



TOPIC: University of Maryland, College Park: Procurement of Office Supplies for the University of Maryland, College Park

COMMITTEE: Finance

DATE OF COMMITTEE MEETING: September 2, 2010

SUMMARY The University of Maryland, College Park requests Board of Regents approval for the University of Maryland, College Park to enter into an Indefinite-Delivery/Indefinite Quantity contract for Office Supplies with Office Max Incorporated. The University will enter into this contract awarded on a competitive basis through a joint procurement between the Committee on Institutional Cooperation Purchasing Consortium (CICPC), a purchasing consortium consisting of the "Big Ten" universities and Educational & Institutional Cooperative Purchasing, Inc. (E&I) which is also a purchasing consortium of which the University is a member and therefore, eligible to enter into a contract with Office Max, Inc.

This request for approval is made pursuant to USM Procurement Policies and Procedures section VII.C.2, requiring Board of Regents approval for procurements exceeding \$5 million.

The base period of the Master Agreement between the E&I consortium and Office Max, Inc. commenced on July 01, 2010 and extends through December 31, 2015, with provision for one (1) separately exercisable five (5) year option renewal. E&I members may join the contract at any time after July 1, 2010. The base contract period for the University is 5-years, 3 months beginning October 1, 2010 and ending December 31, 2015 subject to BOR approval. Eligible E&I member institutions, including USM institutions may join the agreement at any time after July 1, 2010. Purchases under this agreement will be placed by each member institution and/or department. The University's usage is estimated to be \$3 million annually based on current expenditure levels.

The University's contract includes multiple tiers of pricing as defined in the E&I Contract: (1) percentage discounts for all products in the Office Max office supply catalog; (2) core list discounts for 600 of the most commonly ordered items from the catalog; and (3) incentives offering additional discounts for level of service adjustment, prompt payment and sales volume. All price discounts incentives are contingent on entering into a full 5-year base term contract. The total value of discounts and incentives (selected from the list above) will yield up to 5% savings to the University.

ALTERNATIVE(S): The alternative would be not to award the new E&I contract for office supplies and issue a new competitive RFP. A contract solicited via a University specific RFP would not likely achieve the level of discounts offered in the E&I Contract, which supports high volume ordering by hundreds of institutions across the country.

FISCAL IMPACT: Under the structure of this contract, funding will be committed only when each individual office supply order is placed through the University's web-based process allowing individual departments to order office supplies. Costs are incurred by the University on a per order basis. Previous purchasing history estimates the annual cost for office supplies to be approximately \$3 million. This projection brings the estimated value for the initial 5-year, 3 month base term of the contract to approximately \$15.75 million.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents approve for the University of Maryland, College Park the award of a contract to Office Max, Inc. as described above for office supplies for an estimated contract value of \$15.75 million over the base 5-year, 3 month term. The University will return to the Board for approval if the University chooses to exercises the one 5-year renewal option.

COMMITTEE RECOMMENDATION: Recommend approval.

DATE: 9/2/10

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923
