

Add info # 36



MEMORANDUM

Management Services Memo No. 12-023

DATE: DECEMBER 14, 2011
TO: MAYOR & COUNCIL
THRU: RICH DLUGAS, CITY MANAGER *RD*
FROM: DENNIS STRACHOTA, MANAGEMENT SERVICES DIRECTOR *DS by DLL*
SUBJECT: FOLLOW-UP ON AGENDA ITEM #36

At Monday's Council Study session, Councilmember Heumann requested confirmation regarding the rebate available if paper were to be purchased from WIST. Attached is the description of the WIST rebate that would be available to the City under the City of Mesa contract. As indicated at Monday's meeting, the rebate amount is 1% for purchases in excess of \$100,000.

Councilmember Weninger also asked for a breakdown of the unit cost for paper that could be purchased from WIST or through the recommended contract with Office Max. The attached Paper Price Comparison shows the unit prices under the current contract with Office Max for brand name paper as well as prices for WIST and Office Max using their respective company brands. The table further shows the estimated total cost for paper for both contracts, as well as the overall savings that would be attained using the vendor brands paper as shown with the 2% rebate available through the Office Max office supply contract. The cost of paper would be \$578.50 less using Office Max than would be available from WIST using the City of Mesa contract.

If you have any other questions, I can be reached at 782-2257 or at Thursday's meeting.

Thank you.

Attachments: City of Mesa RFP Rebate Incentive
Paper Price Comparison

cc: Pat McDermott, Assistant City Manager
Jeff Clark, Fire Chief
Mike Mandt, Acting Purchasing Supervisor

City of Mesa RFP Rebate Incentive

Wist Office Products is committed to working and supporting Arizona and Arizona-based businesses. In addition to the competitive pricing and added value incentives we've outlined throughout this RFP Wist will extend a rebate incentive to the City of Mesa and any organization that chooses to utilize the SAVE Contract. Rebate Incentive details are listed below:

1. Wist will extend a 1% rebate to each Agency that fulfills the following minimum requirements.
2. Rebates will be distributed by Agency, based on each Agency's spend.
3. Agency's must purchase a minimum of \$100,000 annually and 90% of those purchases must be made online.
4. Account must be current and have all invoices paid Net30.
5. No exclusions in regards to products or categories.

We feel this rebate incentive provides Agencies an easy to audit process and will provide each agency an incentive to utilize the SAVE contract.

Paper Price Comparison

	WIST Copy Paper	Office Max Max Copy Paper	Office Max Multi Use Paper
Cost per Case	\$ 29.60	\$ 29.75	\$ 34.27
Estimated Annual Cases	1,300.00	1,300.00	1,300.00
Estimated Annual Cost	38,480.00	38,675.00	44,551.00
Rebate 2%*	-	(773.50)	(891.02)
Estimated Annual Cost after Rebate	\$ 38,480.00	\$ 37,901.50	\$ 43,659.98

Savings switching from Office Max Multi Use to Max Copy	\$ 5,758.48
Difference in cost WIST vs. Max Copy	\$ 578.50

*WIST requires a minimum purchase of \$100,000 and 90% of those purchases must be made online to receive a 1% rebate per City of Mesa contract.



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

36

2. Council Meeting Date:
December 15, 2011

TO: MAYOR & COUNCIL

3. Date Prepared: November 21, 2011

THROUGH: CITY MANAGER

4. Requesting Department: Management Services

5. **SUBJECT:** Approve purchase of Office Supplies from OfficeMax, utilizing the City of Flagstaff extended Contract #28117 in an amount not to exceed \$220,000.

6. **RECOMMENDATION:** Recommend approval of the use of the City of Flagstaff extended contract #28117 with OfficeMax, for the purchase of Office Supplies in an amount not to exceed \$220,000.

7. **HISTORICAL BACKGROUND/DISCUSSION:** In July 2008, the City of Flagstaff Procurement Office bid office supplies and an award was made in September 2008 to OfficeMax. The City of Flagstaff renewed the contract with OfficeMax for an additional year in September 2009, September 2010 and again in September 2011. The City has used each of those contracts. In the last 12-months, the City has spent approximately \$200,000 for office supplies. OfficeMax offers ordering of their office supplies using a desktop method placing orders through the internet with next day delivery. In addition, City staff only places orders using their Purchasing Card, which increases our rebate for the Purchasing Card program.

8. **EVALUATION PROCESS:** OfficeMax offers best overall delivery, pricing, web ordering capabilities, sustainable products, reporting and tracking, and cost containment tools in comparison to other available contracts that were evaluated for office supplies. OfficeMax retail stores are also conveniently located throughout Chandler which is convenient for employees to make purchases on the same day, if needed. In addition, the contract provides the City of Chandler with office supplies at guaranteed prices for a period of one year, and the ability to customize a preferred office supply list to match the City's needs which saves the City money on volume buying. It also helps in meeting sustainability goals by recommending recycled products. Last year's savings from customizing our preferred list totaled \$29,797 over the previous year's pricing. OfficeMax also offers a 2% volume rebate back to the City. The rebate for this year will be approximately \$4,600. The City has an approved Intergovernmental Agreement with the City of Flagstaff.

9. **FINANCIAL IMPLICATIONS:** Funds for office supplies will be from various departments' office supply accounts.

10. **PROPOSED MOTION:** Move to approve use of the City of Flagstaff extended contract #28117 for the purchase of Office Supplies from OfficeMax in an amount not to exceed \$220,000.

APPROVALS

11. Requesting Department


Mike Mandt, CPPB
Acting Purchasing Supervisor

12. Department Head


Dennis Strachota, Management Services Director

13. Procurement Officer


Kristy Garcia, CPPB

14. City Manager


Rich Dlugas