



Legislation Text

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**REQUEST FOR CITY COUNCIL ACTION**

DATE: 07/07/2021

TO: Honorable Mayor and City Council Members

FROM: Maintenance Services Department

SUBJECT:

Authorize a Second Amendment to the Maintenance/General Services Agreement with Genuine Parts Company.

**EXECUTIVE SUMMARY:**

The City of Corona Fleet Services Division has used Genuine Parts Company (NAPA Auto Parts) to provide vendor-managed parts for Fleet since 2017. The original contract was awarded to Genuine Parts Company based on a cooperative bid conducted by Sourcewell (formerly National Joint Powers Alliance). The prior bid expired, and Sourcewell issued a new bid. Genuine Parts Company was one of the awardees for the Sourcewell bid. Staff is recommending a second amendment to the Genuine Parts Company agreement to extend the terms to be consistent with the new Sourcewell bid award.

**RECOMMENDED ACTION:**

**That the City Council:**

- a. Authorize the City Manager, or his designee, to execute the Second Amendment to the Maintenance/General Services Agreement with Genuine Parts Company (doing business as NAPA Auto Parts) for \$575,000 per year for the initial contract term ending December 29, 2024.
- b. Authorize the City Manager, or his designee, to negotiate and execute non-substantive extensions, change orders, and amendments up to 10% or \$57,500 as authorized in Corona Municipal Code Section [3.08.060\(J\)](#).
- c. Make a determination under Corona Municipal Code Section [3.08.140\(C\)](#) that competitive bidding has been satisfied for this purchase based upon the reasons provided in this agenda report.

- d. Authorize the Purchasing Manager to issue a purchase order to Genuine Parts Company (doing business as NAPA Auto Parts) for \$575,000 per year through December 29, 2024

### **BACKGROUND & HISTORY:**

The Maintenance Services Department operates the City's Fleet division and conducts maintenance and repair on City-owned vehicles. As part of this operation, the Fleet division maintained an inventory of automotive parts for use on various City vehicles. The maintenance of Fleet parts inventory, which included the ordering, receiving, and issuing of parts, was done by a Fleet employee. It was a cumbersome process. Staff looked at other options available to provide these services cost-effectively and more efficiently. On July 19, 2017, the City Council authorized an award of a Maintenance/General Services Agreement with Genuine Parts Company (doing business as NAPA Auto Parts) of Atlanta, GA, for \$575,000 per year through a competitive bidding process completed through the national bidding consortium Sourcewell (formerly National Joint Powers Alliance). Sourcewell's original contract expired July 21, 2020, but Sourcewell approved an amendment through July 21, 2021. On June 3, 2020, the City Council approved the First Amendment to the Maintenance/General Services Agreement with Genuine Parts Company to extend the contract through July 21, 2021.

NAPA Auto Parts has been providing parts ordering, receiving, and inventory management solutions to the City's Fleet division in a satisfactory manner since the award of the Maintenance/General Services Agreement. NAPA Auto Part's software, known as TAMS, syncs with the AssetWorks software that Fleet utilizes for vehicle life-cycle management, work orders, purchasing and parts inventory management, and to help streamline the parts and supplies ordering process. When conducting a repair or routine maintenance, the Fleet Technician requests parts through Assetworks, automatically sending the request to NAPA Auto Part's system. NAPA Auto Parts then issues the parts from their software, and they post as charges in the Assetworks software for the appropriate work order. NAPA Auto Parts can source parts nationwide as a national company and draw on resources from other NAPA Auto Parts stores to provide the product. Staff has worked closely with NAPA Auto Parts personnel to ensure appropriate parts are always on hand.

### **ANALYSIS:**

On September 17, 2020, Sourcewell issued Request for Proposals (RFP) #110520 for Fleet and Facility Related Vendor Managed Inventory and Logistics Management Solutions. Proposals were due November 5, 2020. On December 23, 2020, Sourcewell executed a contract with Genuine Parts Company (GPC), doing business as NAPA Integrated Business Solutions to provide vendor-managed inventory. The contract is valid through December 29, 2024. The City has an existing Maintenance/General Services Agreement (MGSA) with GPC and recommends executing a Second Amendment to extend the terms of the agreement through December 29, 2024, to be consistent with the Sourcewell contract. The terms of the original agreement are still valid under the new Sourcewell contract.

The City's agreement with GPC utilizes pricing Option 2A as outlined in Exhibit 2. Under this pricing option, the City receives pricing as follows:

- Goods are sold to the City at a 10% gross margin over NAPA's acquisition cost
- Operating expenses are billed to the City at actual cost with no markup
- NAPA's return is built into the price of the part, so no separate fee is billed

The City spends \$29,210 per month on parts and \$4,868 per month on the management fee.

#### BASIS FOR DETERMINATION OF COMPETITIVE BIDDING

Staff believes that competitive bidding has already been completed for this purchase pursuant to Corona Municipal Code ("CMC") Section [3.08.140\(C\)](#), which states as follows:

**"Competitive bidding already completed.** When the purchasing agent and the authorized contracting party, with the approval of the City Manager, determines that:

- (1) Another public agency has conducted a competitive bid procedure including, but not limited to, another local agency, the state through the California Multiple Award Schedule (CMAS), the federal government through the General Services Administration (GSA), the U.S. Communities Government Purchasing Alliance, or the Western States Contracting Alliance (WSCA); and
- (2) The price to the City is equal to or better than the price to that public agency."

Staff believes awarding this contract is in the City's best interest because the City receives competitive pricing consistent with Sourcewell's contract, and there would be no competitive advantage gained from conducting a bid in-house. NAPA's vendor-managed inventory system has been very successful for the City and eliminates the need for City staff to use time and resources to find and obtain necessary parts. Further, NAPA can leverage their nationwide buying power to obtain parts that are priced better than those available to the City because they are buying in much larger quantities. Additionally, the management fee is reasonable and covers the cost of the NAPA staff person managing the program. If the City were to hire a City-employee in such a position, the price would be double based on salary and benefits.

#### FINANCIAL IMPACT:

Funding for the recommended action is available in the Fiscal Year 2022 Maintenance Services' operating budget. Funding for future fiscal years will be requested through the budget process.

#### ENVIRONMENTAL ANALYSIS:

This action is categorically exempt pursuant to Section 15301 of the Guidelines for the California Environmental Quality Act (CEQA), which states that operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the CEQA determination is exempt from CEQA. This action consists of a contract award for the purchase of vehicle parts. Therefore, no environmental analysis is required.

**PREPARED BY:** KATIE HOCKETT, ASSISTANT GENERAL MANAGER

**REVIEWED BY:** TOM MOODY, GENERAL MANAGER

**Attachments:**

1. Exhibit 1: Genuine Parts Company MGSA Second Amendment
2. Exhibit 2: Sourcewell RFP 110520 and Addendum
3. Exhibit 3: GPC Sourcewell Contract 110520
4. Exhibit 4: GPC Sourcewell Pricing Information