



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

CONSENT
February 20, 2007

Honorable Mayor and
Members of the City Council

Title: Purchase: Trucks, Sewer Cleaner and Sewer Inspection Vehicles Using Cooperative Purchasing Agreements Without Further Competitive Bidding Using Houston-Galveston Area Council (H-GAC) Cooperative Purchasing Agreements

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) Approving use of the Houston-Galveston Area Council (H-GAC) cooperative purchasing agreements to purchase sewer cleaner and inspection trucks from Elxai dba CUES, Inc., and Vac-Con, Inc. as advantageous to the City; 2) authorizing purchases in an amount not to exceed \$1.01 million from Elxai dba CUES, Inc., through FY 2006/07 and 3) authorizing purchases in an amount not to exceed \$224,603 from Vac-Con, Inc. through FY 2006/07.

Contact: Keith Leech, Fleet Manager, 808-5869; Christopher Stewart, Procurement Services Manager, 808-6202

Presenters: Not applicable

Department: General Services

Division: Fleet Management

Organization No: 3259

Description/Analysis:

Issues: The City of Sacramento, Department of General Services, Fleet Management Division has a customer requirement to purchase budgeted replacement vehicles for the Department of Utilities. In accordance with City Code 3.56.240 the City Council may authorize the use of cooperative government contracts where advantageous to the City. The use of cooperative contracts is an alternative to City competitive bidding, which results in lower operating costs through volume purchasing and combining resources with other governmental agencies.

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

Environmental Considerations: The Environmental Services Manager has determined that the action of purchasing vehicles does not have the potential for causing a significant effect on the environment and is therefore exempt under California Environmental Quality Act (CEQA) Guidelines, Categorical Exemption Section 15061(b)(3).

Rationale for Recommendation: In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing or piggybacking. These procurement approaches increase pricing competitiveness and lower operating costs through volume buying. 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.

This report recommends that the City Council accept the bids obtained competitively by H-GAC as the basis for awarding these City contracts. Further, staff recommends that the City Manager or his designee be authorized to use these cooperative contracts for the purchase of the aforementioned commodities in an amount not to exceed \$1.235 million through FY 2006/07. A list of the proposed vendors contracts and commodities are listed in Attachment 1.

Financial Considerations: Sufficient funds are available in the Department of General Services, Fleet Management Division operating budget for FY 2006/07 in a total amount not to exceed \$1.235 million to purchase two sewer inspection step van trucks, one sewer inspection step van truck with optional camera, one sewer inspection hi-cube truck, and one sewer cleaner truck.

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 Department of General Services, Fleet Management Division and the Finance Department, Procurement Services Division will consider other alternatives if it is

determined that using cooperative contracts may have a negative impact on small businesses.

Respectfully Submitted: 
Christopher Stewart
Procurement Services Manager

Respectfully Submitted: 
Keith Leech
Fleet Manager

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

Recommendation Approved:


Ray Kerridge
City Manager

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Attachment 1

Fleet Management Vendors and Commodities List

Agency: Houston-Galveston Area Council

Vendor Name	Product Name	Unit Cost	QTY	Delivery Cost	Sales Tax	Agency's Fee	Total Spend
Elxai dba Cues Inc	Sewer Inspection Step Van Truck	\$215,449	2	None	\$33,395	\$1,000	\$465,293
Elxai dba Cues Inc	Sewer Inspection Step Van Truck with optional camera	\$257,761	1	None	\$19,976	\$500	\$278,237
Elxai dba Cues Inc	Sewer Inspection Hi-Cube Van	\$244,576	1	None	\$18,955	\$500	\$264,031
Vac-Con Inc.	Sewer Cleaner Truck	\$208,263	1	None	\$16,140	\$200	\$224,603
							<u>\$1,232,164</u>

RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

February 20, 2007

APPROVING USE OF THE HOUSTON-GALVESTON AREA COUNCIL (H-GAC) COOPERATIVE PURCHASING AGREEMENTS TO PURCHASE SEWER CLEANER AND INSPECTION TRUCKS FROM ELXAI DBA CUES, INC., AND VAC-CON, INC. AS ADVANTAGEOUS TO THE CITY; AUTHORIZING PURCHASES IN AN AMOUNT NOT TO EXCEED \$1.01 MILLION FROM ELXAI DBA CUES, INC., THROUGH FY 2006/07; AND AUTHORIZING PURCHASES IN AN AMOUNT NOT TO EXCEED \$224,603 FROM VAC-CON, INC. THROUGH FY 2006/07.

BACKGROUND

- A. Department of General Services, Fleet Management Division has a customer requirement to purchase budgeted replacement vehicles for the Department of Utilities. The City has an opportunity to obtain lower pricing for these items through volume purchasing using a cooperative purchasing contract.
- B. Staff requests that City Council authorize the use of H-GAC's agreements 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 bidding.

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

- Section 1. The use of H-GAC cooperative purchasing agreements to purchase sewer cleaner and inspection trucks from Elxai dba CUES, Inc. and Vac-Con, Inc. is advantageous to the City is approved.
- Section 2. The City Manager or his designee is authorized to use the H-GAC cooperative purchasing agreements to purchase sewer and inspection trucks in an amount not to exceed \$1.01 million from Elxai dba CUES, Inc. through FY 2006/07.
- Section 3. The City Manager or his designee are authorized to use the H-GAC cooperative purchasing agreements to purchase a sewer inspection truck in an amount not to exceed \$224,603 from Vac-Con, Inc. through FY 2006/07.

