



November 29, 2011

**SUBJECT: Award of Contract for the Cooperative Purchase of Industrial and Commercial Supplies (F1111-26)****BACKGROUND**

The City uses a wide variety of industrial and commercial supplies to support virtually all operations. Examples of these supplies include, but are not limited to, thermostats, industrial exterior and landscape lighting, fixtures, restroom supplies, and tool attachments/accessories.

Grainger has been a City-preferred provider of these supplies since 2005, largely due to their cooperative procurement agreement with the State of California Western State Contracting Alliance (WSCA). This master contract approach allows the City to leverage larger discounts typically offered to high volume purchasers. Staff therefore recommends award of a one year contract, not to exceed citywide budgeted amounts, to Grainger of West Sacramento, for industrial and commercial supplies, and authorize the City Manager to extend the contract for two additional one-year periods if pricing and service remain acceptable to the City.

**DISCUSSION**

The Grainger contract offers a number of key advantages to the City, including discounted volume pricing, electronic ordering and summary billing (eliminating the need for multiple invoices sent to various departments), delivery to city facilities, and a local retail outlet. The City currently receives approximately 850 invoices per year from Grainger, which will be virtually eliminated under the new electronic summary billing process.

Section 2.08.220(b) of the Sunnyvale Municipal Code authorizes the use of a contract initiated by another governmental entity, provided that the original parties to the contract agree, the contract was awarded within twelve months of the date of authorization (WSCA re-authorized the contract on July 25, 2011), the contract is for identical or nearly identical goods, and the contract resulted from a competitive bid using methods similar to those required by the City's Purchasing Ordinance. The WSCA contract with Grainger meets these criteria.

**FISCAL IMPACT**

Over the last several years, the City has spent approximately \$114,000 per year on Grainger's maintenance, repair and operating (MRO) supplies. This annual expenditure is within amounts budgeted for such supplies in various departments throughout the City.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

**RECOMMENDATION**

It is recommended that Council:

1. Award a one-year contract, in substantially the same form as the attached draft, not-to-exceed budgeted amounts, for citywide industrial and commercial supplies, to Grainger, based upon the State of California Western State Contracting Alliance (WSCA) cooperative contract.
2. Authorize the City Manager to exercise an option to extend the contract for two additional one-year periods, provided that pricing and service remain acceptable to the City.

Reviewed by:

Grace K. Leung, Director of Finance  
Prepared by: Pete Gonda, Purchasing Officer

Approved by:

Gary M. Luebbers  
City Manager

**Attachment**

A. Draft Blanket Purchase Order



<b>ORDERED FROM</b> 00332 - 003  Grainger 3169 Industrial Blvd West Sacramento, CA 95691  (916) 503-0229	ORDER DATE	<b>BILL TO:</b>  City of Sunnyvale Finance Department Accounts Payable PO Box 3707 Sunnyvale, CA 94088-3707
	EFFECTIVE DATE 12/1/2011	
	EXPIRATION DATE 11/30/2012	
	CONTRACT AMOUNT NTE - Budgeted Amount	
REQUISITIONING DEPARTMENT (3450) FIN/Central Stores	FOB	FREIGHT CHARGES
	PAYMENT TERMS N/30	BID NO

ITEM	DESCRIPTION	UNIT	UNIT COST
1	<p>Blanket order to provide industrial and commercial supplies as required by the City of Sunnyvale for a one year period as follows:</p> <p>Pricing per State of California Western States Contracting Alliance Master Price Agreement 7-11-51-02 Category Discount Structure which is attached and incorporated herein by this reference.</p> <p>Orders may be placed by phone or on-line via the Grainger web site (Grainger.com) with an option to pick-up or have the products delivered.</p> <p>All invoices to show this order number and show the name of the department and City employee placing each order.</p> <p>Account number: 810031823</p> <p>Requisition Number: RQ008774 This purchase order replaces BL002170</p> <p>Contract awarded by City Council 11/29/11, RTC #</p>	DLR	\$1.0000

**DOCUMENT TERMS**

This purchase order is subject to the City of Sunnyvale Standard Terms and Conditions for the Purchase of Goods, dated 1/15/2000, a copy of which is attached and incorporated by reference (Form #TCBPO-G). Invoices must be sent directly to Accounts Payable at the address above and must reference the purchase order number. Failure to comply will result in a delay in payment processing.



**BUYER:**

Gonda, Peter

**PHONE** (408) 730-7418

**FAX**