

Los Angeles  Department of Water & Power

ERIC GARCETTI  
Mayor

Commission  
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WILLIAM W. FUNDERBURK JR., *Vice President*  
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MICHAEL F. FLEMING  
CHRISTINA E. NOONAN  
BARBARA E. MOSCHOS, *Secretary*

MARCIE L. EDWARDS  
*General Manager*

October 22, 2014

The Honorable City Council  
City of Los Angeles  
Room 395, City Hall  
Los Angeles, California 90012


Honorable Members:

Subject: Cooperative Purchase Contract No. 590 with Haworth, Inc.

Pursuant to Charter Section 373, enclosed for approval by your Honorable Body is Resolution No. 19692, adopted by the Board of Water and Power Commissioners on October 21, 2014, approved as to form and legality by the City Attorney, which authorizes execution of Cooperative Purchase Contract No. 590 for Furniture Systems and related Products and Services, on an As-Needed Basis with Haworth, Inc. for a not to exceed amount of \$9,887,147 for a term of two years and two months commencing on November 1, 2014 with four annual renewal options.

If additional information is required, please contact Ms. Winifred Yancy, Director of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,



Barbara E. Moschos  
Board Secretary

BEM:oja

Enclosures: LADWP Resolution  
Board Letter  
CAO Report

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

111 N. Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles, CA 90051-5700  
Telephone: (213) 367-4211 www.LADWP.com

c/enc: Mayor Eric Garcetti

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Councilmember Felipe Fuentes, Chair, Energy and the Environment Committee

Gerry F. Miller, Chief Legislative Analyst

Miguel A. Santana, City Administrative Officer

Rafael Prieto, Legislative Analyst, CLA

William R. Koenig, Chief Administrative Analyst

Winifred Yancy

WHEREAS, Haworth, Inc., was awarded Contract No. 59490 with the City of Los Angeles (City), General Services Department (GSD), to furnish and deliver systems furniture and related products and services; and

WHEREAS, Section 10.15(a)8 of the City of Los Angeles Administrative Code allows for contracts for cooperative arrangement with other governmental agencies for the utilization of the purchasing contracts; and

WHEREAS, LADWP seeks to award a cooperative purchase contract with the City GSD Contract No. 59490 with Haworth, Inc. under LADWP Contract No. 590 for a term that will be coterminous with City GSD Contract No. 59490 or December 31, 2020 which is inclusive of four one-year renewal options and an amount not to exceed \$9,887,147; and

WHEREAS, the term of the original Contract No. 590 exceeds the total contract time period set by ordinance, and in accordance with the City Charter Section 373, City Council approval is required.

NOW, THEREFORE, BE IT RESOLVED that Contract No. 590 is hereby approved.


BE IT FURTHER RESOLVED that the Chief Accounting Employee of the LADWP, upon proper certification, is authorized and directed to draw demands on the Water and Power Revenue Funds, in accordance with the terms of this contract awarded pursuant to Contract No. 590 and this resolution.

BE IT FURTHER RESOLVED that the President or Vice President, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said contract for and on behalf of LADWP upon approval by the City Council pursuant to City Charter Section 373 and approval as to form and legality by the City Attorney.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held **OCT 21 2014**

  
Secretary

APPROVED AS TO FORM AND LEGALITY  
MICHAEL N. FEUER, CITY ATTORNEY

JUL 10 2014  
BY   
TIMOTHY J. CHUNG  
DEPUTY CITY ATTORNEY





Los Angeles  
Department of  
Water & Power

RESOLUTION NO. \_\_\_\_\_

BOARD LETTER APPROVAL

A handwritten signature in black ink, appearing to read 'D. Wiggs', is written over a horizontal line.

**DAVID H. WIGGS**  
Chief Administrative Officer

A handwritten signature in black ink, appearing to read 'M. Edwards', is written over a horizontal line.

**MARCIE L. EDWARDS**  
General Manager

**DATE:** September 30, 2014

**SUBJECT:** Cooperative Purchase Contract No. 590 for Furniture Systems and Related Products and Services, on an As-Needed Basis with Haworth, Inc.

### **SUMMARY**

The purpose of this proposed contract is to furnish and deliver furniture systems and related products and services, on an as-needed basis to LADWP for a term that will be coterminous with the City of Los Angeles (City), General Services Department (GSD) contract. The contract term is two (2) years and two (2) months commencing on November 1, 2014 with four (4) annual renewal options. The proposed contract is a result of a Cooperative Purchasing Agreement under City GSD Contract No. 59490. The estimated expenditure is \$9,887,147 (budgeted).

The contract will allow LADWP to purchase ergonomic modular office furniture to improve workspace usage, accommodate new hires, and replace existing damaged furniture. The use of ergonomic furniture contributes to increased labor productivity, decreased absenteeism, and reduced workers' compensation premiums.

