



TO: Mayor and Members of Council

FROM: Andy Taylor, Commissioner of Corporate Services

PREPARED BY: Ivy Ho, Purchasing Supervisor

DATE OF MEETING: November 21, 2005

SUBJECT: Supply and Delivery of Office Stationery Products 073-R-05
(York Region Public Buyers Cooperative RFP CRFP 05-02)

RECOMMENDATION:

THAT RFP 073-R-05 for Supply and Delivery of Office Stationery Products (York Region Public Buyers Cooperative, Co-Op RFP 05-02) be awarded to Basics Office Products (Basics), being the overall lowest priced bidder for the Town, rather than awarding to Lyreco Office Products as recommended by the Co-Op, for a term of THREE (3) years commencing January 3, 2006 with an option to renew for TWO (2) one year extension upon mutual agreement of both parties;

AND THAT the discount structure as proposed by Basics will be firm for the duration of the contract and prices will be firm for the first 2 years after which, Basics will pass on any price increase/decrease directly from the distributor to the Town for all applicable items;

AND THAT funds will be provided from user departments' annual Operating Budgets in the estimated annual amount of \$110,000, exclusive of GST based on the actual of \$108,545 from July 2004 to June 2005 totalling an estimated amount of \$550,000 for 5 years.

PURPOSE:

The purpose of this report is to obtain approval for the award of RFP 073-R-05 for Supply and Delivery of Office Stationery Products (Co-Op RFP CRFP 05-02) to Basics Office Products, the overall lowest priced bidder for Markham.

BACKGROUND:

The current 3 year York Region Public Buyers Cooperative (Co-Op) contract for the Supply and Delivery of Office Stationery with Basics Office Product expired on October 31, 2005 and is currently on a month to month contract.

The York Region District School Board, on behalf of the Co-Op, issued proposal documents in compliance with each participating agency's purchasing policy, including Markham's Purchasing By-law 2004-341. The RFP was advertised electronically on the Ontario Public Buyers Association web Page. The participating agencies were:

1. City of Vaughan
2. Community Care Access
3. Town of Aurora
4. Town of Georgina
5. Town of Markham
6. Town of Newmarket
7. Town of Richmond Hill
8. Town of Whitchurch Stouffville
9. Region of York
10. York Catholic District School Board
11. York Region District School Board

The RFP closed on April 5, 2005. Eight proposals were received and the following five companies submitted qualified proposals. Three companies were disqualified for non-compliance with the RFP requirements.

- Lyreco Office Products (Lyreco)
- Basics Office Supplies (Basics)
- Corporate Express
- Grand & Toy Limited
- Office Central

The RFP was evaluated by an Evaluation Team consisting of purchasing staff from the York Catholic District School Board and York Region District School Board. The Co-Op recommended that the contract be awarded to the highest ranked proponent Lyreco.

Markham staff did not have a chance to review the RFP document prior to bid release. These concerns were expressed to the Co-Op in a subsequent meeting. It was determined that the 263 Key Usage Items listed in the Co-Op RFP did not reflect Markham's actual requirements. These Key Usage Items are based mostly on the combined quantity ordered by both School Boards in 2004. They only represented approximately 4% of Markham's actual usage.

As a result, Markham contacted the two highest ranked and two lowest priced proponents, Lyreco and Basics and conducted an independent review.

ANALYSIS BY MARKHAM:

To determine the true value of this contract for the Town, Markham staff conducted an analysis of Basics and Lyreco's proposal based on the Co-Op's RFP. Staff contacted both companies and conducted a price comparison using Markham's 357 Key Usage Items from July 2004 to June 2005. These 357 Key Usage Items represented approximately 65% of Markham's actual expenditure. The analysis resulted in a favourable variance of approximately \$18,000 per year by awarding the contract to Basics rather than to Lyreco. This amount is exclusive of the administrative costs associated with staff training in the implementation of a new contract during the transition period.

It is therefore recommended that Markham award the contract to Basics, the overall lowest priced bidder for the Town. Basics is the Town's incumbent vendor and has provided satisfactory service for the past 3 years. Staff is confident that Basics will continue to meet the Town's requirements.

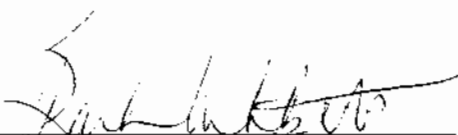
The Co-Op has been informed of the Town's recommendation and has no objection. Both Basics and Lyreco are also aware of the Town's recommendation.

FINANCIAL CONSIDERATIONS:

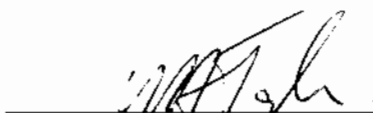
Funds will be provided from user departments' annual Operating Budgets as approved each year in the estimated annual amount of \$110,000, exclusive of GST based on the actual of \$108,545 from July 2004 to June 2005.

The following discount rates will be firm for the duration of the contract and prices will be firm for the first 2 years after which, Basics will pass on any price increase/decrease directly from the distributor to the Town for all applicable items. Invoice copies and manufacturer letters of increase/decrease will be provided to Purchasing staff for monitoring purpose.

Basics Proposed Discount Rates	
Office Stationery Items (In additional to Key Usage List)	62%
Electronic Equipment	13%
Net Priced Items	13%
Furniture Items	13%



Barb Cribbett, Treasurer



Andy Taylor, Commissioner, Corporate Services