



Meeting Date: 12/12/2006

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input checked="" type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Dan Berlenbach, Fleet Services Manager Agenda Item No. 0-1
 Reviewed By: City Manager AMH City Attorney J. Finance SW Other (Specify) Public Works

DATE: December 7, 2006

TO: City Council

FROM: Michael Henderson, Deputy Public Works Director
Maintenance Services Branch, Public Works Department *MHA*

SUBJECT: Agreement for Purchase of Repair Parts and Tires for the City Vehicle Fleet

RECOMMENDATION

That City Council approve and authorize the Mayor to execute an agreement with Automotive Supply, a NAPA affiliated company, for the purchase of repair parts and tires for City vehicles and equipment in the approximate amount of \$950,000 annually for a period of three years.

DISCUSSION

The Fleet Services Division of the Public Works Department provides maintenance for the City's fleet of vehicles. Repair parts for fleet maintenance are currently purchased from over 90 vendors with all parts management performed by City mechanics. Staff initiated a Request for Proposals (RFP) to contract this function, freeing up mechanics and taking advantage of the City's large purchasing power to obtain lower prices. The current arrangement does not provide maximum cost savings nor does it best utilize the mechanics assigned to the division.

Three firms initially responded to the RFP, Warren Distributing Inc., Paso Robles Truck Center, and Automotive Supply (NAPA). Paso Robles later withdrew. Automotive Supply provided the best discounts, along with access to \$30 million of inventory in 65 distribution centers across the country. NAPA's experience was also a deciding factor, as it has been operating turnkey parts contracts since 1994 for 200+ different municipalities and agencies across the country. Based on experience, pricing and other benefits, staff's overwhelming choice was Automotive Supply.

Automotive Supply has been an Oxnard parts distributor for the past 22 years and will be cooperating with NAPA in this turnkey program. The company will provide a complete parts management service, stocked, staffed and located in the Fleet Services Division shop for easy mechanic access. NAPA will provide parts within one hour of demand 90% of the time; and within 24 hours, 96% of the time.

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A significant benefit of this initiative is relieving mechanics from parts management. This allows the division supervisors to redirect the equivalent of three personnel to maintenance, reducing repair wait times.

The additional costs of this program are offset by its savings. While there is an annual payment to NAPA for its staffing and costs, there are offsetting savings in parts costs that are generated by NAPA's bulk purchasing power. There are further savings due to improved warranty collection, reduced wrong parts, and sales tax returned to the City. Staff calculates the value of three additional mechanics and reduced labor for purchase order processing at \$245,261 per year; that is in addition to the savings listed below.

The costs and savings are broken down as follows:

- Annual NAPA Payment:	<117,540>
- Warranty savings:	28,480
- Wrong parts savings:	5,000
- Volume parts savings:	14,820
- Sales tax returned to Oxnard:	6,000
- Reduced mechanic overtime:	84,000

Total Savings: 20,760

We will perform an annual review to evaluate the overall success of this program, to include the vendor's performance.

FINANCIAL IMPACT

This is an internal service fund and the various departments are charged for the parts installed on the vehicles and equipment. There are sufficient funds in Fleet Services accounts 741-7501-853-8121 and -8233 and the various departments to cover this agreement and no additional appropriation is necessary. Staff anticipates that future appropriations will support this three-year agreement.

ATTACHMENTS

Attachment No. 1: Agreement No. A-6801, Agreement for On-Site Consulting Services

Note: Attachment #1 has been provided to City Council under separate cover. Copies for review are available at the Circulation Desk in the Library after 6:00 p.m. on Thursday prior to the Council meeting and in the City Clerk's Office after 8:00 a.m. on Friday prior to the Council meeting.