There is no minimum purchase amount on this contract. The pricing for the duration of the contract is guaranteed to be the lowest overall available pricing on products and services that Haworth, Inc. (Haworth) offers to Public Agencies.

City Council approval is required according to Charter Section 373.

### **RECOMMENDATION**

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of the execution of Contract No. 590 with Haworth as required in Charter Section 373.

## ALTERNATIVES CONSIDERED

Alternative procurement methods were considered including Invitation for Bids and purchasing furniture as needed. It was determined that it is in the best interest of LADWP to execute the proposed contract with Haworth through the Cooperative Purchasing Agreement with the City. Based on staff research, the City contract provides a substantial cost saving through volume price discounts and achieves labor savings by eliminating spot purchases.

LADWP staff considered the following in the determination:

- Haworth is providing an additional price discount for office furniture systems. The LADWP's discount will range from 41 percent to 83 percent below list price in comparison to the 15 percent to 73 percent discount off the list price received by the City. The price discount is guaranteed for the duration of the contract.
- The proposed contract with Haworth provides an efficient and economical means of supplying ergonomic office furniture to LADWP. The majority of the existing furniture and panels used by LADWP are manufactured by Haworth and are interchangeable with the furniture and panels in the proposed contract.

A comparison of prices for standard LADWP workstations (between Haworth, Herman Miller, and Knoll) determined that Haworth is the lowest among these three well-established vendors in the office furniture industry. The City also has contracts with Herman Miller and Knoll. Haworth's cost is 17 percent less than Herman Miller and 14 percent less than Knoll.

## FINANCIAL INFORMATION

The proposed contract term will be effective upon City Council's approval for a term that will be coterminous with City GSD Contract No. 59490 or December 31, 2020, and inclusive of four one-year renewal options.

The proposed estimated expenditure is \$9,887,147 as follows:

<u>Period</u>	<u>Estimated Expenditure</u>
Original Period	\$4,758,347
Optional Renewal Period 1	1,558,100
Optional Renewal Period 2	1,228,300
Optional Renewal Period 3	1,190,200
Optional Renewal Period 4	<u>1,152,200</u>
<b>Contract Total</b>	<b>\$9,887,147</b>

There is no minimum purchase amount on this contract. The pricing for the duration of the contract is guaranteed to be the lowest overall available pricing on products and services that Haworth offers to Public Agencies.

## **BACKGROUND**

The contract will allow LADWP to purchase ergonomic modular office furniture to improve workspace usage, accommodate new hires, and replace existing damaged furniture. The use of ergonomic furniture has been found to increase labor productivity, decrease absenteeism, and reduce workers' compensation premiums.

LADWP previously contracted with Haworth through a Cooperative Purchasing Agreement under City GSD Contract No. 58752 from November 1, 2007 through December 31, 2012. From 2007 through 2010, LADWP spent an average of \$1.1 million annually for furniture. Office remodels were suspended as directed by the General Manager in April 2011.

From 2011 through 2012, LADWP spent an average of \$329,000 annually for furniture. As a result, due to limited available space, new employees were placed in various non-LADWP standard offices with furniture that was to be salvaged. Furniture systems have been procured through one-time purchase orders and procurement card from January 1, 2013 to the present.

Haworth has satisfactorily furnished and delivered LADWP office furniture since 2007.

The proposed contract will require City Council approval according to Charter Section 373. A copy of the City Administrative Officer (CAO) report is attached.

## **ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that awarding a contract for Furnishing and Delivery of Systems Furniture and Related Products 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 Contract and Resolution as to form and legality.

## **ATTACHMENTS**

- Procurement Summary
- Resolution
- CAO Report

## PROCUREMENT SUMMARY

1.	Recommended Vendor: Haworth, Inc.
2.	Procurement Type: Cooperative Purchasing Agreement
3.	Procurement Details: A. Contract Status: New 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: Not Applicable
4.	Buyer Assigned: Rick Molina
5.	Contract Administrator: Sammy Wong
6.	LADWP System: Chief Administrative Office/LEED
7.	Contact Person for Item: Sammy Wong

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

Not applicable because this is a Cooperative Purchasing Agreement.

### B. Evaluation of Cooperative Purchasing Agreement

The existing GSD contract with Haworth, Inc. (Haworth) was executed through the implementation of a Cooperative Purchasing Agreement with the U. S. Communities Government Purchasing Alliance (U. S. Communities) and Haworth under the prices, terms and conditions stated in the County of Fairfax, Virginia Contract No. 4400003402. The County of Fairfax, Virginia selected Haworth pursuant to a request for proposals issued in June 2012.

