, the NJPA issued Request for

SUBJECT: AWARD OF CONTRACT TO STAPLES FOR THE PURCHASE OF GENERAL OFFICE SUPPLIES

Proposals (RFP) #010615 for general office supplies and subsequently awarded Contract No. 010615-SCC to Staples for office supplies and services (Transmittal 1). The Harbor Department will benefit from piggybacking on Contract No. 010615-SCC in that significant cost savings will be realized due to the nationally leveraged purchasing power of the NJPA 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 local communities and provides charitable funding to several agencies within Los Angeles County.

CPD requests approval to award Contract No. 39810 to Staples for the purchase of general office supplies (Transmittal 2). Contract No. 39810 is a one-year contract, with two, one-year renewal options at an annual amount not-to-exceed \$350,000. The requested amount of \$350,000 for Fiscal Year (FY) 2017/18 Department-wide expenditures is based on the proposed FY 2017/18 budget amount for office supplies. Over the prior two years, the Harbor Department expended approximately \$322,000. The contract amount of \$350,000 provides a maximum spending authority. Actual contract expenditures will likely 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 the award of Contract No. 39810 to Staples, Inc. 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 CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The proposed one-year contract, with two, one-year renewal options, is for a not-to exceed amount of \$350,000 annually. Each Division budgets for office supply expenses in Account 55140. For FY 2017/18, \$349,205 is included in the proposed FY 2017/18 budget. 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 \$1,050,000. Actual contract expenditures may be less than the contract amount. In addition to the renewal options being at the Harbor Department's discretion, a funding out clause is also included in the contract.

DATE: MAY 9, 2017

PAGE 4 OF 4

SUBJECT: AWARD OF CONTRACT TO STAPLES FOR THE PURCHASE OF
GENERAL OFFICE SUPPLIES

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved Contract No. 39810 as to form and legality.

TRANSMITTALS:

1. National Joint Powers Authority Contract No. 010615-SCC
2. Contract No. 39810 with Staples

FIS Approval: MB (initials)
CA Approval: MC (initials)



TRICIA CAREY
Director of Contracts & Purchasing



MARLA BLEAVINS
Deputy Executive Director and
Chief Financial Officer

APPROVED:

 FOR

EUGENE D. SEROKA
Executive Director

EDS/MB/TC
Author: TCarey