

**Agenda Questions/Responses
April 07, 2005**

31. What is the average cost per CD? (Council Member Daryl Slusher)

Initially, the response to this question was that the average price of a CD for this contract is \$20. However, this was misleading. Library purchasing staff used \$20 as an average when combining all types of CDs, but there is no actual unit price. The \$20 is a combined average price for singles and box set CDs. We estimate that about 50% of the purchases are box sets which may range from \$50 to \$150. The \$20 average cost was provided in the solicitation as an evaluation tool to determine the lowest bid by applying different bidders' discount to the same dollar amount. This is not the amount the City will actually pay for a CD.

A price comparison was conducted between a local vendor's price and the Baker & Taylor contract price for a random selection of 10 single CDs and 10 box set CDs. The contract price was less in every example. The average savings was 15.25% for the single CDs and 16.19% for the box set CDs by purchasing from the contract. (See attached price comparisons)

Another component of CDs costs is the processing of CDs for the Library, which includes placing security strips on the CD and placing the CDs in stronger cases. The security strips are needed to work with the alarm systems that we have throughout the system. The stronger cases are necessary for the CDs to remain in good condition in the course of lending them out to thousands of borrowers. The cost for the Library to do the processing internally is approximately \$7.93 per item, and additional staff would have to be hired. The cost of outsourcing the processing is \$3.10 per item. Outsourcing the processing services was a budget initiative in 2002 to reduce the City's costs.

No local bidders responded to the bid requests. Most of the respondents to the bids are jobbers that purchase the CDs directly from the producers and can do the processing as part of the bid. Most local vendors are retail operations and are not interested in providing processing services. However, local musician's CDs that are not available from the contract are purchased locally.