The recommended price has been determined to be fair and reasonable. Haworth is providing a more favorable discount schedule to LADWP, ranging from 41 percent to 83 percent below list price, due to LADWP's commitment to purchase the majority of all systems furniture from Haworth. However, this does not preclude LADWP from purchasing other manufacturer's products where needed. These discounts are guaranteed for the duration of the contract.

### C. Contract/Vendor History

Contract History					
Contract/ PO No.	Contractor	Term of Contract	Start Date	Ending Date	Original Contract Amount
943	Haworth, Inc.	5 years and two months	11/01/2007	12/31/2012	\$4,799,200

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

Not applicable because this is a Cooperative Purchasing Agreement.

**E. Additional Outreach Efforts Taken**

Not applicable because this is a Cooperative Purchasing Agreement.

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

Not applicable because this is a Cooperative Purchasing Agreement.



0150-10248-0000

**TRANSMITTAL**

TO Marcie Edwards, General Manager Department of Water and Power	DATE SEP 26 2014	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**Request to Approve Cooperative Purchase Contract No. 590 for Acquisition of As-Needed Furniture Systems and Related Products and Services from Haworth, Inc.**

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

  
MAYOR  
(Ana Guerrero)

MAS:JFH:10150017t

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: September 23, 2014

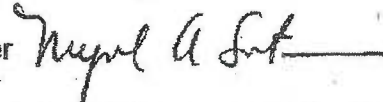
CAO File No. 0150-10248-0000

Council File No.

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated August 6, 2014; referred by the Mayor for report on August 18, 2014

Subject: **REQUEST TO EXECUTE COOPERATIVE PURCHASE CONTRACT NO. 590 WITH HAWORTH, INC. FOR AS-NEEDED PURCHASE OF FURNITURE SYSTEMS AND RELATED PRODUCTS AND SERVICES**

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### SUMMARY

The City of Los Angeles participates in the U.S. Communities National Purchasing Program. U.S. Communities was founded in 1996 as a partnership between the Association of School Business Officials, the National Association of Counties, the National Institute of Governmental Purchasing, the National League of Cities, and the United States Conference of Mayors.

The Department of Water and Power (DWP) General Manager requests approval to execute proposed Contract No. 590 (Contract, Agreement) with Haworth, Inc. (Haworth) for furniture systems and related products and services on an as-needed basis utilizing City Contract No. 59490. City Contract No. 59490 is, in turn, based on U.S. Communities Government Purchasing Alliance Contract No. 4400003402 (Master Agreement).

The proposed initial Contract term is for two years and two months beginning on November 1, 2014. Additionally, the proposal includes four annual renewal options terminating at the same time as City Contract No. 59490, on December 31, 2020. The proposed total budget and not-to-exceed expenditure amount under the proposed Agreement is \$9,887,147. The Master Agreement with Haworth guarantees participants the lowest available overall pricing on products and services that the firm offers to public agencies.

The Department indicates that, since 2007, Haworth has been a satisfactory supplier of office furniture systems to meet its needs.

The DWP indicates that the proposed Agreement will allow the purchase of ergonomic modular office furniture to improve workspace usage, accommodate new hires, and replace existing furniture that has become damaged. The Department states that the use of ergonomic furniture contributes to increased productivity, decreased absenteeism, and reduced workers' compensation premiums.

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 and Significant Contract Provisions**

The City of Los Angeles participates in the U.S. Communities National Purchasing Program. U.S. Communities was founded in 1996 as a partnership between the Association of School Business Officials, the National Association of Counties, the National Institute of Governmental Purchasing, the National League of Cities, and the United States Conference of Mayors.

U.S. Communities is the leading national government purchasing cooperative, providing world class government procurement resources and solutions to local and state government agencies, school districts, higher education institutes, and nonprofits looking for the best overall supplier government pricing.

U.S. Communities Government Purchasing Alliance administered a Request for Bid process and entered into Contract 4400003402 with Haworth for furniture systems, related products, and services effective January 1, 2013. Fairfax County, Virginia was the "Lead Public Agency" on behalf of all local and state government agencies that elect to access the Master Agreement.

The DWP General Manager requests approval to execute proposed Contract No. 590 with Haworth for furniture systems and related products and services on an as-needed basis utilizing City Contract No. 59490. City Contract No. 59490 is, in turn, based on U.S. Communities Government Purchasing Alliance Contract No. 4400003402.

The Department-proposed initial contract term is for two years and two months beginning on November 1, 2014, and includes four annual renewal options terminating at the same time as City Contract No. 59490, on December 31, 2020. The proposed total budgeted and not-to-exceed expenditure amount under the proposed Agreement is \$9,887,147. The Master Agreement with Haworth guarantees participants the lowest available overall pricing on products and services that the firm offers to public agencies.

