



Los Angeles  
Department of  
Water & Power

RESOLUTION NO. 19667  
JUL 15 2014

BOARD LETTER APPROVAL

  
\_\_\_\_\_  
DAVID H. WIGGS  
Chief Administrative Officer

  
\_\_\_\_\_  
MARCIE L. EDWARDS  
General Manager

DATE: June 27, 2014

SUBJECT: Amendment No. 1 to Contract No. 238 With Staples Contract & Commercial, Inc.  
dba Staples Print Solutions (Staples Print Solutions)

### SUMMARY

The purpose of this proposed Amendment No. 1 to Specification No. 238 is to furnish and deliver customized Printed Optical Character Recognition paper (OCR) for the Los Angeles Department of Water's (LADWP) customer bills and other printed forms. The paper has been developed for LADWP's high-speed ink jet color printers, mail insertion equipment, and remittance payment processing equipment to eliminate printer interruptions (paper tears and misfeeds) and bleeding ink on return payment stubs. The various pieces of equipment are from different manufacturers that do not specify a common paper standard.

The amendment adds four (4) one-year options beginning on June 17, 2014, and will increase the maximum contract limit from \$3,456,375 to an amount not to exceed \$10,451,419 (budgeted). Approximately 70 percent of the total increase is in anticipation of the additional paper required for monthly billing.

City Council approval is required according to City Charter Section 373. A City Administrative Officer report recommending approval is attached.

### RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of Amendment No. 1 to add four (4) one year optional periods and increase the contract maximum by a total of \$6,995,044.

**ALTERNATIVES CONSIDERED**

Staff considered issuing a new Invitation for Bid for the contract. However, as discussed in more detail in the Background section below, the existing paper has been customized to print the newly designed customer bill and for compatibility with the high-speed ink jet color printers, mail insertion equipment, and remittance payment processing equipment. This customization was based on extensive end-to-end print-to-mail testing of customer bills to assure that the existing paper is also adaptable to external hazards, i.e., moisture resulting in bleeding ink. Further, if new equipment is added to the print-to-mail process, we must thoroughly test the paper from printing to payments.

The printer manufacturer advised staff that the existing price for our customized Vivid Flow paper is well within current market standards. The price for treated customized paper is \$87 per hundredweight, which the printer manufacturer stated was common for the additional customization requested. Therefore, a more prudent approach would be to amend the existing contract.

**FINANCIAL INFORMATION**

	<b>Current Maximum Expenditure</b>	<b>Requested Amendment No. 1</b>	<b>Amended Maximum Expenditure</b>
Original Period	\$ 1,152,125		\$ 1,152,125
First Optional Period	\$ 1,152,125		\$ 1,152,125
Second Optional Period	\$ 1,152,125		\$ 1,152,125
Third Optional Period		\$ 1,748,761	\$ 1,748,761
Fourth Optional Period		\$ 1,748,761	\$ 1,748,761
Fifth Optional Period		\$ 1,748,761	\$ 1,748,761
Sixth Optional Period		\$ 1,748,761	\$ 1,748,761
<b>Contract Total</b>	<b>\$ 3,456,375</b>	<b>\$ 6,995,044</b>	<b>\$ 10,451,419</b>

**BACKGROUND**

In March 2010, LADWP installed new high-speed ink jet color printers to support the newly redesigned customer bills. Several problems were encountered with the existing paper stock including printer interruptions and bleeding ink on return payment stubs. The existing paper stock composition and configuration were not compatible with the new printers.

On June 7, 2011, LADWP Board of Commissioners approved Bid No. 238, under Board Resolution No. 19389, for Staples Print Solutions to provide forms, printed optical character recognition paper, and other printed forms required to print customer bills.

