



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org**

Legislative File No: 2010-0463

TO: Mayor and City Council Members
FROM: Jean Farris, Supervisor of Procurement
DATE: November 10, 2010
SUBJECT: Office Supplies and Equipment

REQUEST:

City Council is requested to authorize a blanket purchase order to Office Depot Business Services Division, Plymouth, Michigan, Central Michigan Paper, Grand Rapids, Michigan and Preferred Toner Solutions, Canton, Michigan, as well as other office supply vendors as appropriate, for offices supplies and equipment in the amount not-to-exceed \$65,000.00 through December 31, 2011.

REASON FOR PURCHASE:

The City of Rochester Hills has utilized the U.S. Communities Government Purchasing Alliance office supply contract in conjunction with the participation of approximately 40 cities within the Michigan Intergovernmental Trade Network for the purchase of office supplies and equipment. The national Office Depot contract is valued at approximately a billion dollars. The program includes a catalog of 13,000 core items discounted up to 90% off the manufacturers' list price, as well as a list of discounted best value items. Also, Office Depot provides on-line ordering with next day delivery directly to the departments, including the off-site buildings, assignment of an account representative to conduct on-site customer service and no minimum orders. The addition of Tech Depot, which offers computer equipment and supplies, to the cooperative contract, offers improved value to the contract.

In addition, the City receives a 1% reimbursement off its annual expenditures by participating in Office Depot's electronic ordering system for at least 80% of its transactions. Annual cost rebates equal to 0.5% to 5% of the aggregate sales volume of the MITN cooperative (\$2.1 million) is also an extended benefit. Each city receives a rebate based on its percentage of the total sales volume of the cooperative.

The Office Depot website allows ordering of core, higher discounted items by City Departments. Departments are encouraged to utilize product alternates to achieve further savings for other required items.

On October 8, 2010, the City participated with the MITN Group in meetings with the major office supply vendors offering publically solicited and awarded contracts. These contracts offer a variety of discounts, aggregated rebates and other customer services. Some restricted deliveries, charged for shipments and required minimum orders. Generally, the Office Depot contract offered the best value for the participants.

Within the next six (6) months three major public cooperative contracts, including National IPA, State of Michigan and Oakland County, for office supplies will be awarded. These contract awards will be evaluated for potential savings and value-added services. In the interim, the City will continue to utilize the extended Office Depot contract with an additional 4th quarter 5% rebate to MITN members.

Other contracts are utilized, providing costs savings on both paper products (23% reduction) and toner cartridges (up to 50% reduction). These products represent approximately 35% of the total cost volume of office supplies.

PROCESS:

Vendor Name and Address:

Office Depot Business Services Division 909 N. Sheldon Road Plymouth, MI 48170	Central Michigan Paper PO Box 2649 Grand Rapids, MI 49501	Preferred Toner Solutions 2006 Bellingham St Canton, MI 48188
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Reason for Selection:

Best Value

Method of Purchase:

Michigan Intergovernmental Trade Network – Office Depot
Michigan Intergovernmental Trade Network - Toners
REMC – Paper

BUDGET:

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Various	727000	Office Supplies	\$73,430.00	\$65,000.00	\$8,430.00

RECOMMENDATION:

City Council is requested to authorize a blanket purchase order to Office Depot Business Services Division, Plymouth, Michigan and other office supply vendors as appropriate, for offices supplies and equipment in the amount not-to-exceed \$65,000.00 through December 31, 2011.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		