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BUSINESS SERVICES  
DEPARTMENT

mesaaz.gov

October 12, 2009

Mr. Armando Solano  
Ms. Tabbatha Wasson  
Office Depot

**RE: Response to Non-Core Discussion Email Dated September 30, 2009  
RFP #2009104 – Office and Classroom Supplies**

Armando and Tabbatha:

Thank you for your inquiry. The RFP laid out a process to determine the price scoring components and ultimately the award recommendation. WIST won in both the core categories and the non-core category (which was represented by a market basket of 50 items).

To ensure that the proposal from WIST includes competitive non-core pricing, Diane and I did another market basket of 50 random items over and above the 50 that were part of the proposal response, comparing the WIST non-core price to our current Office Depot/US Communities prices.

	<u>Office Depot</u>	<u>WIST</u>
Number of Items Lowest Cost	13	37
Total Market Basket Cost	\$3,837.54	\$3,247.47

As you can see over all, WIST's non-core prices do prove to be competitive.

As required in the RFP, all prices must be auditable to ensure web pricing is consistent with that offered and WIST agreed from our first negotiation meeting that a spreadsheet of all core and non-core prices will be available to participating agencies for audit purposes. Like Office Depot's list, WIST has advised the list will be marked "Proprietary" and I will not be able to release it.

WIST has confirmed that the pricing model is being used for all non-core items. They will also price-match if the same item is found elsewhere under like conditions (not discontinued, clearance pricing, etc.).

WIST has agreed that all prices will be held firm for the first one-year term of the contract. Subsequent renewal pricing will be evaluated and negotiated when we're preparing for the first two-year renewal. If prices are not evaluated by the City as being fair and reasonable, we will not move forward with the renewal.

As you know there is no perfect pricing model that the City can use for this commodity because there is no single pricing that all vendors use as a universal base for either vendor's cost or catalog price. Everyone's costs/prices vary as well as what product lines they carry. For this contract, the City has based its decision on the 592 core list items 50 non-core items and we have now looked at an additional 50 non-core items to ensure non-core items are competitive.

With regards to the transition, it will take some time to set up users and delivery locations. Our original schedule was to begin the transition next week. That schedule has slipped and I would anticipate department users would be set up to begin ordering from WIST around the beginning of November.

We appreciate your inquiry.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Quedens', with a long horizontal flourish extending to the right.

Edward Quedens  
Business Services Director

attachment

## Ed Quedens

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**From:** Armando-Solano [Armando.Solano@officedepot.com]  
**Sent:** Wednesday, September 30, 2009 12:42 PM  
**To:** Ed Quedens; Diane Ross  
**Cc:** Tabbatha-Wasson; Tony-Carrow; Mark-Gravatt  
**Subject:** Follow up on Non-core discussion  
**Attachments:** WIST Marketbasket off LIST.xls

**Importance:** High

Ed/Diane-

As a continuation of our communication with you two days ago in regards to our concerns with the non-core pricing you received from WIST and most importantly with the inability to audit the bulk of your non-core list pricing. We took the liberty to review Wist's Non-Core List Marketbasket items and insert manufacturer's List prices in an attempt to determine the discounts City of Mesa will receive per category as requested on your RFP on your non-core items.

By our evaluation you should realize discounts of:

1. 47% to 72% off list price on furniture products, with an average of 65% off List prices.
2. 35% to 59% off list price on toner, with an average of 51% off List prices.
3. 44% to 97% off list price on office supplies, with an average of 67% of List prices.
4. 56% to 77% off list price in technology, with an average of 68% of List prices.
5. The lowest discount on their pricing is 35% and the highest being 97%, with the average discount off of List at 63%.

As a company that is heavily involved with the public sector, we are aware that your auditors and your end users will need and or require specific discounting by category to determine best value for tax-payers dollars spent. The above range of discounting raises concerns for us and we would ask that City of Mesa obtain a fully detailed spreadsheet from Wist with exact and auditable discounts that the city can rely upon as well as an average discount off List pricing.

As we read WIST response to your question about the non-core pricing ( email response from Wednesday, August 26<sup>th</sup> at 12:01 pm )..it leads one to believe that the GP model of 5-15% used is only applied to the 50 items in the market basket. If they were to honor the GP model used to the remaining non-core items in the catalog.. you would need to know their cost to be able to audit.

If they are not honoring the same model.. you are left out with non-core pricing for about 10-12K items where the true discount is not properly identified.

As a reminder...your average breakdown between core and non-core spend with us was 50-50 which means you have a potential to have half of your spend on a program difficult to audit based on WIST response.

If anything.. this will be a great exercise for you to make sure you can hold the new supplier accountable to the numbers they gave you and allow you to realize the savings you planned from this process.

