

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4h
Date of Meeting October 27, 2015

DATE: October 13, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Dave Caplan, Senior Director, Strategic Initiatives
Nora Huey, Director, Central Procurement Office

SUBJECT: Office Supplies

Estimated Amount of This Request: \$1,300,000

Source of Funds: Operating Budgets

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a contract for up to five-years (1 year initial term with four one-year options) for office supplies. The estimated value is \$1,300,000 for five years.

SYNOPSIS

The Port will contract for office supplies with one vendor, selected via a competitive procurement. This will result in cost savings of about 5% annually, and increase staff efficiency by reducing and simplifying the procurement process, and reducing redundant purchasing activity. This new process changes our current practice of every department ordering and stocking individual needs. The Port is developing a core list of high-volume, standardized items and may establish central supply rooms so that each department is not required to store their own supplies. We anticipate that a standardized list of core supplies will provide better volume discounts, more visibility to usage and pricing, promote utilization of environmentally sound products, and eliminate individual time spent searching the supply catalog to order items individually.

BACKGROUND

In August 2009, the Port of Seattle adopted an Environmental Purchasing Policy. In recent years the Port has utilized a cooperative agreement with the City of Seattle contract for office supplies. During this time purchasing supplies has been accomplished by individual departments and groups resulting in redundant purchasing activity and mini-supply areas within each department or group's office area. By developing a standardized list, buying in bulk, and limiting the need for next day delivery, we can more effectively achieve cost reduction, reduce staff time and meet our environmental goals.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

Page 2 of 3

REQUEST JUSTIFICATION AND DETAILS

Project Objectives

This procurement has three main objectives:

- Cost savings – Reduce Current Office Supply Annual Spending of \$300,000 by 5%.
- Staff efficiency – Simplify the procurement process, standardize products Port-wide.
- Port environmental goals – Support the Port of Seattle Environmental Purchasing Policy.

Schedule

Commission authorization and office supply procurement in Q4 2015, implementation in Q2 2016.

FINANCIAL IMPLICATIONS

Budget Status and Source of Funds

This is not a request for funding. The costs for office supplies are within the annual approved expense budget.

Financial Summary

By implementing a contract for office supplies from a single vendor, we will increase efficiencies, reduce cost, and establish more accurate “spend” data to assist in managing Port expense budgets.

STRATEGIES AND OBJECTIVES

This contract supports the following Port objectives and values:

- Century Agenda objective of meeting conservation and renewable resources.
- Value of responsible stewardship of community resources and the environment.
- Lean - by reducing waste implementing the Port-wide procurement of office supplies.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) Continue with current practice of purchasing office supplies from multiple locations with non-standard products; this does not support our future procurement goals.

Pros:

- No disruption to organization’s current business practice.
- Staff has more choices of office supplies to meet individual preferences and store their supplies in office area nearby.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

Page 3 of 3

Cons:

- Pay higher costs by not reducing and consolidating supplies.
- Reduced efficiency by employees ordering supplies.
- Cannot maintain standard list or ensure environment goals.

This is not the recommended alternative.

Alternative 2) Establish one vendor for office supplies and establish standardized office products list.

Pros:

- Cost savings due to consolidating supplies and ordering in bulk.
- Better implementation of Environmental Purchasing Policy by establishing a standard supply list.
- Consolidate delivery of supplies, reducing the carbon footprint and packaging.
- Improved spend analytics for visibility of cost, product consumption, management of standardized list and green supplies.

Cons:

- Disruption to organization's current business practice during transition.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None