



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
August 31, 2010

Honorable Mayor and
Members of the City Council

Title: Cooperative Purchase Agreements: Electrical and Hardware Supplies

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) approving the use of National Joint Power Alliance (NJPA) cooperative purchase agreement (Contract No. 102109-WWG) with Grainger Industrial Supply for the purchase of electrical and hardware supplies in an amount not to exceed \$2.5 million through December 31, 2015, or until the contract is no longer available for use; 2) approving the use of US Communities cooperative purchase agreement (Contract No. MA-IS-43272) with Graybar Electric Company for the purchase of electrical supplies in an amount not to exceed \$1 million through December 31, 2015, or until the contract is no longer available for use; and 3) authorizing the City Manager or the City Manager's designee to execute the purchases specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).

Contact: Sonny Eboigbe, Procurement Analyst, 808-7432; Craig B. Lymus, Acting Procurement Manager, 808-5524

Presenters: None

Departments: General Services, Transportation, Utilities, Convention, Culture and Leisure

Division: Procurement Services

Organization No: 13001061

Description/Analysis

Issue: The City has ongoing requirements for electrical and hardware supplies. Using the recommended cooperative purchase agreements is advantageous to the City as the agreements meet the needs of the operating departments and will result in cost and time savings.

Policy Considerations: In accordance with City Code Section 3.56.240, the City Manager may, by cooperative purchase agreements approved by the City

Council, purchase supplies through legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City.

The recommendations in this report are also consistent with Resolution 2010-346 prohibiting the City from entering into any contract to purchase goods or services from any business or entity headquartered in Arizona.

Committee/Commission Action: None

Environmental Considerations:

California Environmental Quality Act (CEQA): The recommendations in this report involve the purchase of electrical and hardware supplies. The ongoing purchase of supplies does not constitute a "project" and is not subject to CEQA in accordance with Section 15378(b)(2) of the CEQA Guidelines. Therefore, as determined by the City's Environmental Services Planning Manager, no environmental review is necessary.

Sustainability Considerations: Both Grainger Industrial Supply and Graybar Electric Company offer energy efficient electrical supplies through the recommended cooperative purchase agreements.

Rationale for Recommendation: The City has ongoing requirements for electrical and hardware supplies. Using the recommended cooperative purchase agreements is advantageous to the City as the agreements meet the needs of the operating departments and will result in cost and time savings.

In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement approach increases pricing competitiveness and lowers operating costs through volume buying. When comparing the administrative costs of procurement, staff considers product research, source selection, specifications, advertising, staff reports, awarding, protests, and administration of the contract. It is often more cost-effective to eliminate the cost and time spent on these administrative processes and purchase supplies and services through a cooperative purchasing program.

The City has used both regional and national cooperative purchase agreements to complement its own contracting initiatives. Cooperative purchasing enables City departments and the Procurement Services Division to evaluate a broader range of contracting opportunities and to share resources with other jurisdictions. Cooperative purchasing also leverages internal and external resources to maximize cost savings opportunities for the City.

Approving the use of the NJPA cooperative purchase agreement (Contract No. 102109-WWG) with Grainger Industrial Supply will enable the City to earn a one percent annual rebate on all purchases with Grainger Industrial Supply.

Financial Considerations: Funding for the purchases made under the recommended cooperative purchase agreements will be provided by the operating budgets of the departments utilizing the agreements. Sufficient funding is available in the FY2010/11 budget for purchases made through June 30, 2011. Purchases made after June 30, 2011, are subject to funding availability in the adopted budget of the applicable fiscal year.

The table below provides the estimated annual expenditure amounts that are based on spending history for these supply items for the last three fiscal years. The estimated amounts are uniform across all years because the spending history indicates that similar supplies and quantities have been purchased each year.

Vendor	Year 1 Estimate	Year 2 Estimate	Year 3 Estimate	Year 4 Estimate	Year 5 Estimate	Total
Grainger Industrial Supply	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,500,000
Graybar Electric Company	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000

Emerging Small Business Development (ESBD): Cooperative purchase agreements are created, evaluated and awarded by other government agencies that may or may not have similar emerging and small business programs. However, the Procurement Services Division shall consider other alternatives if it is determined that using cooperative purchase agreements has a negative impact on small businesses.

Respectfully Submitted by: Craig B. Lymus
 Craig B. Lymus
 Acting Procurement Manager

Approved by: Reina J. Schwartz
 Reina J. Schwartz
 Director, Department of General Services

Recommendation Approved:


Gus Vina
Interim City Manager

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RESOLUTION NO. 2010-xxxx

Adopted by the Sacramento City Council

August 31, 2010

APPROVING THE USE OF COOPERATIVE PURCHASE AGREEMENTS FOR ELECTRICAL AND HARDWARE SUPPLIES

BACKGROUND

- A. The City has ongoing requirements for electrical and hardware supplies. Using the recommended cooperative purchase agreements is advantageous to the City as the agreements meet the needs of the operating departments and will result in cost and time savings.
- B. In accordance with City Code Section 3.56.240, the City Manager may, by cooperative purchase agreements approved by the City Council, purchase supplies through legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The use of National Joint Power Alliance cooperative purchase agreement (Contract No. 102109-WWG) with Grainger Industrial Supply for the purchase of electrical and hardware supplies in an amount not to exceed \$2.5 million through December 31, 2015, or until the contract is no longer available for use is hereby approved.
- Section 2. The use of US Communities cooperative purchase agreement (Contract No. MA-IS-43272) with Graybar Electric Company for the purchase of electrical supplies in an amount not to exceed \$1 million through December 31, 2015, or until the contract is no longer available for use is hereby approved.
- Section 3. The City Manager or the City Manager's designee is authorized to execute the purchases specified above provided that sufficient funds are available in the budget adopted for the applicable fiscal year(s).