

**Meeting Date:** 12/8/2015

**Report Type:** Consent

**Report ID:** 2015-01013

**Title: Contract Increase: Citywide Purchases of Safety Equipment from Safeware-Mallory**

**Location:** Citywide

**Recommendation:** Pass a Motion: 1) authorizing the City Manager or his designee to increase the authorized spending by \$200,000 for use of the cooperative purchasing agreement with Safeware-Mallory to a not-to-exceed amount of \$500,000 for the citywide purchase of various supplies and equipment through the expiration date of the contract; and 2) authorizing the City Manager or his designee to issue the required purchase orders for the not-to-exceed amount specified for the vendor under the cooperative purchasing agreement for a total not-to-exceed amount of \$500,000 during the term of the contract.

**Contact:** Virginia Smith, Administrative Analyst, (916) 808-1229; Katherine Robbins, Interim Procurement Manager, (916) 808-1562, Department of Finance

**Presenter:** None

**Department:** Finance

**Division:** Procurement Services

**Dept ID:** 06001511

**Attachments:**

1-Description/Analysis

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**City Attorney Review**

Approved as to Form  
Maila Hansen  
12/1/2015 11:30:47 AM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 11/18/2015 10:33:04 AM

## Description/Analysis

**Issue Detail:** City departments use cooperative purchase agreements to save time and to maximize cost savings to obtain goods and services. The City currently purchases safety equipment and supplies from Safeware-Mallory through a cooperative purchasing agreement with various other governmental agencies (Cooperative Organization: US Commodities, Agreement No. 4400001839). When the aggregate amount purchased by the City under an individual cooperative agreement will equal \$100,000 or more, the Procurement Services Division is responsible for obtaining City Council authority for expenditures. In June 2014, the Procurement Services Division conducted a review of all citywide purchases made against cooperative purchase agreements. Based on this annual review, staff prepared an estimate of the anticipated citywide purchases under these agreements.

On November 18, 2014, staff requested approval and spending authorization to cover the estimated expenditures through the sunset date of the cooperative purchasing agreement for Safeware-Mallory (Staff Report 2014-00765). The City Council authorized a not-to-exceed amount of \$300,000 for the Safeware-Mallory contract. Staff has been monitoring the spending on this contract and has concluded that spending will exceed this authorized threshold before the contract expires on September 30, 2016. Therefore, staff is requesting a new not-to-exceed amount of \$500,000.

**Policy Considerations:** The recommendations in this report are in accordance with City Code Section 3.56.240 which authorizes the City Manager, where advantageous to the City, to utilize cooperative purchasing agreements approved by the City Council to purchase supplies or nonprofessional services through legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City.

**Economic Impacts:** None.

**Environmental Considerations:** The report does not constitute a “project” and is therefore exempt from the California Environmental Quality Act (CEQA) [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

**Sustainability:** Under Phase 1 of the City of Sacramento’s Climate Action Plan, all applicable “Green” alternatives will be considered prior to the purchase of supplies and accessories.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** Currently, the Department of Utilities, Police Department, and Fire Department utilize this contract to purchase various safety equipment and supplies. Staff has been monitoring the spending on this contract and has concluded that spending will exceed the authorized threshold approved by Council on November 18, 2014, before the contract expires in September 2016.

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 purchasing. When comparing the administrative costs of procurement, staff considers product research, source selection, specifications, advertising, staff reports, awarding, protest, and administration of the contract. It is often more cost-effective to eliminate the cost and time spent on these administrative processes and purchase items and services through a cooperative purchasing program.

The City has used both regional and national cooperative purchasing 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.

**Financial Considerations:** Council authorization is being requested as the overall total or individual limit by vendor is expected to exceed the amount authorized. Cooperative purchasing agreements provide for lower costs through volume pricing. Funding for the purchases will be made from various departmental operating and project budgets.

**Local Business Enterprise (LBE):** Cooperative purchasing agreements are created, evaluated, and awarded by other government agencies that may or may not have similar local business programs. However, all effort will be made to encourage and utilize LBE vendors when possible.