

**AGENDA**



**Recommendation for Council Action (Purchasing)**

<b>Austin City Council</b>	<b>Item ID:</b>	41855	<b>Agenda Number</b>	27.
<b>Meeting Date:</b>	March 26, 2015			
<b>Department:</b>	Purchasing			
<b>Subject</b>				
<p>Authorize award and execution of a 43-month contract through the National Joint Powers Alliance with W. W. GRAINGER, INC., to purchase industrial supplies, equipment, tools, and services in an amount not to exceed \$16,500,000, with one 12-month extension option in an amount not to exceed \$4,500,000, for a total contract amount not to exceed \$21,000,000. Related to Item # 26.</p>				
<b>Amount and Source of Funding</b>				
<p>Funding in the amount of \$3,000,000 is available in the Fiscal Year 2014-2015 Operating Budgets of various City Departments. Funding for the remaining 37 months of the original contract period and extension options are contingent upon available funding in future budgets.</p>				
<b>Fiscal Note</b>				
<p>There is no unanticipated fiscal impact. A fiscal note is not required.</p>				
<b>Purchasing Language:</b>	Cooperative Purchase			
<b>Prior Council Action:</b>	█			
<b>For More Information:</b>	Jonathan Dalchau, Senior Buyer, 512-974-2938			
<b>Boards and Commission Action:</b>	<p>March 11, 2015 - Unanimously approved by the Water &amp; Wastewater Commission.                  March 10, 2015 - Approved by the Austin Airport Advisory Commission on a vote of 4-0 with Commissioners Hart, Farris and Saulmon absent.                  March 23, 2015 - To be reviewed by the Electric Utility Commission.</p>			
<b>Related Items:</b>	█			
<b>MBE / WBE:</b>	<p>This cooperative contract will be awarded in compliance with City Code Chapter 2-9D Minority-Owned and Women-Owned Business Enterprise Procurement Program. No subcontracting opportunities were identified; therefore, no goals were established for this contract.</p>			

**Additional Backup Information**

The contract will provide a reliable source for the purchase of industrial supplies, equipment, and tools used by various City departments to repair and maintain facilities and equipment throughout the City on an as-needed basis. Staff will have quick and reliable access to all products available from W. W. Grainger's on-line ordering system. The list of items available to the City include a wide variety of repair and maintenance equipment and supplies that include, but are not limited to: electrical, plumbing, fleet vehicle maintenance shop and testing equipment, HVAC testing and maintenance equipment, janitorial equipment and cleaning supplies, electrical hand tools, hardware, safety equipment and supplies, small electrical motors and generators, lighting, security, and test instruments. W. W. Grainger has been in the Austin area since the early 1970's with two locations that employ 75 people locally.

W. W. Grainger, Inc. is contracted through National Joint Powers Alliance with public entities nation-wide. This cooperative purchasing program was established as a national structure for local government agencies to use their collective purchasing power and is authorized under the provisions of the Interlocal Cooperation Act, Chapter 791, Texas Government Code. Cooperative purchasing gives the City an opportunity to purchase items using economies of scale gained by using pooled resources with other governmental entities. With a bigger pool of buyers, vendors are more inclined to offer greater discounts than when competing for single spot purchases as it streamlines the bidding process for both the vendor and participating municipalities in the cooperative. For example, the Fleet department compared purchasing vehicles off a cooperative to using an individual quote process. By purchasing through the cooperative, the City saved \$200 or more per vehicle.

Discounts, terms and conditions, and rebates paid back to the City vary by cooperative. Advantages of using a cooperative are volume discounts, predetermined results, and/or reduced cost and time in the solicitation process. In some situations, a traditional solicitation is a better option. Traditional solicitations are better for projects that have a very specifically defined outcome or for projects that have a known end result, but an undefined process. A traditional solicitation may be favorable when the City wants a longer contract period, to include certain terms, or wants to negotiate outside of what a cooperative contract will allow.

W. W. Grainger operates an extensive Supplier Diversity Program which is currently composed of 441 Texas suppliers – including one City of Austin M/WBE firm and one State of Texas HUB firm. W. W. Grainger's suppliers are categorized as Small Businesses based on US Federal government guidelines. Suppliers under this program must be a U.S. citizens who satisfy federal ownership requirements for small, woman, minority, veteran, hub zone, LGBT, disabled, or a disadvantaged individual and/or group. The diversity principal business owner must own, control and operate 51% of the business to be certified.

The current contract will expire on March 31, 2015 and is utilized for daily operations and emergency situations, like the City experienced during the 2013 Halloween floods. Without this contract it will limit our ability to respond quickly to demands in an emergency situation. Additionally, the City will incur extra expenses to purchase the necessary supplies, equipment, and tools.