



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 1000001663—Industrial Supplies with MSC**

Enclosed is the resolution authorizing an amendment to Contract 1000001663 (OCA Term Contract 74103) with MSC Industrial Supply Company Inc. (MSC) increasing the contract amount by \$900,000 for a total not-to-exceed (NTE) amount of \$15,177,623.

OCA conducted a solicitation for a Citywide as-needed “term” contract for the purchase of industrial supplies term in 2017, and MSC was awarded the agreement, with an initial contract NTE amount of \$4 million and duration of three years, from May 1, 2017 to April 30, 2020. Due to heavy utilization by City departments, the contract was subsequently amended six times. The current contract is at \$14,277,623, ending on June 30, 2023.

The MSC 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 15% to 45% off the offered manufacturers/brands and product types.

OCA conducted a usage analysis to determine the proposed NTE amount of \$15,177,623. The annual spend on this contract is approximately \$2.3 million, with expenditures increasing substantially during the COVID emergency. Expenditures have remained high during Fiscal Year ‘22 and Fiscal Year ‘23. Due to recent heavy usage, the contract is expected to be depleted within the next six 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#74103 Industrial Supplies Agreement
TC#74103 Industrial Supplies Agreement – Modification 1
TC#74103 Industrial Supplies Agreement – Modification 2
TC#74103 Industrial Supplies Agreement – Modification 3
TC#74103 Industrial Supplies Agreement – Modification 4
TC#74103 Industrial Supplies Agreement – Modification 5
TC#74103 Industrial Supplies Agreement – Modification 6
TC#74103 Industrial Supplies Agreement – DRAFT Modification 7
Resolution for TC#74103
S.F. Ethics Commission form 126f4, Notification of Contract Approval