



Legislation Text

File #: 24-0536, Version: 1

**REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION**

DATE: 07/03/2024

TO: Honorable Mayor and City Council Members

FROM: Finance Department

SUBJECT:

APPROVE AN EIGHTH AMENDMENT TO THE MAINTENANCE/GENERAL SERVICES AGREEMENT WITH FASTENAL COMPANY FOR WAREHOUSE SUPPLY AND INVENTORY CONTROL/VENDING MACHINE PROGRAM SERVICES.

EXECUTIVE SUMMARY:

This staff report asks the City Council to approve an Eighth Amendment to the Maintenance/General Services Agreement with Fastenal Company to increase the total compensation amount to \$450,000 and extend the agreement term to June 30, 2026, for Warehouse Supply and Inventory Control/Vending Machine Program Services.

RECOMMENDED ACTION:

That the City Council

- a. Approve the Eighth Amendment to the Maintenance/General Services Agreement with Fastenal Company to increase the total compensation by \$65,000, from a total of \$385,000 to \$450,000 per fiscal year and extend the agreement term to June 30, 2026, for Warehouse Supply and Inventory Control/ Vending Machine Program Services.
- b. Authorize the City Manager, or his designee, to execute the Eighth Amendment to the Maintenance/General Services Agreement with Fastenal Company in the amount of \$450,000, including any non-substantive extensions, change orders, purchase orders, and amendments up to the amount authorized in Corona Municipal Code Section 3.08.060(J), which is equivalent to 10% or \$45,000.
- c. Authorize the City Manager, or his designee, to issue a purchase order with Fastenal Company in the amount of \$450,000.

BACKGROUND & HISTORY:

The City issued an agreement and purchase order to Fastenal Company (Fastenal), for warehouse supply and inventory control/vending machine program services in 2013. Fastenal owns and maintains the vending machines and inventory, while the city pays for items after they are dispensed from the machines. Vending is controlled through employee identification badges. Fastenal has been providing facility maintenance, lighting products, safety items, industrial supplies, and tools with the pricing provided by NASPO. ValuePoint Cooperative Purchasing agreement 8497.

Fastenal is used primarily by the Utilities Department and the Warehouse. The decision to place the inventory vending machines in the warehouse was to control inventory and provide access to various items with immediate access rather than stock in the Warehouse. Fastenal and the City periodically evaluate items in the vending machines and replace items not frequently used with newer requested inventory items.

ANALYSIS:

Based on the current department expenditure trends and inflation and supply chain issues, there have been increases in the cost of the products provided by Fastenal. The current expenditure trend is averaging approximately \$33,700 per month. Additionally, in FY 2024, there was a one-time purchase by the Safety Division (Human Resources) to replace defibrillators throughout City facilities, totaling \$41,673.

Staff recommends that the City Council approves the Eighth Amendment with Fastenal Company in the amount of \$450,000 per fiscal year through June 30, 2026. This amount will accommodate the normal expenditure trends plus any one-time purchases if Fastenal is the most economical solution for the purchase. The updated agreement will allow operations to continue moving forward without interruptions and provide time for staff to analyze the expenditure activity and re-evaluate the program costs and benefits.

The current NASPO Cooperative Agreement expires on December 31, 2024. Therefore, a new Request For Proposals is underway, with an anticipated award by August 2024. Staff will return to City Council with adjustments, if needed, based on the contract award process that NASPO will undertake.

FINANCIAL IMPACT:

Funding for the recommended actions is available in the Adopted FY 2025 citywide departments operating budgets. Funding for future years will be recommended through the annual budget process.

ENVIRONMENTAL ANALYSIS:

This action is categorically exempt pursuant to Section 15302 (c) of the Guidelines for the California Environmental Quality Action (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action approves an updated agreement for the procurement of goods and supplies which

will not have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: YASMIN LOPEZ, PURCHASING MANAGER

REVIEWED BY: KIM SITTON, FINANCE DIRECTOR

Attachments:

1. Exhibit 1 - FASTENAL EIGHTH AMENDMENT