We appreciate the opportunity to bring this to your attention and are available to answer any questions you may have

Sincerely

<<WIST Marketbasket off LIST.xls>>

**Armando Solano**

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*Did you know?*

*Office Depot provides companies with:*

*Furniture and Space Planning, Moving Services, Rental Furniture, Carpet, Technology products, Commercial Printing, Apparel with Corporate Logos, Promotional Products, Coffee Services, Coke Products, Breakroom Supplies, Green(recycled) Products and more.*

*Ask me How I can help you!!!!*

**WIST Non-Core Price Marketbasket**

Item	Description	Mfr	Product#	Category	Discount off this Category	List Price	Wist Price Bid
NC1	Bookcase	Hon	10755JJ	furniture	-69%	\$ 739.00	\$230.16
NC2	Desk	Bush	WC72446	furniture	-70%	\$ 499.00	\$148.19
NC3	Chair	Global	1951-4	furniture	-66%	\$ 490.00	\$165.38
NC4	Guest Chair	Hon	3516AB90T	furniture	-69%	\$ 580.00	\$180.53
NC5	Lateral File	Hon	694LQ	furniture	-69%	\$ 1,285.00	\$399.95
NC6	Shelving	Safco	5269	furniture	-63%	\$ 142.00	\$53.25
NC7	Cabinet	Hon	SC2472P	furniture	-69%	\$ 777.00	\$241.84
NC8	Air Purifier	Honeywell	50250	office supply	3 Times the List price	\$ 67.99	\$163.08
NC9	Binder	Avery	10801	office supply	-71%	\$ 11.15	\$3.26
NC10	Batteries	Duracell	DLCRV38PK	office supply	-84%	\$ 30.92	\$4.99
NC11	Spines	GBC	2515701	office supply	-67%	\$ 62.09	\$20.24
NC12	Project Display Board	Elmers	730-205	office supply	-70%	\$ 9.48	\$2.87
NC13	Pen	Uni-ball	65870	office supply	-97%	\$ 41.16	\$1.04
NC14	Markerboard	Quartet	TE544A	furniture	-72%	\$ 159.95	\$44.09
NC15	Calendar	At-A-Glance	SK16-16	office supply	-72%	\$ 9.69	\$2.67
NC16	Planner	At-A-Glance	PM212-28	office supply	-71%	\$ 15.09	\$4.36
NC17	Cart	Rubbermaid	4500-88-BG	furniture	-47%	\$ 166.18	\$87.81
NC18	Panel Hooks	Quartet	20701	furniture	-70%	\$ 42.95	\$12.89
NC19	Keyboard/Mouse	Logitech	920-000390	technology	-72%	\$ 133.30	\$37.43
NC20	Book Rack	MMF Industries	26413BRBLA	furniture	-64%	\$ 57.50	\$20.76
NC21	Wall Files	Rubbermaid	47081	office supply	-70%	\$ 20.49	\$6.15
NC22	Microcassette Recorder	Sony	M570V	technology	-56%	\$ 45.95	\$20.08
NC23	Easle	Quartet	70EG	office supply	-61%	\$ 296.95	\$116.99
NC24	Fan	Boston	25976	office supply	Discontinued Product		
NC25	Hand Truck	Safco	4052	furniture	-63%	\$ 198.00	\$74.25
NC26	Key Box	MMF Industries	201-9060A-03	office supply	-79%	\$ 152.20	\$31.97
NC27	Labemaker	Dymo	18126	office supply	-66%	\$ 175.99	\$59.10
NC28	Utility Knife	Safco	091460	office supply	-51%	\$ 7.39	\$3.59
NC29	Eraser	Paper Mate	70502	office supply	-68%	\$ 1.83	\$0.59
NC30	Outlet Strip	Fellowes	99089	technology	-71%	\$ 26.99	\$7.83
NC31	Shredder	Fellowes	S3320	technology	-62%	\$ 439.98	\$168.94
NC32	Date Stamper	Dymo	47002	office supply	-63%	\$ 109.99	\$41.12
NC33	Step Stool	Cramer	1001-01	furniture	-49%	\$ 105.00	\$53.20
NC34	Twisstop	Softalk	1501	technology	-77%	\$ 9.99	\$2.34
NC35	Wastebasket	Rubbermaid	29561	office supply	-44%	\$ 8.28	\$4.66
NC36	Monthly Planner	Dayminder	G547-00	office supply	-73%	\$ 44.99	\$12.35
NC37	Privacy Filters	3M	PF400XXLB	technology	-70%	\$ 756.13	\$226.84
NC38	File Cart	Rubbermaid	15076	furniture	-70%	\$ 73.71	\$22.07
NC39	DVD Labels	Avery	8962	technology	-71%	\$ 25.12	\$7.37
NC40	Photo Paper	HP	Q6608A	office supply	-47%	\$ 20.99	\$11.03
NC41	Drum Unit	Brother	DR250	toner	-55%	\$ 212.99	\$95.75
NC42	Ink Cartridge	Brother	LC21BK	toner	-56%	\$ 26.99	\$11.87
NC43	Ink Cartridge	Epson	T054120	toner	-47%	\$ 15.99	\$8.50
NC44	Imaging Drum	HP	Q3964A	toner	-52%	\$ 239.40	\$114.45
NC45	Ink Cartridge	HP	51650M	toner	-46%	\$ 46.59	\$25.36
NC46	Toner Cartridge	Lexmark	12A5845	toner	-59%	\$ 454.00	\$186.08
NC47	Toner Cartridge	HP	C8550A	toner	-53%	\$ 220.76	\$103.92
NC48	Toner Cartridge	HP	Q1338A	toner	-55%	\$ 223.52	\$101.27
NC49	Toner Cartridge	HP	Q7516A	toner	-55%	\$ 264.67	\$118.70
NC50	Drum Unit	Panasonic	KX-FA84	toner	-35%	\$ 99.95	\$64.94

Evaluation Points Possible: 4 Points Per Line (Scored Individually)