

City and County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Sailaja Kurella, Acting Director
Office of Contract Administration/Purchasing

DATE: October 3, 2022
TO: Angela Calvillo, Clerk of the Board
FROM: Sailaja Kurella, Director of Office of Contract Administration (OCA) and Purchaser ^{SK}
SUBJECT: **Resolution to approve amendment to Contract 1000018631 – Industrial Supplies with W.W. Grainger, Inc.**

Enclosed is the resolution authorizing an amendment to Contract 1000018631 (OCA Term Contract 74105) with W.W. Grainger, Inc. (Grainger) increasing the contract amount by \$9,500,000 for a total not-to-exceed (NTE) amount of \$21,600,000; and to extend the term by one (1) year to December 31, 2023, for a total contract duration of three (3) years and five and a half (5 ½) months.

Pursuant to its authority under San Francisco Administrative Code, Section 21.16(b), the Office of Contract Administration utilized an existing national cooperative agreement that was competitively solicited by the City of Tucson and OMNIA Partners and awarded to Grainger to enter into Term Contract 74105. Term Contract 74105, a Citywide as-needed contract for the purchase of industrial supplies, had an initial contract NTE amount of \$5 million and duration of two years and 5 and ½ months, from July 15, 2020 to December 31, 2022. The contract was subsequently amended three times. Amendment 1 was executed to add one new product category and receive an additional three percent discount on defined categories. Amendment 2 and Amendment 3 were executed to increase the contract NTE due to heavy utilization by City departments. The current contract is at \$12.1 million, ending on December 31, 2022.

The Grainger contract offers a wide variety of industrial supplies at significant cost savings to City departments by providing catalogue discounts off the company's extensive inventory. Discounts range from 5% to 43% off the offered manufacturers/brands and product types.

OCA conducted a usage analysis to determine the proposed NTE amount of \$21,600,000 which includes a thirty percent (30%) contingency. The average annual spend on this contract is approximately \$5.2 million, with expenditures increasing substantially during the COVID emergency, with even greater expenditures in the past year. OCA has also confirmed with Grainger that departments can now use Federal and State funds in addition to City funds. As such, OCA anticipates additional usage on this contract, accounting for the proposed 30% contingency. Due to recent heavy usage, the contract is expected to be depleted within the next three months.

This contract is critical for satisfying City departments' needs for essential industrial goods. Approval of this resolution will allow City departments to continue procuring these goods in a streamlined and cost-efficient manner.

If you have any questions or require additional information, please contact Romeo Alberto on my team at 415-554-6217.

Enclosures:

TC 74105 Industrial Supplies Agreement
TC 74105 Industrial Supplies Agreement – Modification 1
TC 74105 Industrial Supplies Agreement – Modification 2
TC 74105 Industrial Supplies Agreement – Modification 3
TC 74105 Industrial Supplies Agreement – DRAFT Modification 4
Resolution for TC 74105
S.F. Ethics Commission form 126f4, Notification of Contract Approval