



## **CITY OF MILPITAS AGENDA REPORT (AR)**

<b>Item Title:</b>	<b>Adopt a Resolution Authorizing the City Manager to Execute an Agreement with Staples Contract &amp; Commercial LLC for Office Supplies through a Sourcewell Cooperative Procurement Agreement for a Combined Maximum Agreement Amount of \$725,000 for 60 months (Staff Contact: Chris Schroeder, 408-586-3161)</b>
<b>Category:</b>	Consent Calendar-Leadership and Support Services
<b>Meeting Date:</b>	10/1/2019
<b>Staff Contact:</b>	Chris Schroeder, 408-586-3161
<b>Recommendation:</b>	Adopt a Resolution authorizing the City Manager to Execute an Agreement with Staples Contract & Commercial LLC for office supplies through a Sourcewell Cooperative Procurement Agreement for a 60 month (5 year) combined maximum Agreement amount of \$725,000, and authorizing the Purchasing Agent to exercise option years 1 through 4 without further action by City Council, except annual appropriation of funds.

### **Background:**

The City requires office supplies for use by all City departments. The City is currently under contract with Office Depot. The contract is based on a national solicitation by Oakland County, Michigan under the “America Saves” cooperative purchasing program. The current contract with Office Depot will expire on October 31, 2019.

The City of Milpitas Municipal Code Section I-2-3.08 (“Cooperative Procurement”) specifically authorizes the Purchasing Agent to make such purchases based on an agreement or cooperative purchasing program entered into by a public agency, as defined by Government Code Section 6500, regardless of whether the City is a named party to the agreement or an actual participant in such a program, provided that the underlying purchase was made using competitive negotiation or bidding procedures at least as restrictive as the City’s, and that the supplies or general services purchased must be the same and be offered at the same price as the supplies and general services subject to the agreement or program.

The City of Milpitas became a member of the National Joint Powers Alliance (NJPA), a cooperative purchasing organization, effective January 11, 2008. On March 18, 2015, NJPA solicited on behalf of its current and potential member agencies, and on behalf of the Lodi Unified School district, Request for Proposal (RFP) No. 010615 for “Office, School, and Other Workplace-Related Supplies and Services.” On August 1, 2015, the NJPA awarded contract No. 010615-SCC to Staples Contract and Commercial, Inc. (operating as Staples Advantage). The contract period runs from August 1, 2015 to August 1, 2020. On June 6, 2018, the NJPA changed its organization’s name to Sourcewell. All prior agreements entered into with the NJPA continue in full force and effect in accordance with their respective contract terms and conditions.

Sourcewell is a municipal contracting agency that operates as a public entity under legislative authority through Minnesota Statute 123A.21.Feb 24, 2017, which meets the definition of a public agency as defined by Government Code section 6500. Sourcewell was established with the statutory purpose to assist its members in meeting specific needs which are more effectively delivered cooperatively than by an individual entity. Sourcewell cooperative purchasing contracts are made available to its members through the Minnesota joint exercise of powers law. Sourcewell members outside of Minnesota may use its cooperative contracts under authority of joint powers or intergovernmental cooperation laws.

Although Staples' current agreement with NJPA (now Sourcewell) will expire on August 1, 2020, Staples has agreed it will honor all terms and conditions of the subject Sourcewell Program Agreement with the City of Milpitas beyond the expiration date, per section 2.0, Term, of the Sourcewell Program Agreement.

**Analysis:**

On May 9, 2019 the City sent a Request for Information (RFI) to Office Depot and Staples, the two largest office supply dealers in the country. Purchasing compared terms and conditions, product offerings and pricing from both companies against one years' worth of actual purchases looking specifically at any item that was purchased three or more times, which represents the majority of purchases (78%) for the year. Pricing from Office Depot, equaled \$63,624. Staples pricing for the same list and quantity of items was \$59,259, or \$4,365 dollars less expensive. Over the proposed five-year contract this represents an estimated savings of \$21,825. Based on projected expenditures, the annual cost of the contract is \$145,000 with a five-year total contract amount of \$725,000. The initial term of the contract is from November 1, 2019 to October 31, 2020 with four (4) one (1) year options to renew. Staples also has the benefit of having a store located within a block from City Hall for unplanned or urgent purchases. Typically, City employees order office supplies online which are delivered within one to two business days.

The Purchasing Agent reviewed all the documentation from NJPA regarding the RFP and contract No. 010615-SCC and has determined that the underlying purchase was made using competitive bidding procedures at least as restrictive as the City's, and that the price for the supplies is the same as that offered in the original contract.

**Policy Alternative:**

**Alternative 1:** Do not approve the Staples contract.

Pros: None.

Cons: The current Milpitas contract with Office Depot will expire on October 31, 2019, and the City will be without a contract for office supplies and forced to purchase in the open market. Without the benefit of a competitively bid national contract, the terms, conditions and pricing of office supplies could vary widely.

Reason not recommended: see Cons.

**Fiscal Impact:**

The annual cost of the contract is \$145,000, which will be paid from City departments' FY 2019/20 operating budgets as supplies are purchased subject to annual appropriations.

**California Environmental Quality Act:**

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, this action does not qualify as a "project" for the purpose of CEQA.

**Recommendation:**

Adopt a Resolution Authorizing the City Manager to execute an Agreement with Staples Contract & Commercial LLC for office supplies through a Sourcewell Cooperative Procurement Agreement for a combined 60 months (5 years) maximum agreement amount of \$725,000, and authorizing the Purchasing Agent to exercise option years 1 through 4 without further action by City Council, except annual appropriation of funds..

**Attachments:**

Resolution  
Sourcewell Program Agreement