



## Description/Analysis

**Issue Detail:** The Department of Public Works, Fleet Management Division has an ongoing requirement to provide rental equipment to all City departments, including construction equipment, pumps, generators, safety equipment, and other goods and services.

**Policy Considerations:** The recommendations in this report are in accordance with City Code Chapter 3.56, 4.04.04 and Sacramento City Council Rules of Procedure, Chapter 7, Section E.2.d., which requires additional posting time for labor agreements and agreements greater than \$1 million.

**Economic Impacts:** None

**Environmental Considerations:** No environmental review is necessary because the recommendations in this report involve the purchase of rental equipment is not considered to be a project in accordance with Section 15378(b)(2) of the California Environmental Quality Act guidelines.

**Sustainability:** Not applicable

**Commission/Committee Action:** None

**Rationale for Recommendation:** After reviewing the available purchase options, the Department of Public Works, Fleet Management Division has determined that using the cooperative purchase agreement between US Communities and Herc Rentals, Inc. represents the most advantageous purchasing strategy. The contract was competitively bid, and the cooperative purchasing agency receives greater discounts from the manufacturer due to a higher purchase volume than the City would receive if issuing its own bid.

In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement method increases pricing competitiveness and lowers capital 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.

The City has used both regional and national cooperative purchase agreements to complement its own contracting initiatives. Cooperative purchasing enables City departments 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:** Purchases under the recommended cooperative purchase agreement will be made from the Department of Public Works Fiscal Year (FY) 2018/19 operating budget (Fleet

Fund, Fund 6501) and charged to the operating budget of the customer. Sufficient funding is available in the Department's FY2018/19 operating budget for purchases made through June 30, 2019. Purchases made after June 30, 2019, are subject to funding availability in the adopted budget of the applicable fiscal year.

**Local Business Enterprise (LBE):** Herc Rentals, Inc. is not an LBE vendor. The minimum LBE participation requirement is waived for the City's use of cooperative purchase agreements that have been competitively bid, evaluated, and awarded by other governmental agencies that may or may not have similar LBE programs.