

Meeting Date: 11/19/2013

Report Type: Review

Report ID: 2013-00832

Title: (Agreement/Contract for Information and Review) Contract Supplement No. 2: Fleet Parts and Inventory Program Services

Location: Citywide

Issue: Resolution No. 2013-0117 (Council Rules of Procedure) requires additional posting time for agreements greater than \$1 million. The recommended contract supplement will be used to purchase parts and manage inventory for a diverse City fleet of 2,300 vehicles and equipment.

Recommendation: Review a staff report that recommends that the City Council: 1) pass a Motion authorizing the City Manager or the City Manager's designee to execute Contract Supplement No. 2 to Contract No. 2009-0851 with Genuine Parts Company / National Auto Parts Association (NAPA) for on-site fleet parts and inventory program services in an amount not to exceed \$3,930,000 for a revised total contract amount not to exceed \$24,980,000; and 2) continue to November 26, 2013, for approval.

Contact: Keith Leech, Fleet Manager, (916) 808-5869, Department of General Services

Presenter: None

Department: General Services

Division: Fleet Management Admin

Dept ID: 13001311

Attachments:

1-Description/Analysis

2-Contract

City Attorney Review

Approved as to Form
Kourtney Burdick
11/8/2013 8:21:46 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
John Colville
11/1/2013 9:51:03 AM

Approvals/Acknowledgements

Department Director or Designee: Reina Schwartz - 11/6/2013 10:07:29 AM

Description/Analysis

Issue Detail: The Department of General Services, Fleet Management Division, has an ongoing requirement to supply parts and manage inventory for a diverse City fleet of 2,300 vehicles and equipment. Fleet Management staff estimates that an additional \$3,930,000 will be needed for fleet parts and inventory services expenditures through November 16, 2014, the end of the original contract term.

Policy Considerations: The recommendations in this report are in accordance with the provisions of City Code Chapter 3.56 and Resolution No. 2013-0367, which requires additional posting time for labor agreements and agreements greater than \$1 million.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act (CEQA): No environmental review is necessary because the recommendations in this report involve the purchase of fleet parts and inventory services for City vehicles and equipment and are not considered to be a project in accordance with Section 15378(b)(2) of the CEQA guidelines.

Sustainability: Not applicable

Commission/Committee Action: None

Rationale for Recommendation: The Department of General Services, Fleet Management Division, has an ongoing requirement to supply parts and manage inventory for a diverse City fleet of 2,300 vehicles and equipment. On November 17, 2009, City Council adopted Resolution No. 2009-728, awarding a five-year contract to NAPA for fleet parts and inventory services not to exceed \$21,050,000 for the five-year period. On March 24, 2011, Contract Supplement No. 1 was executed under City Manager authority to modify the scope of service provided, but the contract amount and term remained unchanged.

The contract amount was based on an anticipated phased implementation plan over the initial twelve months to establish NAPA as the primary source for procurement of vehicle and equipment parts. Since implementation, additional parts have been purchased that were not accounted for in the original contract amount as a result of changes to the operational need. Due to the unanticipated parts purchases, expenditures are approaching the dollar limit of the original award. Executing Contract Supplement No. 2 with NAPA will provide sufficient contract authority for the purchase of fleet parts and inventory services through the end of the contract term.

The unanticipated parts purchases were attributed to:

- Transferring the procurement and inventory management of tires from the City to NAPA. During the initial phase of implementation, Fleet Management continued to purchase and manage the inventory of tires. In July 2010, Fleet Management

transferred the procurement and the inventory management of all tires to NAPA. This provided "just in time" sourcing for tire inventory, and eliminated obsolescence, shrinkage, and the need for a substantial up-front investment by the City to inventory and manage tires. Since 2010, the procurement of tires through NAPA has totaled \$2,656,501.

- Delayed production of 33 automated refuse trucks by the chassis manufacturer, American LaFrance. Due to a 6-12 month delay in production, refuse trucks scheduled for replacement remained in the fleet beyond their useful life. In order to support Recycling and Solid Waste operations, high-priced components were purchased to keep the trucks operational. The procurement of refuse truck components through NAPA totaled \$506,896.
- Delayed production of five ambulances by the body manufacturer, Medtec Ambulance. In January 2011, Medtec Ambulance closed two of its three manufacturing plants and consolidated all production to its Bradenton, Florida facility. Due to the delay in production, ambulances scheduled for replacement remained in the fleet beyond their useful life. In order to maintain emergency operations, high-priced components were purchased to keep the ambulances operational. The procurement of ambulance components through NAPA totaled \$74,012.
- Parts purchases initiated by the Department of Parks and Recreation, Parks Maintenance Division, utilizing the citywide NAPA contract in an effort to improve inventory control. The original contract amount was based on the anticipated Fleet Management utilization and did not include contract utilization by other City departments. Parts purchased by Parks and Recreation utilizing the NAPA contract totaled \$34,620.

