

# Mayor and Council Communication

DATE: 06/11/24

M&C FILE NUMBER: M&C 24-0471

LOG NAME: 13PAMEND 16-0448 MRO EQUIPMENT MJR CITY HO WTR

## **SUBJECT**

(ALL) Authorize Execution of Amendment to the Purchase Agreement with W.W. Grainger, Inc. Using Omnia Partners Cooperative Agreement 192163 to Increase the Authorized Annual Amount by \$4,000,000.00 for a New Annual Amount Up to \$6,300,000.00 for Maintenance, Repair and Operating Supplies, Parts, Equipment, Materials and Related Services for All City Departments

## **RECOMMENDATION:**

It is recommended that the City Council authorize the execution of an amendment to the purchase agreement with W.W. Grainger, Inc. using Omnia Partners Cooperative Agreement 192163 to increase the authorized annual amount by \$4,000,000.00 for a new annual amount up to \$6,300,000.00 for maintenance, repair and operating supplies, parts, equipment, materials and related services for all City departments.

## **DISCUSSION:**

On October 18, 2016, the City Council approved Mayor and Council Communication (M&C) P-11954, which authorized an agreement with W.W. Grainger, Inc. in the annual amount of \$1,500,000.00 for industrial maintenance, repair and operating supplies through December 14, 2019, with three one-year renewals. On December 14, 2019, the City Council approved M&C 21-0959 which increased the authorized annual amount by \$300,000.00 for a new annual amount up to \$1,800,000.00 and added two one-year renewal options. On May 21, 2024, the City Council approved M&C 24-0445 which increased the authorized annual amount by \$500,000.00 for a new annual amount up to \$2,300,000.00. However, after completion of M&C 24-0445, it was discovered that due to newer initiatives and programs, the City's expected spending with W.W. Grainger would be increased.

This agreement is utilized by various departments to purchase maintenance, repair, and operating (MRO) supplies that consist of parts, equipment, materials, and related services. Some examples include saw blades, work gloves, deep impact sockets, hammers, pliers, flexible tap saddles, and lubricants for diesel engines. W.W. Grainger, Inc. also recently started offering a vendor-managed service free of charge that several departments are utilizing. While there is no cost for the program or the equipment for the program, this has resulted in more strategic ordering. Through this program, W.W. Grainger, Inc. provides the MRO supplies through a vending system and manages the inventory for the City department; the City department sets the minimum and maximums for each item included in the vending machine and the program tracks each item to a specific employee. Other City departments use W.W. Grainger Inc.'s on-site service reps who manage the inventory on a bi-weekly basis. These vendor-managed services are saving the departments time and ensuring the departments have the products they need to operate. Based on current spending and forecasting, the City is seeking to increase the authorized spend amount by \$4,000,000.00 for a new annual amount up to \$6,300,000.00 to accommodate the departments' increasing demand for MRO supplies.

COOPERATIVE PURCHASE - State law provides that a local government purchasing items under a Cooperative Purchasing Agreement satisfies state laws requiring that the local government seek competitive bids for the purchase of the item. Omnia Partners Cooperative Agreement 192163 was competitively bid to increase and simplify the purchasing power of government entities across the State of Texas.

AGREEMENT TERMS: The current term of this agreement will expire on December 31, 2024, with no renewal options remaining.

DVIN-BE: Business Equity: A M/WBE goal is not assigned when purchasing from an approved purchasing cooperative or public entity.

Funding: The maximum amount allowed under this agreement will be \$6,300,000.00; however, the actual amount used will be based on the need of each department and available budget.

This amendment will not change any other agreement terms.

This project will serve ALL COUNCIL DISTRICTS.

A Form 1295 is not required because: This contract will be with a publicly-traded business entity or a wholly-owned subsidiary of a publicly-traded business entity: W. W. Grainger, Inc

## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that funds are available in the current operating budget, as previously appropriated, in the participating departments' Operating Funds to support the approval of the above recommendation and execution of the amendment to the agreement. Prior to any expenditure being incurred, the participating departments have the responsibility to validate the availability of funds.

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Expedited