

Mayor and Council Communication

DATE: 02/18/20

M&C FILE NUMBER: M&C 20-0076

LOG NAME: 13PAMAZON FMS CG

SUBJECT

Authorize an Agreement with Amazon Services, LLC dba Amazon Business, using OMNIA Partners Purchasing Agreement R-TC-17006 for the Purchase of Goods in an Amount Up to \$300,000.00 for the Initial Term and Authorize One Annual Renewal Option in an Amount Up to \$300,000.00 in Accordance with the R-TC-17006 Coop Contract for all City Departments (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council authorize an agreement with Amazon Services, LLC dba Amazon Business, using OMNIA Partners Purchasing Agreement R-TC-17006 for the purchase of goods in an amount up to \$300,000.00 for the initial term and authorize one annual renewal option in an amount up to \$300,000.00 in accordance with the R-TC-17006 Cooperative Contract for all City Departments.

DISCUSSION:

In 2016, US Communities and National IPA (now owned by OMNIA Partners) jointly issued a Request for Proposal for an On-line Marketplace to sell goods to Federal and Local Governments. Amazon Business responded to the RFP and was awarded a five-year agreement. Under the cooperative award, Federal Governments and Local Governments are able to purchase goods through Amazon under Business Prime which offers free standard shipping for orders over \$25.00 and next day shipping on items that are in stock. In addition, under a cooperative, governmental entities are allowed to have up to 200 users for \$3,499.00 instead of paying \$10,000.00. Since the agreement was awarded, approximately 1,500 local governments are using the cooperative agreement to purchase items from Amazon because of the convenience, ability to review pricing from multiple vendors and the increased accessibility to products. The contract began on January 19, 2017 and will expire on January 18, 2022.

City staff recommends entering into a cooperative agreement with Amazon Business through Omnia Partners Contract R-TC-17006 with the ability to spend up to \$300,000.00 through an Amazon Business account. By entering into this cooperative agreement with Amazon, the city will have access to all the products sold on Amazon and city staff will be able to compare prices to ensure that the city is paying the lowest price for the item.

In order to purchase from Amazon Business, Departments will be required to review the city's current Purchase Agreements and compare the price under the city's current agreement and the Amazon price. If the city's contract is not exclusive and the price is cheaper under Amazon, the Department will be allowed to purchase the goods from Amazon. Purchasing will review all Purchases from Amazon to ensure that the departments are making the comparison to ensure that the city is receiving the best possible price. In addition, Purchasing will provide an itemized listing of the purchases made through Amazon to Department Heads monthly.

As stated above, the City's cost to enter the cooperative with Amazon is \$3,499.00. This cost will be paid by the Departments who have requested to purchase items through Amazon.

Purchasing will maintain the list of employees who will become "authorized users" of the Amazon Business Account.

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

M/WBE OFFICE- A MBE/SBE goal is not assigned when purchasing from an approved purchasing cooperative or public entity.

ADMINISTRATIVE CHANGE ORDER - An administrative change order or increase may be made by the City Manager in the amount up to maximum allowed under state law and the City Code and does not require specific City Council approval as long as sufficient funds have been appropriated.

AGREEMENT TERM -This Agreement will commence upon City Council approval and end on January 18, 2021 to coincide with OMNIA Partners contract dates.

RENEWAL OPTIONS - This Agreement may be renewed for up to one additional one-year term at the City's option. This action does not require specific City Council approval provided that the City Council has appropriated sufficient funds to satisfy the City's obligations during the renewal term. Staff anticipates spending the same amount in each renewal year.

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: Amazon Services, LLC

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendation and award of the contract, funds are available in the current operating and capital budgets, as appropriated, in the participating departments' Operating and Capital Funds. Prior to any expenditure being incurred, the participating departments have the responsibility to validate the availability of funds.

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