

 Council Communication Office of the City Manager	Date	April 20, 2009
	Agenda Item No. 33 Roll Call No. <u>09-</u> Communication No. <u>09-234</u> Submitted by: Merrill Stanley, Deputy City Manager	

AGENDA HEADING:

Approving Short Term Renewal Addendum to Fleet Parts Procurement and Supply Contract with Genuine Parts Company d/b/a/ NAPA Auto Parts.

SYNOPSIS:

Recommend approval of short term renewal addendum to the contract for parts procurement and supply with Genuine Parts Company d/b/a/ NAPA Auto Parts (Lee Mayer, Vice President, Midwest Division, 2222 East Douglas, Des Moines, Iowa 50305). The existing contract will expire on April 24, 2009 and the three-year renewal option will not be approved. A 90 day extension to the existing contract has been negotiated with Genuine Parts Company to purchase and supply parts and to provide full time on-site staffing for the parts operation within the Fleet Services Division. During the extension time a Request for Proposals (RFP) will be issued and responses evaluated. An increase in parts purchase authority is also requested as a result of the contract extension and increased parts cost and usage.

FISCAL IMPACT:

Amount: Estimated \$1,250,000

Funding Source: Equipment Maintenance Center Fund, Fleet Service Parts, CMO011500, FY09 Operating Budget, page 88.

ADDITIONAL INFORMATION:

The initial contract was for a period of three years with a renewal provision for up to one three-year term. Staff has been negotiating the terms of a renewal agreement, but renewal proposals from Genuine Parts Company were not acceptable to staff. Therefore, the extension is necessary so that a new RFP may be issued and responses evaluated. During the initial three-year term of the contract, additional suppliers of similar services have stated their interest in participating in any future RFPs and providing their services to the City.

In addition to increased staffing costs, parts costs have risen during the last three years due to an aging fleet and reduced replacement funding. Also, overall cost increases associated with steel, steel components, consumables and maintaining a fully automated solid refuse collection fleet have resulted in an increase in the parts budget. Staff believes the combination of these factors makes the evaluation of contract pricing very difficult to accomplish without the presence of competing proposals. Rising costs, increased parts usage, and the contract extension also necessitate an increase in the spending authority for parts for the remainder of the extension period.

PREVIOUS COUNCIL ACTION(S):

Date: April 24, 2006

Roll Call Number: 06-853

Action: Proposal for the provision of On-site Fleet Services Part Procurement and Supply Services and approving contract with Genuine Parts Company, d/b/a NAPA Auto Parts. (Council Communication No. 06-215) Moved by Kiernan to approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Council action in July 2009 to award parts contract to successful proposer.

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