Customer Service Division and Information Technology Services Division staff worked for eight (8) months with representatives of the printer manufacturer, paper

manufacturer and paper scientists who analyzed the paper composition required for compatibility and to ensure: (1) no ink bleeding, which prohibits the ability of the remittance processing equipment to read the account number scan line on the customer payment stub resulting in the inability to post customer payments, (2) adequate paper weight to avoid paper tearing when fed through the high speed ink jet color printer (machine reset takes approximately two staff-hours), and (3) perforation strength to ensure the tightness of the paper fed through the high speed ink jet color printer is sufficient to alleviate paper shifting resulting in tears.

Amendment No. 1 to Contract 238 will ensure paper, ink and equipment compatibility thereby affording LADWP the ability to disseminate customer bills and customer information to our customers without delays. Staples Print Solutions has agreed to retain the pricing, and terms and conditions of the existing contract for this contract Amendment. As highlighted in the Financial Information, the increase in the annual contract amount beginning in the third optional period anticipates additional paper required to implement monthly billing.

### **ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the purchase of customized paper is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061 (b) (3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

### **CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Amendment and Resolution as to form and legality.

### **ATTACHMENTS**

- Procurement Summary
- Resolution

## PROCUREMENT SUMMARY

1.	Recommended Vendor: Staples Print Solutions
2.	Procurement Type: Reverse Auction
3.	Procurement Details: A. Contract Status: Amendment to Existing B. Bid Advertisement Date: Not Applicable C. Pre-Bid Conference Date: Not Applicable D. Number of Downloads of Solicitation: Not Applicable E. Number of Bids/Proposals Received: Not Applicable F. Protest Received: None
4.	Buyer Assigned: Lisa Nixon Smith
5.	Contract Administrator: Patricia Reza-Duval
6.	LADWP System: Systems Support
7.	Contact Person for Item: Matt Lampe

### A. Summary of Bids Received/Evaluation Rating Summary of Proposals

Not applicable to Amendments.

### B. Evaluation of Bid/Proposal/Cooperative Agreement

Not Applicable to Amendments.

### C. Contract/Vendor History

Contract History					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Original Contract Amount
238	Staples Print Solutions	One year with two one-year optional periods	6/17/2011	6/16/14	\$3,456,375
1033 1	Staples Print Solutions	3 Months	4/4/2011	7/3/2011	\$150,000
Various GM awarded POs	Corporate Express Document and Print Management	One-Time Purchases	10/1/2009	3/11/2011	\$423,377
833 8	Corporate Express Document and Print Management	One year and nine months with one, one-year optional period	11/27/2007	8/26/2009	\$1,071,158

Vendor History					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Original Contract Amount
238	Forms, Printed Optical Character Recognition & Other Printed Forms	One year with two one-year optional periods	6/17/2011	6/16/14	\$3,456,375
33369 3	Tape, Ultrium LTO4, 800 GB/1600GB Compressed Label	One-Time Purchase	11/02/2012		\$19,200
30782 2	Stationery and Office Supplies	One-Time Purchase	12/29/2011		\$10,625

**D. Local Business Preference Program (LBPP)**

Not Applicable to Amendments

**E. Additional Outreach Efforts Taken**

Not Applicable to Amendments

**F. Small Business Enterprises (SBE)/Disabled Veterans Business Enterprises (DVBE)/Minority Business Enterprises (MBE)/Women Business Enterprises (WBE)/Other Business Enterprises (OBE) Subcontracting Participation**

<b>SBE:</b>	None
<b>DVBE:</b>	None
<b>MBE:</b>	None
<b>WBE:</b>	None
<b>OBE:</b>	None

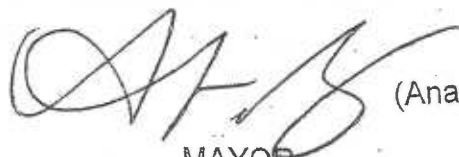
0150-10498-0000

**TRANSMITTAL**

TO Marcie L. Edwards; General Manager Department of Water and Power	DATE JUN 11 2014	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT Various	

**Request to Execute the First Amendment to Agreement No. 238  
With Staples Contract & Commercial, Inc. for Printed Optical Character Recognition Paper  
and Other Printer Forms**

Transmitted for further processing, including Council consideration. See the  
City Administrative Officer report attached.

