

DATE: October 19, 2016

TO: Honorable Mayor John Rey
City Council

FROM: Anne Marie Gaura, City Manager
Patty Hoppenstedt, Assistant City Manager
Cathy Haley, Finance Director
Carri Parker, Account Technician III

SUBJECT: Authorizing Payments in Excess of \$20,000 to Mid-City Office Supply Company for the Purpose of Purchasing Office Supplies and Office Furniture.

I. Summary

In 2014, the Finance Department sought out pricing quotes of several office supply vendors that serve DeKalb and the surrounding communities. Mid-City Office Supply Company was the vendor selected during this process. Under the terms of the City's Purchasing Manual, adopted on August 10, 2015, any purchases for a vendor exceeding \$20,000 must be brought to Council for approval.

II. Background

In December of 2014, the City sought pricing from Office Max, Warehouse Direct, Staples, and Mid-City Office Supply Company for items frequently purchased by the City. Once the quotes were provided, two companies stood out: Mid-City Office Supply and Warehouse Direct.

Both of these companies participate in the State of Illinois Municipal Purchasing Program. This program allows municipalities statewide to satisfy competitive bidding requirements by purchasing from these vendors at advertised pricing provided through the statewide bid. Further, if a lower price is found by an other company, Mid-City Office Supply Company will match or beat the price. In January 2015, the Finance Department released to all City department the capability to purchase from the two companies online, based upon their participation in the state bid. This purchasing approach generated an overall savings of 13% comparing FY2015 to FY2016.

Under the terms of the City's Purchasing Manual, any purchases for a vendor exceeding \$20,000 must be brought to Council for approval. The City continues to make regular purchases from both vendors (based upon their offerings and price), and

at the present time is approaching the staff spending limit of \$20,000 with Mid-City Office Supply Company. As per past practice, where there are vendors that the City engages in repetitive purchasing with, and those purchases approach \$20,000 in the course of the fiscal year, Council approval is sought for continuing purchasing. To continue purchasing regular office supplies, such as copier paper, the City would need to purchase more than \$20,000 from Mid-City Office Supply Company for FY2016.5, or would need to use alternate vendors who may have higher pricing. To ensure that the City continues to receive the lowest possible pricing on quality merchandise, authorization to exceed the \$20,000 limit is sought. Any purchases would still be limited by budgetary constraints.

III. Community Groups/Interested Parties Contacted

This item is anticipated to be discussed at the regular meeting of the City Council for consideration at the public meeting on October 24, 2016, to provide an opportunity for public feedback. The underlying statewide bid purchase pricing available to the City from this vendor has been the subject of extensive statewide advertising and solicitation.

IV. Legal Impact

The City has the legal authority to allow expenditures to Mid-City Office Supply Company in excess of \$20,000, with the total of such payments not to exceed budgeted amounts, and that such payments not be limited by staff spending authority.

V. Financial Impact

All purchases would be completed within presently budgeted amounts.

VI. Options

1. Approve the resolution allowing the purchase of office supplies and office furniture from Mid-City Office Supply Company in excess of \$20,000, with the total of such payments not to exceed budgeted amounts, and that such payments not be limited by staff spending authority.
2. Do not approve and use alternate vendors. This is not recommended as it would be more time consuming and potentially less cost effective.

VII. Recommendation

Approve the resolution allowing the purchase of office supplies and office furniture from Mid-City Office Supply Company in excess of \$20,000, with the total of such payments not to exceed budgeted amounts, and that such payments not be limited by staff spending authority.



RESOLUTION 2016-

**AUTHORIZING PAYMENTS IN EXCESS OF \$20,000
TO MID-CITY OFFICE SUPPLY COMPANY FOR THE
PURPOSE OF PURCHASING OFFICE SUPPLIES
AND OFFICE FURNITURE FOR THE CITY OF
DEKALB.**

WHEREAS, the City of DeKalb, DeKalb County, Illinois is a home rule community with those powers granted under the provisions of the Illinois Constitution and the Illinois Municipal Code, 65 ILCS 5/1-1-1, *et. seq.*; and,

WHEREAS, the City of DeKalb currently maintains the Purchasing Manual, which relates to the Purchasing Policies in Section II of the Purchasing Policy; and,

WHEREAS, the Purchasing Policy states: If any City purchase increases the total over \$20,000 for the current fiscal year, the contract must be presented to Council for approval prior to the order being placed; and

WHEREAS, the City Council of the City of DeKalb have determined that it is necessary and appropriate and promotes the interests of the City in purchasing a necessary commodity at a competitively obtained price through the State of Illinois consolidated purchasing process;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF DEKALB, ILLINOIS:

Section 1: That the City of DeKalb be authorized and directed to pay to Mid-City Office Supply Company for office supplies and office furniture in excess of \$20,000, with the total of such payments not to exceed budgeted amounts, and that such payments not be limited by staff spending authority.

Section 2: That the City Clerk of the City of DeKalb, Illinois be authorized and directed to attest the Mayor's Signature and shall be effective thereupon.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois, at a regular meeting thereof held on the _____ day of _____, 2016, and approved by me as Mayor on the same day.

ATTEST:

JENNIFER JEEP JOHNSON, City Clerk

JOHN A. REY, Mayor