



Detroit Water and Sewerage Department

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Legislation Details (With Text)

File #: 18-0172 **Version:** 1 **Name:**

Type: Contract **Status:** Passed

In control: Board of Water Commissioners

On agenda: 8/15/2018 **Final action:** 8/15/2018

Title: The Board of Water Commissioners for the City of Detroit's Water and Sewerage Department (DWSD) authorizes the Director to secure Change Order No. 1, to add \$375,000.00 for fiscal year 19 to the current DWSD general office supplies contract (no. 6000936) with Arrow Office Supply. The total contract amount not to exceed \$504,496.84 and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Indexes: Board of Water Commissioners, Finance Committee

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
8/15/2018	1	Board of Water Commissioners	approved	Pass
8/1/2018	1	Finance Committee	recommended for approval	Pass

The Board of Water Commissioners for the City of Detroit's Water and Sewerage Department (DWSD) authorizes the Director to **secure Change Order No. 1, to add \$375,000.00 for fiscal year 19 to the current DWSD general office supplies contract (no. 6000936) with Arrow Office Supply. The total contract amount not to exceed \$504,496.84** and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda: August 1, 2018

Item No. 18-0172

Contract No. : 6000936

Original Contract Length: 2 years (8/24/17 - 8/23/19)

Original Contract Amount: \$ 129,496.84

Change Order No. 1 Amount: \$ 375,000.00

New Contract Total: \$ 504,496.84

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary Brown, Director
Water and Sewerage Department

RE: **Contract No. 6000936; Change Order No. 1 to add \$ 375,000 to the current General Office Supplies contract with Arrow Office Supply**

MOTION

Upon recommendation of Thomas Naughton, CFO, the Board of Water Commissioners for the City of Detroit's

Water and Sewerage Department (DWSD) authorizes the Director to **secure Change Order No. 1, to add \$375,000.00 for fiscal year 19 to the current DWSD general office supplies contract (no. 6000936) with Arrow Office Supply. The total contract amount not to exceed \$504,496.84** and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

DWSD's previous practice of securing and storing basic office supplies in bulk in DWSD's warehouse and directly buying non-catalog items not maintained in the warehouses was replaced in 2013, with a "just-in-time" (JIT) / as needed ordering system. The JIT initiative supports minimizing inventory, can help eliminate waste and possibly free up resources to employ elsewhere within DWSD.

Arrow Office Supply was awarded a two-year contract that began 8/24/17 and ends 8/23/19 - for \$129,496.84. However, due to the lack of available historical data, the funds needed per year was unintentionally underestimated. The use of office supplies has increased, due to increase of office space, additional employees, and numerous special projects.

Furthermore, the Arrow Office Supply Contract enables authorized DWSD staff the ability to order supplies online anytime (as-needed) with an average turnaround delivery time of 2 business days. The responsible DWSD procurement specialist has been working with the Vendor to establish "per-department" accounts to improve the tracking of purchases and authorized user accountability to ensure data is recorded and reported correctly. Thus, in the short run, allowing Managers to have weekly / monthly reports and in the long run, allowing for better analytics to support strategic procurement planning.

JUSTIFICATION

The JIT general office supply contract serves to ensure that all DWSD facilities' general office supplies needs are managed efficiently and are met in a timely manner. The \$375,000 request for additional funds is based on the cumulative fiscal year 18-19 budgeted amounts of each department for office supplies. Our current contract is now out of funds and it is necessary to add funds to the existing contract to ensure all DWSD groups, upon request, can continue to receive timely delivery of office supplies, printer paper, & toner for business and related operational needs.

The summary below condenses all data currently available regarding Office Supply Purchases since the inception of the Oracle Fusion Financial System. This summary is organized by date ranges, which generally coincide with fiscal year start dates and end dates; the data was sourced from Purchase Order Approved Amounts and Invoice Payments.

After reviewing the data it was determined that we have spent, per our invoice payments, an average of \$332,574.67 per year over the last two full fiscal years, on office supplies. With the simplicity of ordering and our continued training efforts on utilizing these types of contracts, we expect to see spend increase as the process becomes more familiar. Therefore, it is likely that this year's spend will be higher than the previous year. A \$375,000.00 figure is appropriate given these observations.

Office Supply Spend Aggregated

Invoices Paid

Total Spend 4/1/16 - 6/30/16	\$	18,263.57
Total Spend 7/1/16 - 6/30/17	\$	387,056.48
Total Spend 7/1/17 - 6/30/18	\$	278,092.85

Total Spend 7/1/18 - 8/13/18	\$	39,866.42
Extrapolation for Current FY	\$	333,765.38

PROCUREMENT METHOD

This competitively bid contract was advertised as an RFB during the week of July 10, 2017 and closed on July 19, 2017 via the Michigan Inter-Governmental Trade Network (MITN) website. This solicitation reached out to 149 companies in MITN. There were eight responsive, responsible bidders however, Kerr Albert Office Supplies was deemed non responsive for not submitting all required documentation.

Bidders included:

- Kerr Albert Office Supplies
- Wright Tool Company
- Kamar Office Express
- Arrow Office Supply Co.
- Staples Contract & Commercial Inc.
- Integrity Business Solutions
- RM International Resource
- LB Office Product
- Audio Visual Equipment

The contract was awarded to Arrow Office Supply Co.

DETAILS

Funding	Operations & Maintenance
GL Account	5720-20276-487611-624115-001688-10732-0000-000000
Contract start & end date	(8/24/17 - 8/23/19)
Original Contract Amount	\$129,496.84 (Fiscal year 2017-2018)
Change Order No. 1 Amount	\$375,000.00 (Fiscal year 2018-2019)
Total Contract Amount	\$504,496.84