

City of Sacramento

Legislation Text

File #: 2021-00217, **Version:** 1

Title:

Cooperative Purchase Agreements for Maintenance, Repair, Operations (MRO), and Industrial Supplies [Published for 10-Day Review 03/25/2021]

File ID: 2021-00217

Location: Citywide

Recommendation:

Pass a Motion approving the continued use of the U.S. Communities' (now known as Omnia Partners) cooperative purchase agreements with Applied Industrial Technologies and Home Depot for the purchase of Maintenance, Repair, Operating Supplies (MRO), and Industrial Supplies and increasing the combined not-to-exceed amount for both contracts to \$1.95 million through the term of each respective agreement, or until the applicable cooperative purchase agreement is no longer available for use, subject to approval of the budgetary resources in future fiscal years.

Contact: Audrey Ficker, Contract and Compliance Specialist, (916) 808-5744; Dayana Reyes Zanaska, Procurement Services Manager, (916) 808-5524, Department of Finance

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Applied Industrial Technologies U.S. Communities (Omnia) Contract No. 16154
- 3-Home Depot U.S. Communities (Omnia) Contract No. 16154

Description/Analysis

Issue Detail: City departments use cooperative purchase agreements to save time and to maximize cost savings to obtain goods and services. Council previously approved the use of these cooperative agreements for the purchase of MRO supplies. The original not-to-exceed amount requested considered only the first term of these agreements, which spanned from 2017 through 2021. Both contracts have an option to extend through 2026. Home Depot has exercised this option and it is expected that Applied Industrial Technologies will exercise this option to extend as well. Subsequently, staff is recommending Council approve the request to increase the not-to-exceed

amount on both contracts to account for anticipated spend over these extended terms.

The following table summarizes the cooperative agreement and the change recommended in this report necessary to allow for continued purchasing:

Contract	Motion Number	Total Spend as of 1/31/2021	Original Not-to-Exceed Amount	Proposed Increase	City's Proposed Not-to Exceed Amount	Cooperative Agreement Renewed Expiration Date
16154 (Applied Industrial Technologies)	2017-0342 (11/21/2017)	\$42,566	\$125,000	\$25,000	\$150,000	12/31/2021 with an option to renew for five (5) additional years through 12/31/2026
16154 (Home Depot)	2017-0342 (11/21/2017)	\$641,080	\$700,000	\$1.1M	\$1.8M	12/31/2026
Total		\$683,646	\$825,000	\$1.125M	\$1.950M	

Policy Considerations: The recommendations in this report are in accordance with City Code Chapter 3.56, 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 non-professional services through legal contracts of other governmental jurisdictions or public agencies without separate competitive bidding by the City.

The Sacramento City Code Section 4.04.020 and Council Rules of Procedure (Chapter 7, Section E.2.d) mandate that unless waived by a 2/3 vote of the City Council, all labor agreements and all agreements greater than \$1,000,000 shall be made available to the public at least ten (10) days prior to council action. These contracts were published for 10-day review on March 25, 2021 as required.

Economic Impacts: None.

Environmental Considerations: The report concerns the ongoing purchase of supplies which does not constitute a “project” and is therefore exempt from the California Environmental Quality Act (CEQA) [CEQA Guidelines Section 15378(b)(2)].

Sustainability: None.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: 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 analyzing the administrative cost of product research, solicitation and specifications development, advertising, evaluations, staff reports, awarding, protests, and administration of contracts, it is often more cost-effective to purchase items and services through cooperative purchasing programs. 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 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-saving opportunities for the City.

Cooperative purchasing agreement No. 16154 was the result of a Request for Proposals (RFP) solicited by U.S. Communities with Maricopa County, Arizona as the lead agency for Maintenance, Repair, Operating Supplies, Industrial Supplies, and Related Products. A contract with Applied Industrial Technologies was awarded on February 1, 2017 with an expiration date of December 31, 2021, and an option to renew for five (5) additional years through December 31, 2026. A contract with Home Depot was awarded effective February 1, 2017, and has been extended through December 31, 2026.

Financial Considerations: Purchases will be executed by the various City departments on an as-needed basis. These purchases will be funded by departmental operating and project budgets, subject to funding availability.

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. Applied Industrial Technologies is not an LBE firm. However, Home Depot qualifies as an LBE firm.