



# CITY OF POMONA COUNCIL REPORT

---

August 16, 2018

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Onyx Jones, Finance Director/City Treasurer

Subject: **Approval of Purchase of Maintenance Repair and Operation (MRO) Supplies, Parts, Equipment, Materials and Related Services from Grainger, Under a Cooperative Agreement through National IPA.**

## SUMMARY

**Recommendation** – That the City Council approve the purchasing of MRO supplies, parts, equipment, materials and related services from Grainger under a Cooperative Agreement awarded by National IPA to Grainger, Contract No. 141003, through December 31, 2019.

**Fiscal Impact** – None with the proposed action. Funding for MRO supplies, parts, equipment, materials and related services is appropriated each fiscal year within each department's operating budget. Expenditures for MRO supplies, parts, equipment, materials and related services are limited annually by each departments budgeted appropriations. On average Citywide expenditures are \$40,000.00.

**Public Noticing Requirements** – Section 2-973 of the Purchasing Ordinance authorizes the Purchasing Manager to join with other units of government in cooperative purchasing plans so that the best interest of the City shall be served thereby. The Purchasing Manager is authorized to recommend a cooperative or "piggyback" purchase on an awarded contract for services or equipment, entered into by other governmental agencies (municipality, county or state) through a competitive bid process, provided all products or equipment requested meet the technical specifications of the awarded bid.

## EXECUTIVE SUMMARY

The purchase of MRO supplies, parts, equipment, materials and related services from Grainger has gradually increased over the years to an amount in excess of \$30,000 annually, which requires City Council approval. The recommended Council action will authorize the City to continue purchasing MRO supplies, parts, equipment, materials and related services from

Approval of Purchasing MRO Supplies, Parts, Equipment, Materials and Related Services from Grainger.

August 16, 2018

Page 2 of 2

Grainger under a Cooperative Agreement through National IPA with uninterrupted service to City departments and services.

## **BACKGROUND**

Prior to 2017, MRO supplies, parts, equipment, materials and related services most utilized by City departments were purchased in bulk by the Purchasing Division and warehoused at the corporate yard at the “Central Stores” building. Staff would submit a requisition to Central Stores for needed supplies, and they were usually delivered the next working day. Maintaining the Central Stores operation required significant resources to stock, inventory and distribute supplies. In 2017, Purchasing staff began transitioning away from warehousing maintenance and hardware supplies for a number of reasons, including shortage of staffing, diminished demand for many of the stocked items and an increasing demand for supplies that were not stocked at Central Stores. Items not available through Central Stores were purchased from Grainger on an as-needed basis. As the Central Store’s supplies diminished, Grainger was used more frequently to meet the needs of City departments. As of January 2017, Central Stores operations have been closed; therefore, MRO supplies are no longer stocked.

## **DISCUSSION**

With transition of the Central Stores function, the City reviewed relevant cooperative purchasing agreements available to the City in order to quickly meet operational needs. The National IPA program is a membership of all states, local governments, school districts and higher education institutions in the United States. City of Tucson, in Tucson, AZ was the lead agency in issuing a formal bid for MRO supplies, parts, equipment, materials and related services. Staff has reviewed the procurement process conducted by the lead agency and determined that the process meets the City of Pomona’s requirement for utilizing cooperative agreements. Products available under the Cooperative Agreement include an extensive list of MRO supplies. Additionally, the Agreement provides for deep discounts on frequently used products, no minimum order requirements, prepaid freight, same day shipping, access to more than 1 million items and 24/7 online ordering at Grainger.com.

Utilizing Grainger eliminates the need to maintain large quantities of supplies in stock, thereby reducing administrative costs, staff resources and storage space required to manage maintenance and hardware supply inventory and distribution. Grainger’s account representatives and Customer Service Team are highly responsive and have resolved any issues in a timely manner.

The current National IPA Agreement is in effect through December 31, 2018 and may be renewed by National IPA for one (1) additional year. Therefore, staff recommends that the City Council approve continuing (through December 31, 2019) with the National IPA agreement awarded to Grainger for the annual purchases of general MRO supplies, parts, equipment, materials and related services, which will be limited to each department’s approved budgeted appropriations.