

Board of County Commissioners Agenda Request 19

Date of Meeting: November 27, 2007

Date Submitted: November 21, 2007

To: Honorable Chairman and Members of the Board
From: Parvez Alam, County Administrator
Alan Rosenzweig, Assistant County Administrator
Kim Dressel, Director of Management Services
Subject: Approval of Agreement to Award Bid to Office Depot for Office Supplies, Continuing Supply

Statement of Issue:

This agenda item seeks Board approval of an Agreement to award a bid to Office Depot for office supplies on a continuing services basis (Attachment #1).

Background:

The Purchasing Division coordinates the purchase of office supplies for County offices to reduce paperwork, increase efficiency, and provide maximized savings. Two methods are utilized: the Division operates the Office Supply Center (OSC) on the P-3 level of the Courthouse and also manages a continuing supply contract with a private vendor for desk-side delivery of office supplies. Some of the contract requirements are internet ordering capabilities, next-day desk-side delivery, acceptance of P-cards, and a designated account service representative. Over the years, the office supply vendor has been selected through the competitive bid process.

The competitive bid process used for office supplies has four criteria for bid award to determine vendor responsiveness and responsibility: bid discount pricing (50%), references (25%), capability (15%), and accuracy (10%).

Analysis:

The bid was advertised locally and 159 vendors were notified through the automated procurement system. Twenty-seven vendors requested bid packages, which resulted in two bids and one no-bid statement. The Paper Clip Company (the non-store division of STAPLES) submitted a bid that arrived by overnight service a day late, and is, therefore, non-responsive. The bid tabulation sheet is included as Attachment #2.

Consistent with the bid award criteria, vendors' point totals were determined by comparing discount prices, references, capabilities and accuracy. The point totals are summarized in Table 1, followed by a brief explanation.

Table 1 – Bid Point Totals					
Vendor	*Price	References	Capabilities	Accuracy	Rating
Total Points Possible	50	25	15	10	100
Points Awarded:					
Office Depot	50	20	15	8	93
DOCS	44	20	15	10	89
*Price points consider Local Preference adjustments					

Pricing: Pricing for the bid was divided into three categories: office consumables and desktop supplies; electrical items (including anything that plugs into a wall outlet); and other non-electrical items (Table 2, Bid Pricing Summary).

Table 2 – Bid Pricing Summary From Bid Response Sheet (not adjusted for Local Preference)			
	Office Depot	DOCS	Difference
End/right column plus or minus (+/-) current dealer net prices listed in United Stationers	-20%	-7%	13%
Minimum discount off other catalog prices, non-electrical items	35%	35%	0
Minimum discount for electrical items	25%	15%	10%

For bid point calculation purposes, a pricing matrix containing estimated annual quantities times the prices bid was used to determine the order of pricing of bidders (Attachment #3). Pricing evaluation was, therefore, a multi-step process:

- (1) Identifying the percentage discount from the current dealer net prices listed in United Stationers for office consumables and desktop supplies (Office Depot bid a discount of 20% and DOCS bid a discount of 7%, Table 2);
- (2) Determining the order of pricing of bidders:
 - a. Identifying unit pricing for frequently consumed items. The bidders were instructed to provide the prices for these products in the same packaging/quantity as identified in Appendix B. The bid award criteria stipulated that a selected sample of these items, for which pricing is provided, would be used for the price determination as part of the bid award basis. In order to fairly assess pricing information, vendors were to provide pricing based upon the current United Stationers catalog and its current jobber pricing book. The pricing books are used by staff to perform price comparisons and verify bid pricing data for items to be evaluated;
 - b. Developing a sample of comparably bid items (to adjust for differences in units bid, for example);
 - c. Developing a pricing matrix containing estimated annual quantities times the prices bid (Attachment #3); and

- d. Adjusting for local preference. The bid provided for local preference in pricing. As DOCS is a local business with its home office located in Leon County, it was given a preference in the amount of 5% of the total bid. As Office Depot is a local business with a fixed office in Leon County and its home office elsewhere, it was given a preference in the amount of 3% of the total bid.

Office Depot remains the low price bidder after adjusting for local preference. Office Depot's bid, adjusted for local preference, is \$52 lower than DOCS, based on the price list (differences in pricing for comparable items), and \$756 lower than DOCS, based on the pricing matrix (difference in pricing for the estimated annual quantity of comparable items).

In comparison with DOCS, the actual 13% bid price differential translates into a savings of approximately \$13,000 for every \$100,000 of desktop supplies purchased annually through Office Depot.

References: Regarding reference/business information, the bid document required in part,

“(1) At least three references that the company has had with an equivalent size or larger account that the company has serviced for at least two continuous years, and the name and phone number of the Contract Administrator/Manager. Phone numbers that do not work, or do not connect to a responsible account manager listed shall be considered non-responsive and a score of zero applied.”

Contract managers are sought as references to provide a vendor's performance across the organization and in comparison to the actual contract terms.

Office Depot's bid included three letters of recommendation from customers, and no other references were included in the bid submittal. Staff initially questioned whether these persons met the bid requirement of being a Contract Administrator/Manager. However, since the bid documents contain no definitions for Contract Administrator/Manager, staff believes the references provided by Office Depot could be deemed as Contract Managers for their respective organization. Reference check results that staff conducted for both vendors were very comparable and positive.

Capabilities: Both vendors meet or exceed all capabilities required in the bid specifications.

Accuracy: The accuracy and completeness of the entire bid response, including working phone numbers, contacts, forms, and additional information were considered. DOCS met all bid requirements and submitted all required forms. Office Depot was reduced points for accuracy, as it did not submit a unit price worksheet (Appendix B of the bid), and rather submitted a price sheet of the jobber prices, and did not submit the jobber price book.

Consistent with Board policy, the MWSBE Division placed a 1% aspirational target for Minority Business Enterprise (MBE) participation in the bid instructions. Its analysis of the bids is provided as Attachment #4.

- DOCS committed to expend \$4,000 of the contract amount with a certified MBE for paper, envelopes, printing and supplies, which appears to meet the aspirational target (the bid documents estimated \$200,000/year in expenditures, with an initial two year contact period). What the actual expenses under the continuing services Agreement will be is not known; therefore, whether \$4,000 in expenses will meet the 1% target is uncertain. DOCS is a certified WBE.
- Office Depot did not meet the aspirational target. Office Depot stated an intent to spend \$40,000 of the contract amount for product delivery services with an Orlando-based company that has a Tallahassee location. While the company is certified by the State as minority-owned, it does not meet the residency requirements to be certifiable as a Leon County MBE. Board policy requires that majority owners reside in the local market area (Leon, Gadsden, Jefferson or Wakulla counties). The majority owners of this firm reside in Orlando.

After review of all bid award criteria, Office Depot is the top rated vendor as shown in Table 1.

Options

1. Approve the Agreement awarding bid to Office Depot for Office Supplies, Continuing Supply, and authorize the Chairman to execute.
2. Do not approve the Agreement awarding bid to Office Depot for Office Supplies, Continuing Supply.
3. Board Direction.

Recommendation

Option # 1.

Attachments:

1. Draft Agreement
2. Bid tabulation sheet
3. Pricing Matrix
4. MWSBE Statement