



CITY COUNCIL AGENDA REPORT

MEETING DATE: DECEMBER 1, 2009

ITEM NUMBER:

SUBJECT: PURCHASE OF CUSTODIAL SUPPLIES FROM WAXIE SANITARY SUPPLY THROUGH COOPERATIVE PRICING AGREEMENT

DATE: NOVEMBER 05, 2009

FROM: FINANCE DEPARTMENT/PURCHASING

PRESENTATION BY: COLLEEN O'DONOGHUE - ASSISTANT DIRECTOR OF FINANCE

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

RECOMMENDATION:

Approve the purchase of custodial supplies through the Western States Contracting Alliance (WSCA) price agreement with Waxie Sanitary Supply, 3220 S. Fairview Road, Santa Ana, California, 92704, in the amount not to exceed \$80,000.

Authorize the Mayor and the City Clerk to execute the Participating Agency Addendum for the pricing contract (Attachment 1).

BACKGROUND:

The City of Costa Mesa has had a long-term relationship with Waxie Sanitary Supply. City staff members in the end-user departments have expressed strong satisfaction with the service and products offered. The items supplied by Waxie include cleaning and paper goods that are stocked by the City's warehouse for distribution to various departments on an as needed basis.

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. On April 7, 2009 the City Council approved the first of three one-year extensions available on the pricing agreement per Formal Bid 1099 with Waxie Sanitary Supply. For this term extension, Waxie Sanitary Supply has offered an alternative price agreement through WSCA for consideration. The WSCA organization, formed in October 1993, was created to provide and establish cost effective and efficient cooperative agreements that participating state agencies can utilize. WSCA contracts may also be used by designated political subdivisions (such as city and county government, and public and higher education) of the WSCA states. California is a member of WSCA and therefore Costa Mesa is eligible for the pricing agreement. The WSCA price agreement with Waxie was established through a formal solicitation by the State of Oregon and the contract period runs through July 31, 2010. The contract has a renewal option for a two-year extension to the contract at the end of the original contract term.

The Costa Mesa City Council approved participation in other public agencies' purchasing bids and contracts with adoption of Resolution 94-11 on March 7, 1994, and over the years, the City has found it beneficial to "piggyback" on contracts initiated by larger public agencies. This has allowed the City to get better discounts typically offered only to high volume purchasers.

ANALYSIS:

Staff has done the analysis of the pricing comparison on both contracts (see Attachment 2). While there are some items that are less expensive on the current City contract, many of the high use and high dollar paper goods are lower on the WSCA price agreement, so the total cost based on last year's usage provides an estimated savings of \$2,000.

There is a potential for increased savings with the WSCA contract. An additional 1% discount will be realized if orders are placed on-line; and an extra 1% discount is available if the City utilizes scheduled deliveries. These discounts are in addition to the 5% volume discount on orders over \$2,500, which was taken into consideration for the analysis. Warehouse staff will take advantage of all the savings opportunities available to the City.

The WSCA contract pricing has a price adjustment clause that allows pricing to change at a minimum interval of six months. The current pricing interval is scheduled to end on 12/31/09; however, Waxie is negotiating a two month extension on the pricing through February 28, 2010. Waxie intends to lock in pricing from March 1, 2010 through February 28, 2011. This pricing will be available to all customers utilizing the WSCA contract. The City's current contract allows for pricing increases with a 30 day notice and bonafide proof of the cost increase.

ALTERNATIVES CONSIDERED:

The two alternatives considered are to begin utilizing the pricing contract available through WSCA or to exercise the fourth year of the City's price agreement. Purchasing staff feels that it would be best to enter into the price agreement available through WSCA to realize a potential savings of over \$2,000 based on last years expenditures.

In consideration of the historical experience with Waxie, their demonstrated high level of customer service and the discounted pricing made available through the WSCA contract, staff does not feel that rebidding this contract would not yield any considerable cost savings for the staff time required to do so.

FISCAL REVIEW:

The expenditures during the past year were \$77,993.50. The FY 09-10 adopted budget provides funding for the purchase of custodial supplies.

LEGAL REVIEW:

There is no legal review required on this item.

CONCLUSION:

Based on the potential savings for utilizing the WSCA pricing contract, staff recommends that City Council approve the purchase of custodial supplies through Waxie Sanitary Supplies through the WSCA cooperative price agreement beginning December 2009 and continuing through the end of the contract term and to authorize the Mayor and City Clerk to execute the Participating Agency Addendum for the pricing contract.

COLLEEN O'DONOGHUE
Assistant Director of Finance

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

Attachment I – [Participating Agency Addendum](#)
Attachment II – [Contract Pricing Analysis](#)