  
(Ana Guerrero)  
MAYOR

MAS:JFH:10140158t

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

---

Date: May 12, 2014

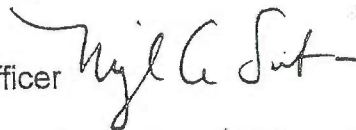
CAO File No. 0150-10198-0000

Council File No.

Council District: Various

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Los Angeles Department of Water and Power dated April 8, 2014; referred by the Mayor for report on April 17, 2014

Subject: **REQUEST TO EXECUTE A FIRST AMENDMENT TO AGREEMENT NO. 238 WITH STAPLES CONTRACT & COMMERCIAL, INC., FOR PRINTED OPTICAL CHARACTER RECOGNITION PAPER AND OTHER PRINTER FORMS**

---

### SUMMARY

The General Manager of the Los Angeles Department of Water and Power (DWP; Department) requests approval to execute a First Amendment (Amendment) to Contract No. 238 with Staples Contract & Commercial, Inc. (Staples; Contractor) for paper and other printer forms compatible with the DWP's customer bills and related documents. The proposed Amendment is for the inclusion of four one-year options extending the expiration of the existing contract to June 16, 2018. The Amendment also proposes increasing the contract maximum expenditure limit to \$10,451,419.

In March 2010, DWP installed new high-speed ink jet color printers to support the redesigned customer bills. Several problems were experienced with the existing paper stock, including tearing and bleeding ink on return payment stubs. The existing paper stock was not compatible with the new printers and ink.

The DWP staff worked for eight months with the printer manufacturer, paper manufacturer, and paper scientists to identify appropriate paper for the printers and inks being used.

The DWP staff considered issuing a new invitation for Bid for the required paper and printed forms. However, the paper acquired under the current contract has been customized for compatibility with the Department's high-speed ink jet color printers and mail insertion and remittance processing equipment to avoid paper tears and ink bleeding from moisture and, after customization, performs satisfactorily.

Due to the nature of the customized paper and forms manufacturing processes, the Department determined that there were no subcontracting opportunities.

City Council approval of the proposed contract is required in accordance with Charter Section 373, "Long Term Contracts Approved by Council." Furthermore, to become effective, the City Attorney must approve the contract as to form. The above-referenced aspects of the proposed agreement, and this report, incorporate revised information received from the Department subsequent to the initial request submittal.

## **Background**

The General Manager of the Los Angeles Department of Water and Power requests approval to execute a First Amendment to Contract No. 238 with Staples Contract & Commercial, Inc., for optical character recognition and other printer forms compatible with the DWP's print, mail processing, and remittance processing equipment used to print customer bills and other documents related to billing. The proposed Amendment is for the inclusion of four one-year options extending the expiration of the existing contract to June 16, 2018. The Amendment also proposes increasing the contract maximum expenditure limit from \$3,456,375 to \$10,451,419.

In March 2010, the DWP installed new high-speed ink jet color printers to support the redesigned customer bills. Several problems were experienced with the existing paper stock including tearing and bleeding ink. The existing paper stock was not compatible with the new ink jet printers.

Department staff worked with the printer manufacturer, paper manufacturer, and paper scientists to identify appropriate paper for the printers and colored inks being used. The characteristics of the required paper included: no ink bleeding from moisture, which prevents remittance processing equipment from correctly reading the account number; adequate paper weight to prevent paper tears and printer resets requiring two staff hours; and perforation strength sufficient to prevent paper shifting, which is second cause of paper tears.

These specialized paper requirements have been met through an existing Agreement with Staples that was authorized by DWP Board Resolution No.19389 adopted June 7, 2011. This agreement was initiated on June 17, 2011, for a one-year period and included two one year options to extend the Agreement. The second extension option expires on June 16, 2014.

