

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 6f  
**Date of Meeting** November 24, 2015

**DATE:** November 11, 2015  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Dave Caplan, Senior Director, Strategic Initiatives  
Nora Huey, Director, Central Procurement Office (CPO)  
**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 contract(s) 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 is requesting authorization to execute contract(s) for office supplies. To promote small business participation in the contract, Port staff recommends structuring the procurement as a small business set-aside provided the Port receives three or more qualified proposals from small businesses. The Port believes there are five or more small business firms that are in a position to submit strong qualified proposals. If the Port receives less than 3 qualified proposals from small businesses, the solicitation will be structured to create two contracting opportunities: (1) core products list and e-catalogue; and (2) all other office supplies. Evaluation will include points for vendors that are small businesses and award will go to the vendor whose proposal best meets the needs of the Port, taking into account small business status, service, environmental considerations, and price.

The Port has identified a core list of high-volume, standardized items and may establish central supply rooms at Pier 69 and the Airport Office Building so that each department is not required to store their own supplies. We also will establish an e-catalogue of Port of Seattle preferred products. We anticipate that a standardized list of core supplies along with the e-catalogue will provide better volume discounts, more visibility to usage and pricing, promote utilization of environmentally sound products, and eliminate time spent searching the supply catalog to order items individually. Port staff also will procure items that are not on the standardized list or e-catalogue from this vendor at specified discounts. Staff anticipates some cost savings and increase staff efficiency by reducing and simplifying the procurement process, and reducing

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

November 11, 2015

Page 2 of 5

redundant purchasing activity. This new process changes our current practice of every department ordering and stocking individual needs.

### **BACKGROUND**

In August 2009, the Port of Seattle adopted an Environmental Purchasing Policy (CPO-2). One of the first priorities of the Port was the setup of a system for the purchase of green office products and paper. Research was conducted by Aviation Environmental and the Central Procurement Office to understand opportunities and mechanisms for such a system. As a result of this research, the Port of Seattle via a cooperative purchasing agreement determined the best approach was to utilize the City of Seattle Green Office Supply Contract and purchase office supplies from Keeney's Office Supply. The Port encourages individuals to order from this contract; however, current practice is within the discretion of each department where they buy office supplies.

This year CPO reviewed our office supply purchasing practices and determined that the Port should change its office supply purchasing practices to gain efficiencies, reduce cost, and improve our commitment to meeting our environmental goals. CPO developed a three step approach. First, the Port completed procurement for copier paper; the result standardized the Port on a 100% recycled paper product. Prior to this contract the Port purchased virgin, 30% recycled, and 100% recycled paper from various manufactures. Purchases were not coordinated and may be as small as one ream of paper. CPO estimates a 10% cost savings for consolidating on one product and ordering pallet loads for delivery to the airport office building and Pier 69. The contract was awarded to Keeney's Office Supply, a small women owned business. Annual spend on paper is approximately \$50,000 to \$55,000.

Second, the Port is in process of procuring managed print services. The Port will contract with one vendor, selected via a competitive procurement, to manage hardcopy device fleets (copiers, printers, multifunction devices, and fax machines) in a unified manner. This contract will meet Port's environmental objectives and values and may result in an 11% decrease in non-labor print costs upon full implementation.

The office supply procurement is the third step to improve our office supply purchasing processes. CPO partnered with the Administrative Services at the Port (ASAP) committee to define a core "standardized list" of office products and has worked with Aviation Environmental (AV/ENV) to define the "green" opportunities within the core list and e-catalogue. In September 2015, CPO reached out to our current vendor and to another small business. The purpose was to solicit input from vendors to develop a best in class solution to meet the Port's needs and goals. In selecting a contractor for the office supply contract, the Port will take into account ability of the vendor to promote environmental purchases in the e-catalogue, delivery response, small business opportunities, and price.

### **REQUEST JUSTIFICATION AND DETAILS**

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

November 11, 2015

Page 3 of 5

### ***Project Objectives***

This procurement has four main objectives:

- Develop and promote opportunities for small businesses.
- Port environmental goals – Support the Port of Seattle Environmental Purchasing Policy.
- Staff efficiency – Simplify the procurement process, standardize products Port-wide.
- Cost savings – Reduce current office supply annual spending of \$300,000.

### ***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 this contract we will increase efficiencies, reduce cost, and establish more accurate “spend” data to assist in managing Port expense budgets.

## **STRATEGIES AND OBJECTIVES**

This procurement and contract supports the following Port objectives and values:

- Procurement will support Port’s objectives of promoting contracting with small businesses.
- 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.

## **TRIPLE BOTTOM LINE**

### ***Economic Development***

This procurement will include provisions for small business set aside provided the Port receives at least three qualified proposals. The Port believes there are five or more small business firms that are in a position to submit strong qualified proposals. In the event the Port receives less than three qualified small business proposals, the solicitation will be structured to create two contracting opportunities: (1) core products list and e-catalogue; and (2) all other office supplies. Evaluation will include points for vendors that are small businesses as defined by the U.S. Federal Government Small Business Association. Firms will self-certify their small business

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

November 11, 2015

Page 4 of 5

status. Announcements of the procurement will be placed in strategic media locations to make certain small businesses know about the opportunity, and the Port will send specific email notifications to known small business firms. Office of Social Responsibility is helping to identify potential small business firms.

### ***Environmental Responsibility***

This contract will be structured to ensure that the Port is maximizing its purchasing of “green” products. In compiling the core standardized list of items and e-catalogue, the Port and selected vendor will establish protocols to promote selection of environmentally responsible items. Vendors who provide tools for promoting the selection of non-core green products will be evaluated more favorably.

### ***Community Benefits***

This procurement will benefit the community by providing opportunities for Puget Sound small businesses to compete for the contract. The contract will establish a core standard product list and e-catalogue of environmentally preferable products.

## **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.

### **Cons:**

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

This is not the recommended alternative.

**Alternative 2)** Establish two contracts: one contract will be for office supplies at Pier 69 and other Seattle based Port locations and a second contract will be for provision of office supplies at the Airport and other Port locations in SeaTac.

### **Pros:**

- Provide additional opportunities for vendors to do business with the Port. One vendor could potentially win both contracts.
- Structure the procurement to promote small business opportunities.
- Better implementation of Environmental Purchasing Policy by establishing a standard core products list and e-catalogue.
- Consolidate delivery of supplies, reducing the carbon footprint and packaging.

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

November 11, 2015

Page 5 of 5

### **Cons:**

- Potentially different costs for identical products based on location.
- Potentially different e-catalogues.
- Not able to use purchasing power to lower costs if we have two different vendors.
- Increase management of two contracts and potential for one vendor being preferred over the other.

This is not the recommended alternative.

**Alternative 3)** Establish one small business vendor for office supplies, establish standardized office products list and e-catalogue. In the event the Port receives less than three qualified small business proposals, the solicitation will be structured to create two contracting opportunities: (1) core products list and e-catalogue; and (2) all other office supplies.

### **Pros:**

- Structure the procurement to promote small business opportunities.
- Better implementation of Environmental Purchasing Policy by establishing a standard core products list and e-catalogue.
- 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.
- Cost savings due to consolidating purchasing power, consolidating supplies, and ordering in bulk.
- Established discount for e-catalogue and discount for products that are not in the e-catalogue.

### **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