From November 1, 2007 through December 31, 2012, the DWP contracted with Haworth for furniture systems under City Department of General Services Contract No. 58752. From 2007 through 2010, the Department spent an average of \$1.1 million annually for furniture. Between 2011 and 2012, the Department reduced furniture expenditures to an average of \$329,000 annually due, in part, to the temporary suspension of office remodels. Since 2013, furniture has been acquired through one-time purchase orders and the use of procurement cards.

The Department indicates that, since 2007, Haworth has been a satisfactory supplier of office furniture to meet its needs.

The proposed Agreement provides significant discounts from Haworth's list price for furniture systems and services due to a commitment by the Department to purchase the majority of its needs from the company. However, this provision does not preclude the DWP from purchasing other manufacturers' products where needed.

The proposed Agreement will allow DWP to purchase ergonomic modular office furniture to improve workspace usage, accommodate new hires, and replace existing furniture that has been damaged. The Department has determined that the use of ergonomic furniture contributes to increased productivity, decreased absenteeism, and reduced workers' compensation premiums.

Significant provisions of proposed DWP Contract No. 590 are identified in the attached table (Attachment).

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

The Department considered alternate methods of procuring the required furniture systems, products, and services including an Invitation for Bids. However, it was determined that utilization of the Cooperative Purchasing Agreement will achieve the best volume purchase price discounts (41 to 83 percent below list price) while, at the same time, avoiding spot purchases of required furniture. The DWP indicates that price discounts stated in the Contract are guaranteed for the life of the Agreement.

The DWP further indicates that the proposed use of the Agreement will provide an efficient and economical means of acquiring ergonomic office furniture which will be interchangeable with existing Haworth furniture and office panels currently in use by the Department. Based on a price comparison conducted by the Department, the proposed Contract offers the lowest price of the three major vendors for the standard workstations used by the DWP (Haworth, Herman Miller, and Kohl).

### **Compliance with City Administrative Requirements for Contracts**

Prior to execution of the proposed Contract, Haworth is required to comply with the City's standard contract provisions related to the Living Wage Ordinance, Affirmative Action Program, Child Support Obligations Ordinance, and Contractor Responsibility Program. The Department has determined that City insurance requirements do not apply since Haworth will not be entering Department property or facilities.

Haworth 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. Since Fairfax County, Virginia, which is the public agency issuing the original agreement upon which the proposed Cooperative Purchasing Agreement is based, does not have a Minority/Women Business Enterprise (M/WBE) or a similar outreach program, DWP did not identify participation levels for their use of this Agreement.

Pursuant to Charter Section 1022, the DWP has determined that Haworth will only be furnishing and delivering furniture systems, fill-ins and other related products and services, including off-site storage, which is work that cannot be performed by Department staff. All on-site furniture installation work will be performed by DWP employees.

City Council approval of the proposed Contract 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 Contract as to form.

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

The DWP indicates that awarding a contract for Furnishing and Delivery of Furniture Systems and Related Products is exempt from the California Environmental Quality Act (CEQA) pursuant to the General Exemption described in CEQA Guidelines Section 15061(B)(3). The General Exemption applies 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.

### **RECOMMENDATIONS**

That the Mayor:

1. Approve the proposed DWP Cooperative Purchase Contract No. 590 with Haworth, Inc., for as-needed furniture systems and related products and services for a term coterminous with City Department of General Services Contract No. 59490 on December 31, 2020, which is inclusive of four one-year renewal options and a total expenditure limit of \$9,887,147, 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, and authorize the Executive Director to execute the Contract; and
2. Return the proposed Contract to the Department for further processing, including Council consideration.

### **FISCAL IMPACT STATEMENT**

Approval of the proposed Cooperative Purchase Contract with Haworth will have no impact on the City's General Fund. The DWP states that the \$9,887,147 cost of the Agreement over six years two-months will be paid from the Water and Power Revenue Funds.

### **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.

## ATTACHMENT

PROPOSED DWP FURNITURE CONTRACT NO. 590 WITH HAWORTH, INC.		
ITEM DESCRIPTION	PROPOSED CONTRACT PROVISION	DWP ESTIMATED CONTRACT EXPENDITURES BY CONTRACT PERIOD
<b>Initial Contract Term</b>	Expires December 31, 2016	\$4,758,347
<b>First One Year Renewal Option</b>	Expires December 31, 2017	\$1,558,100
<b>Second One Year Renewal Option</b>	Expires December 31, 2018	\$1,228,300
<b>Third One Year Renewal Option</b>	Expires December 31, 2019	\$1,190,200
<b>Fourth One Year Renewal Option</b>	Expires December 31, 2020	\$1,152,200
<b>Total Expenditures</b>		<b>\$9,887,147</b>

\*Proposed Board Resolution states intent that DWP Contract will be "coterminus" with GSD Haworth Contract