

**May 5, 2009**

**SUBJECT:** Award of Contract for the Cooperative Purchase of Office Supplies (F0804-67)

**BACKGROUND**

The City uses a wide variety of office supplies to support all City operations. The most commonly purchased office supplies include several types of toner cartridges, pens, markers, tape, staples, envelopes, note pads, and file folders, (Copy paper is purchased through a separate competitive bid process).

OfficeMax has been a preferred vendor for several years through various State of California cooperative procurement contracts, allowing the City to leverage the deep discounts typically offered only to high volume purchasers. Council approved the purchase of office supplies on a citywide basis with OfficeMax (RTC 06-317), based on a national cooperative procurement agreement with OfficeMax through Public Sourcing Solutions, a non-profit organization that has partnership with Oakland County, Michigan. The cooperative contract was due to expire on May 31, 2009 and has been extended by Oakland County to May 31, 2011. Staff recommends award of a one-year contract with the option to renew for an additional one-year period. The City at its option may renew this contract for the second year or pursue an alternative arrangement based on best value analysis to be conducted prior to the end of the first year.

A number of cities, including San Jose, Mountain View and Palo Alto have elected to “piggyback” on the OfficeMax cooperative office supplies contract.

**DISCUSSION**

The OfficeMax contract offers a number of key advantages to the City, including discounted pricing, electronic commerce incentives, an annual cash rebate (which increases through use of e-commerce transactions) and point-system rewards. As the City continues to look for ways to reduce costs and increase efficiencies, staff is in the process of implementing an electronic commerce initiative with OfficeMax in the current fiscal year. This includes elimination of paper invoices and exclusive use of online catalogs for ordering office supplies. The online catalogs also direct City employees to environmentally preferable products in line with Council Policy 7.1.3, Environmental Procurement.

To confirm OfficeMax offers the best solution for the City, Purchasing staff requested pricing from two other nationwide office supply companies, Office Depot and Staples, for the top fifty items ordered by City staff. The results of the comparison of savings favored OfficeMax.

Section 2.08.220(b) of the Sunnyvale Municipal Code authorizes the use of a contract initiated by another governmental entity, provided that the original parties to the contract agree, the contract was awarded within twelve months of the date of authorization, the contract is for identical or nearly identical goods, and the contract resulted from a competitive bid using methods similar to those required by the City's Purchasing Ordinance. The Oakland County contract with OfficeMax meets all of these criteria.

**FISCAL IMPACT**

There is no fiscal impact. Funds are budgeted in various operating accounts throughout the City.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

**RECOMMENDATION**

It is recommended that Council:

1. Award a one-year contract, in substantially the same form as the attached draft, not-to-exceed the budgeted amount for citywide office supplies, to OfficeMax for the purchase of office supplies, based upon the Oakland County, Michigan, cooperative contract.
2. Delegate authority to the City Manager to exercise an option to extend the contract for an additional one-year period, provided that pricing and service remain acceptable to the City.

Reviewed by:

Mary J. Bradley, Director of Finance

Prepared by: Pete Gonda, Senior Management Analyst, Finance

Approved by:

Gary M. Luebbbers  
City Manager

**Attachment**

Draft Blanket Purchase Order



<b>ORDERED FROM</b> 06250 - 003  OfficeMax Contract Inc 1315 OBrien Dr Menlo Park, CA 94025  (800) 310-8008	ORDER DATE	<b>BILL TO:</b>  City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707
	EFFECTIVE DATE 6/1/2009	
	EXPIRATION DATE 6/30/2010	
	CONTRACT AMOUNT Budgeted Amount	
REQUISITIONING DEPARTMENT (3400) Finance/Purchasing Division	FOB DEST	FREIGHT CHARGES Destination, freight included in price
	PAYMENT TERMS N/20	BID NO

ITEM	DESCRIPTION	UNIT	UNIT COST
1	Blanket order to provide office supplies as required by the City of Sunnyvale for a one year period with an option to extend for a one year period.  Terms and conditions, including pricing, shall be as set forth in the Oakland County, Michigan "America Saves" Master Purchasing Agreement, dated May 2006.  Orders may be placed by telephone, fax, mail or online via the OfficeMax website using City purchasing cards.  Requisition Number: RQ003952-1  This purchase order replaces BL001350 Approved by City Council on 5/5/2009 (RTC# )	DLR	\$1.0000

AUTHORIZED DEPARTMENT(S)		
NO	DEPT NAME	RELEASE AMT
3400	Finance/Purchasing Division	

<b>BUYER:</b>	
Howard, Dreama	
PHONE (408) 730-7396	FAX (408) 730-7710