



CITY COUNCIL AGENDA REPORT

MEETING DATE: APRIL 7, 2009

ITEM NUMBER:

SUBJECT: CONTRACT EXTENSION ON FORMAL BID 1099 FOR CUSTODIAL SUPPLIES

DATE: MARCH 17, 2009

FROM: FINANCE DEPARTMENT/PURCHASING

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: DON STOCKER, BUYER 714/754-5227

RECOMMENDATION:

Staff recommends renewing the current custodial supply contract per Formal Bid #1099 for an additional year with Waxie Sanitary Supply, 3220 S. Fairview Road, Santa Ana, California, 92704, in the amount not to exceed \$90,000.

BACKGROUND:

On October 17, 2006, the City Council awarded a two-year pricing agreement per Formal Bid 1099 to Waxie Sanitary Supply, in an amount not to exceed \$92,678.76 per year. The bid included a renewal clause allowing the City to extend the contract for three (3) additional consecutive terms on an annual basis by mutual agreement of both parties. The items supplied by Waxie include various custodial items that are stocked in the City's warehouse for distribution to various departments on an as needed basis. City staff members in the end-user departments have expressed strong satisfaction with the service and products offered, and Waxie has expressed an interest in renewing the contract.

ANALYSIS:

Purchasing staff reviewed the expenditures for the two-year period and found that the annual expenditures were \$84,335.39 and \$78,697.41, respectively. In comparison to wide-spread industry price increases, Waxie requested price increases ranging from only 6 to 24 percent per item on just seven (7) of the eighty-five (85) items on the contract. The comparatively modest increases are on items connected with commodity markets that have experienced index price increases averaging 56 percent. The City's assigned Sales Representative will be doing a further analysis on the items purchased on contract, and from that analysis Waxie will be offering some further reduced costs as well as green alternatives to some of the current products utilized.

ALTERNATIVES CONSIDERED:

Staff considered issuing a new bid solicitation for the purchase of custodial supplies. However, in consideration of Waxie's modest price increases, their demonstrated high level of customer service and the renewal clause allowed in the current contract, staff feels that rebidding this contract would not yield any considerable cost savings for the time required to do so. For these reasons, staff does not recommend rebidding this contract at this time.

FISCAL REVIEW:

The FY 08-09 adopted budget provides funding for the purchase of custodial supplies.

LEGAL REVIEW:

There is no legal review required on this item.

CONCLUSION:

Staff has determined that it is in the City's best interest to exercise the renewal option on this contract. Therefore, staff recommends that City Council approve the renewal of the contract for custodial supplies with Waxie Sanitary Supply, in the annual amount not to exceed \$90,000.00 based on the prior two years' expenditures.

MARC R. PUCKETT
Director of Finance

DONALD L. STOCKER, C.P.M., CPIM
Buyer