Additional unanticipated expenditures were incurred in the form of increased sales tax paid as a result of the 0.5 percent increase in City sales tax from Measure U and the 0.25 percent increase in state sales tax. This resulted in a total sales tax increase of \$25,010 for parts purchases.

Financial Considerations: The Department of General Services, Fleet Management Division estimates that an additional \$3,930,000 will be needed for fleet parts and inventory services expenditures through November 16, 2014, the end of the original contract term. Sufficient funds are available in the Department of General Services fiscal year (FY)2013/14 operating budget (Fleet Fund, Fund 6501) to purchase the required fleet parts and inventory services through June 30, 2014. Purchases after June 30, 2014, and through the duration of the contract are subject to funding availability in the FY2014/15 adopted budget.

Emerging Small Business Development (ESBD): NAPA is not certified as an emerging/small business enterprise. However, NAPA agreed to purchase 10 percent of total parts purchased from registered small businesses in the state of California. NAPA has exceeded the contract minimum with 55 percent of total parts purchased from registered small businesses in the Sacramento area.



Requires Council Approval: No YES Meeting: 11/19 & 11/26

Real Estate Other Party Signature Needed Recording Requested

General Information

Type: Supplies PO Type: N/A	Attachment: Contract Supplement No.: 2
Not to Exceed: \$24,980,000	Original Doc Number: 2009-0851
Other Party: Genuine Parts Company dba NAPA	Certified Copies of Document::
Project Name: Onsite Parts Inventory Program	Deed: <input checked="" type="checkbox"/> None <input type="checkbox"/> Included <input type="checkbox"/> Separate
Project Number: P093259009 Bid Transaction #: 2247461	E/SBE-DBE-M/WBE:

Department Information

Department: General Services Division: Fleet Management

Project Mgr: Isena Garcia

Contract Services: N/A Division Mgr: Keith Leech

Phone Number: 808-1163 Org Number: 13001311

Comment: Original Contract Amount: N/A

Review and Signature Routing

Department	Signature or Initial	Date
Project Mgr:	<i>ISG</i>	10/30/13
Contract Services:	N/A	

City Attorney	Signature or Initial	Date
City Attorney:	<i>KCB</i>	10/31/13

Send Interoffice Mail to Reina J. Schwartz (12500)

Notify for Pick Up: Isena Garcia - 808-1163

Authorization	Signature or Initial	Date
Reina Schwartz Director, General Services:		
City Mgr: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		

Contract Cover/Routing Form: Must Accompany ALL Contracts; however, is not part of the contract. (01-01-09)

For City Clerk Processing

Finalized:
Initial:
Date:

Imaged:
Initial:
Date:

Received:
(City Clerk Stamp Here)

CONTRACT SUPPLEMENT (Supplies)

Bid Title and Number: Onsite Parts Inventory Program, P093259009

Date: 11/26/13

Purchase Order #:

Contract Supplement No.:

2

The City of Sacramento ("City") and Genuine Parts Company d.b.a. NAPA ("Contractor"), as parties to that certain contract awarded for the above Bid and designated as **City Contract Number** 2009-0851, including any prior contract supplements modifying the contract (the contract and contract supplements are hereafter collectively referred to as the "Contract"), hereby supplement and modify the Contract as follows:

1. The Contract is amended as follows:

To allow the City to purchase additional auto parts from Contractor on an as-needed basis as determined by the City, the not to exceed amount listed in section 1 of Exhibit B of the Contract is increased by \$3,930,000, for a new total not to exceed amount of \$24,980,000.

2. In consideration of the Contract amendment described in section 1, above, the maximum not-to-exceed amount that is specified in the Contract is increased by \$3,930,000, and the Contract's maximum not-to-exceed amount is amended as follows:

Contract's original not-to-exceed amount:	<u>\$21,050,000.00</u>
Net change by previous contract supplements:	<u>\$0.00</u>
Not-to-exceed amount prior to this contract supplement:	<u>\$21,050,000.00</u>
Increase by this contract supplement:	<u>\$3,930,000.00</u>
New not-to exceed amount including all contract supplements:	<u>\$24,980,000.00</u>

3. Contractor agrees that the compensation specified herein shall constitute full compensation for the Contract amendment specified in section 1, above, and shall fully compensate Contractor for any and all direct and indirect costs that may be incurred by Contractor in connection with such amendment, including costs associated with any changes and/or delays in work schedules or in the performance of other services or work by Contractor.

4. Contractor warrants and represents that the person or persons executing this contract supplement on behalf of Contractor has or have been duly authorized by Contractor to sign this contract supplement and bind Contractor to the terms hereof.

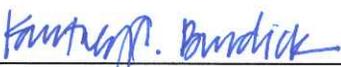
5. Except as specifically revised herein, all terms and conditions of the Contract shall remain in full force and effect, and Contractor shall perform all of the services, duties, obligations, and conditions required under the Contract, as supplemented and modified by this contract supplement.

Approval Recommended By:

Approved As To Form By:



Project Manager



City Attorney

Approved By:



Contractor

Attested To By:

Approved By:

City of Sacramento

City Clerk