## **Contract Amendment Specifics**

The existing contract with Staples, which the DWP proposes to amend, involves purchase of several types of specialized billing forms. The Department indicates that the required forms are a commodity purchase with the bulk of the form's cost being raw material. The Department further states that the only labor required for the manufacture of the forms is supplied by the contractor in-house. The DWP states that, based on the provisions of the existing contract and proposed Contract Amendment, there are no realistic subcontracting opportunities.

In further assessing the opportunities for subcontracting, the Department reviewed similar prior contract awards and found no subcontracting opportunities.



The DWP indicates that, in accordance with Board of Water and Power Commissioners Resolution No. 005-294, materials procurement contracts requiring Board approval require formal Good Faith Outreach (GFE) steps only when a determination has been made that there are realistic subcontracting opportunities for that contract.

### **Alternatives to the Proposed Contract Amendment**

Department staff considered issuing a new invitation for Bid for the required paper and printed forms. However, the paper acquired under the current contract has been customized for compatibility with the Department's high-speed ink jet color printers and mail insertion and remittance processing equipment to avoid paper tears and ink bleeding.

The printer manufacturer has advised the DWP that the existing contract price of \$87 per hundredweight is consistent with current market pricing. The DWP was also advised that it is common to require the use of custom paper in high speed and high volume print, mail, and remittance applications such as those being utilized by the Department.

In view of these factors, the DWP has concluded that problems with timely billing and payment processes can best be avoided by procurement and use of other possibly unsuitable paper and forms and, therefore, warrants the amendment of the existing contract rather than the issuance of a new invitation for Bid. The DWP thoroughly reviewed the available suppliers before awarding the existing contract to Staples.

### **Compliance with City Administrative Requirements and Contract Standard Provisions**

Prior to execution of the proposed amendment, Staples is required to comply with the City's standard contract provisions pertaining to the Living Wage Ordinance, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, and City insurance requirements.

Staples must also submit the Bidder Contributions CEC (City Ethics Commission) Form 55 pertaining to the City's contract bidder campaign contribution and fundraising restrictions (Charter Section 470 {c} {12}) and be determined by the Department of Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance.

City Council approval of the proposed contract amendment is required in accordance with Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5 (b)(2), "Limitation and Power to Make Contracts" because the cumulative term of the contract exceeds three years. Additionally, to become effective, the City Attorney must approve the proposed amendment as to form.

### **California Environmental Quality Act Guidelines**

With respect to CEQA (California Environmental Quality Act) compliance, the DWP indicates that approval of the First Amendment to Agreement No. 238 with Staples for Printed Optical Character Recognition paper and other printer forms is exempt from CEQA requirements pursuant to the General Exemption described in CEQA Guidelines Section 15061(b)(3).

## RECOMMENDATIONS

That the Mayor:

1. Approve the First Amendment to Agreement No. 238 with Staples Contract & Commercial Services, Inc. for Printed Optical Character Recognition paper and other printer forms adding four one-year contract extension options through June 16, 2018, locking in current pricing, subject to City Attorney approval as to form, compliance with the City's Standard Provisions for Contracts including: Living Wage Ordinance, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, City insurance requirements, and Bidder Contributions CEC Form 55, and determination by the Department of Public Works, Office of Contract Compliance, of the Contractor's compliance with provisions of the Equal Benefits Ordinance, for a not-to-exceed amended cost of \$10,451,419 and authorize the General Manager to execute the contract amendment; and
2. Return the proposed contract amendment to the Department for further processing, including Council consideration.

## FISCAL IMPACT STATEMENT

Approval of the proposed contract amendment will have no impact on the City's General Fund. Expenditures up to the amended not-to-exceed contract limit of \$10,451,419 will be paid from the Water and Power Revenue Funds. This project complies with the Department of Water and Power's adopted Financial Policies.

## Time Limit for Council Action

Pursuant to Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5 (a), "Limitation and Power to Make Contracts," the Council shall have 60 days from the date the contract is transmitted by the board, officer, or employee and received by the City Clerk, to approve it. The contract shall be deemed approved if the Council does not disapprove it within this period.

MAS:JFH:10140158