REPORT TO COUNCIL
City of Sacramento

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

Consent
October 31, 2006

Honorable Mayor and
Members of the City Council

Title: City Cooperative Purchasing Contracts

Location/Council District: Citywide

Recommendation:

Adopt a **Resolution** authorizing the Procurement Services Manager to 1) utilize Western States Contracting Alliance (WSCA) and U.S. Communities Purchasing Alliance (U.S. Communities) cooperative contracts to procure electrical supplies, hardware janitorial supplies, maintenance/repair/operations (MRO) supplies, and auto supplies with Grainger, Inc., Graybar Electric Co., The Home Depot Supply, and Auto Zone and 2) authorize purchases in a combined amount not to exceed $5,250,000, through December 31, 2009, or until a contract is no longer available for use by the City of Sacramento. The proposed vendors; Grainger, Inc., Graybar Electric Co., The Home Depot Supply, and Auto Zone will be utilized in accordance with the cooperative purchases outlined in Exhibit A.

Contact: Louane Roina, Program Analyst, 808-8797

Presenters: None

Department: Finance

Division: Procurement Services

Organization No: 1181

Description/Analysis

Issue: The City of Sacramento has ongoing requirements for electrical supplies, hardware, janitorial supplies, MRO supplies, and auto supplies. In accordance with City Code 3.56.240, the Mayor and City Council may authorize the use of cooperative government contracts. The use of cooperative contracts is an alternative to City conducted competitive bidding which results in lower operating costs through volume purchasing and combining resources with other government agencies.

Staff recommends that the Mayor and the City Council accept the bids obtained competitively by WSCA and U.S. Communities as the basis for awarding City contracts. Further, staff recommends that the Procurement Services Manager

be authorized to use those cooperative contracts for the purchase of the aforementioned goods and services when beneficial to the City, in an amount not to exceed $5,250,000 through December 31, 2009, or until a contract is no longer available for use by the City of Sacramento.

Policy Considerations: The recommendations in this report are in accordance with provisions of the City Code Section 3.56.240, which allows for the use of legal contracts of other government jurisdictions or public agencies without separate competitive bidding by the City upon approval of the City Council.

Environmental Considerations: None

Rationale for Recommendation: In a constant effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing or "piggybacking". 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, preparation of specifications, advertising, staff time to prepare reports, awarding, and administration of the contract. It is often more cost-effective to eliminate the cost and time spent on these administrative processes and purchase commodities and services through a cooperative purchasing program. The City has used both regional and national cooperative purchasing agreements to compliment 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 institutions. Cooperative purchasing also leverages internal and external resources to maximize cost-saving opportunities for the City.

A list of the proposed vendors, contracts and commodity information is included in this report (Exhibit A).

Financial Considerations: There is no cost to Procurement Services as a result of entering into the proposed cooperative purchasing contracts. Funding for purchases made under the cooperative purchasing contracts will come from various departmental operating budgets as required.

Emerging Small Business Development (ESBD): Cooperative Purchasing 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 contracts have a negative impact on small businesses.

Respectfully Submitted by: _____
Chris Stewart, Procurement Manager

Approved by: _____
Russell Fehr
Director of Finance

Recommendation Approved:

_____
Ray Kerridge
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

AUTHORIZING THE USE OF COOPERATIVE PURCHASING CONTRACTS

BACKGROUND

A. The City of Sacramento has ongoing requirements to purchase electrical supplies, hardware, janitorial supplies, MRO supplies and auto supplies. Through the use of cooperative purchasing contracts with Western States Contracting Alliance (WSCA) and U.S. Communities Purchasing Alliance (U.S. Communities), the City has an opportunity to obtain lower pricing on these items through volume purchasing. For the foregoing reasons it is advantageous for the City of Sacramento to purchase electrical supplies, hardware, janitorial supplies, MRO supplies and auto supplies from WSCA and U.S. Communities.

B. Staff requests that the Mayor and City Council accept the bids obtained competitively by the WSCA and U.S. Communities as the basis for awarding City contracts, in accordance with City Code Section 3.56.240, which allows for use of cooperative contracts through other governmental jurisdictions or public agencies without separate competitive bidding.

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

Section 1. The results of WSCA contract number 7066 and U. S. Communities contract numbers 41902, 05091and 0601343 are hereby accepted for the purchase of electrical supplies, hardware, janitorial supplies, MRO supplies and auto supplies; and

Section 2. The City Manager is hereby authorized to execute the necessary purchases on contract number 7066 with Grainger Industrial Supply, 3169 Industrial Blvd., West Sacramento, CA 95691, in an amount not to exceed $1,200,000; contract number 41902 with Graybar Electrical Company, 383 South Cherry Land, Industry, CA 91789, in an amount not to exceed $750,000; contract 05091 with The Home Depot Supply, Inc., 2455 Paces Ferry Road NW, Atlanta, GA 30339, in an amount not to exceed $1,050,000; and contract 0601343 and with AutoZone Stores, Inc., in an amount not to exceed $2,250,000. These contracts will be used through December 31, 2009, or until such date as the contracts are no longer available for use by the City of Sacramento.

Exhibit A

Vendor	Contract Number	Description	Contracting Alliance	Requested Contract Authority for City Expenditures Through 12/31/09
Grainger, Inc.	7066	Hardware, MRO Supplies	WSCA	$1,200,000
Graybar Electric Co.	41902	Electrical Products	US Communities	$750,000
The Home Depot Supply	05091	Electrical Supplies, Hardware, Janitorial Supplies, MRO Supplies	US Communities	$1,050,000
Auto Zone	0601343	Auto Parts & Accessories	US Communities	$2,250,000
			Total	$5,250,000