



Purchasing Division / Finance Department
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MAYOR COLEEN J. SENG

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DATE: February 21, 2006
TO: City Council, Chairperson
FROM: Vince Mejer, Purchasing Agent
RE: Award recommendation off the U.S. Communities Purchasing Alliance Contract No. 42595 For office products, equipment, supplies and related - Discount off Catalog Prices

The US Communities Purchasing Alliance consisting of: The U.S. Conference of Mayors, the National Association of Counties (NACo), Association of School Business Officials International (ASBO), National League of Cities, and the National Institute of Government Purchasing (NIGP) has requested bids and awarded contracts for catalog discounts on Office and School Supplies. In the past we have taken advantage of cooperative buying power from this National Program. We request the City Council to consider the attached contract agreement for our office supply needs. U.S. Communities Purchasing Alliance has contracted with:

Office Depot Business Services Division

This agreement is a **non exclusive participation program offered to us at no cost or fees to participate**. We recommend award of the requirements to:

Office Depot Business Services Division

This will be a **non-exclusive award for discounts off the catalog prices and manufacturers list prices** as per the agreement summary, attached, for your review ("Term Contract Agreement" signed by Los Angeles County, CA - lead agency on the contract). *Term is four (4) year agreement with two renewal options of one (1) year each*. The contract began January 2, 2006 and has the potential to continue through January 1, 2012 (if both one year renewals are pursued). A summary of some of the details is listed below:

1. The City will receive a discount of up to 85% off manufactures list price for a core list of high use items (500 items in this category).
2. All other catalog items discounted 10% off the Office Depot public website - up to 80% off list price.
3. If the City is able to reach 40% of orders placed via E-Commerce (on-line), a rebate incentive equal to 0.5% of the total sales volume will be applied.**
4. If the City is able to reach 80% of orders placed via E-Commerce, a rebate incentive equal to 1% of the total sales volume will be applied.
5. The City will receive Annual Rebates based on the 's Annual Volume of Purchases using the following:

5.1	Annual Purchases of	\$ 500,000 - \$1,000,000	Rebate of 0.5% of Purchases **
5.2	Annual Purchases of	\$1,000,000 - \$3,500,000	Rebate of 2.0% of Purchases
5.3	Annual Purchases of	\$3,500,000 and above	Rebate of 5.0% of Purchases

** NOTE: The City of Lincoln and Lancaster are currently in this bracket - on the previous contract we received a rebate for 0.5% of our combined purchases. We are also very close to the 40% E-Commerce, and would push to educate more of the users on this process to allow us to receive an addition 0.5% rebate (total of 1% between the two incentive programs is possible for this contract).