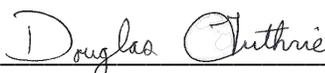


REPORT OF THE PRESIDENT AND CEO

December 15, 2022

RESOLUTION AUTHORIZING THE EXECUTION OF A CONTRACT WITH W.W. GRAINGER, INC., TO PROVIDE MAINTENANCE, REPAIR AND OPERATION SUPPLIES AND EQUIPMENT FOR A TOTAL AMOUNT NOT-TO-EXCEED \$1,800,000



 Douglas Guthrie
 President and CEO



 Marisela Ocampo
 Housing Services Director

Purpose: The Housing Authority of the City of Los Angeles (“HACLA”) is engaged in the on-going maintenance of its public housing portfolio. Having immediate access to supplies, repair parts, fixtures, tools, and equipment (“MRO Supplies”) that will support the functionality, maintenance and improvement of its housing stock are crucial to preserving our low-income housing. The proposed contract will allow HACLA to purchase MRO Supplies for on-going maintenance and capital improvements of HACLA’s 14 public housing sites (“Sites”).

Procurement: The proposed contract is based on a cooperative purchasing contract awarded through Sourcewell. Sourcewell is a State of Minnesota local government unit and service cooperative created under the laws of the State of Minnesota that offers cooperative procurement solutions to government entities. Participation in the cooperative is open to federal, state/province, municipal government entities, and other public entities located in the United State and Canada. Sourcewell’s contracts offer competitive pricing based on volume discounts and members’ purchasing power.

On July 26, 2022, Sourcewell advertised RFP No. 091422 (“RFP”), for facility maintenance, repair, operating, industrial and building-related supplies and equipment inclusive of the MRO Supplies required by HACLA. An RFP was utilized by Sourcewell in recognition that consideration of price-alone is not adequate for MRO Supplies as quality, selection, depth and breadth of offerings, warranty, delivery and other non-price factors also require consideration. A total of twenty (20) vendors submitted proposals in response to the RFP where W.W. Grainger, Inc. (“Grainger’s”) proposal was determined a best value and had the second-lowest pricing, and which resulted in a cooperative purchasing contract between Sourcewell and Grainger (the “Agreement”). The Agreement became effective November 7, 2022, through November 8, 2026, with an additional two (2) optional one-year extensions. The Agreement reflects the purchasing power of Sourcewell, as evidenced by aggressive pricing with volume discounts, resulting in an average savings per year of approximately 16% percent off of catalog prices.

HACLA has determined that piggybacking off of the Agreement will satisfy its Procurement Policy and HUD’s criteria for cooperative purchasing because: (i) use of the Agreement will provide for greater economy and efficiency and result in cost savings to HACLA; (ii) the nature of the goods is routine; (iii) the scope of the goods to be provided is sufficiently equivalent to the scope of the goods required; (iv) the Agreement was procured in compliance with 2

CFR Part 200; and (v) the cost and availability of the goods were evaluated as part of the solicitation. Moreover, through harnessing the purchasing power of Sourcewell, HACLA will realize greater economies and efficiencies. The Agreement will be re-evaluated by staff on an annual basis to ensure it remains price reasonable.

The proposed contract will allow HACLA to purchase MRO Supplies to repair and maintain HACLA's public housing stock and complete capital improvement projects. HACLA anticipates its average annual expenditure with Grainger to be approximately \$360,000, including tax, with an initial one (1) year term, with four (4), one year options to extend for a total of \$1,800,000.

Vision Plan: PLACE Strategy #1: Stabilize the physical and financial viability of the conventional public housing portfolio

The public housing portfolio has been undergoing modernization and redevelopment efforts in order to sustain and add to the existing housing stock. Most of the Sites were built in the 1940's and 1950's and require numerous capital repairs and improvements. HACLA's staff requires various tools, equipment, and supplies for site maintenance and capital improvement projects, on an as-needed basis.

PLACE Strategy #9: Manage capital resources and reserves to sustain useful life of existing and new units in HACLA's portfolio

HACLA maintains an aging public housing portfolio with limited funding. While the amount of physical needs has grown significantly over the years, the amounts received for improvement and maintenance efforts does not fully address capital backlogs. Managing these limited funds with the goal of keeping the public housing stock at their highest level of usefulness and efficiency is imperative.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: Public Housing Operating and Capital Funds are the primary funding sources for public housing maintenance and construction projects.

Budget and Program Impact: HACLA anticipates the annual expenditure of \$360,000 including tax through Grainger for MRO Supplies based on estimated maintenance and capital improvement projects needed at public housing sites. These expenditures are included in HACLA's 2023 Operating and Capital Fund Budgets and will be budgeted in subsequent years as required.

Environmental Review:

Approval of the contract with Grainger is exempt from CEQA and NEPA.

Section 3: The contract with Grainger does not trigger HUD Section 3 requirements under 24 CFR Part 75. Moreover, the proposed contract with Grainger is being procured through a piggyback contract, the terms of which have been previously negotiated. Nonetheless, HACLA imposed Section 3 pursuant to its Section 3 Policy and Compliance Plan. To support Section 3 activities, Grainger will assist Section 3 Workers with training and apprenticeship

opportunities. Section 3 Workers will receive assistance with onboarding, including payment of any applicable fees and costs to these programs to advance their career goals. Grainger provided similar commitments in previous contracts with HACLA.

Attachment:

1. Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE EXECUTION OF A CONTRACT WITH W.W. GRAINGER, INC., TO PROVIDE MAINTENANCE, REPAIR AND OPERATION SUPPLIES AND EQUIPMENT FOR A TOTAL AMOUNT NOT-TO-EXCEED \$1,800,000

WHEREAS, the Housing Authority of the City of Los Angeles (“HACLA”) requires immediate access to supplies, repair parts, fixtures, tools, and equipment (“MRO Supplies”) for on-going maintenance and capital improvements of its 14 public housing sites that will support the functionality, maintenance and improvement of its housing stock;

WHEREAS, the U.S. Department of Housing and Urban Development encourages housing agencies to purchase common goods and services that are routine in nature under contracts awarded by other public agencies through a competitive “cooperative purchasing” procedure to realize greater economy, efficiencies, and reduce costs;

WHEREAS, on July 26, 2022, Sourcewell advertised Request for Proposal No. 091422, for facility maintenance, repair, operating, industrial, building-related supplies and equipment including the MRO Supplies required by HACLA, which resulted in a cooperative purchasing contract (the “Agreement”) between Sourcewell and W.W. Grainger, Inc. (“Grainger”);

WHEREAS, for the reasons set forth in the Report of the President and CEO of the same date herewith, HACLA finds that entering into a contract with Grainger pursuant to the Agreement satisfies federal cooperative purchasing requirements, and will help HACLA realize greater economies and efficiencies; and

WHEREAS, the Chief Administrative Officer confirms the necessary funds are available and included in HACLA’s 2023 Annual Budget and will be adopted as part of subsequent years’ Annual Budgets.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners authorizes the President and CEO, or designee, to execute a one-year contract with four (4) one-year options to extend, with Grainger, for a total contract amount not-to-exceed \$1,800,000, including sales tax, to purchase MRO Supplies.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:

HOUSING AUTHORITY OF THE
CITY OF LOS ANGELES

BY: _____
James Johnson, General Counsel

BY: _____
Cielo Castro, Chairperson

DATE ADOPTED: _____