



Meeting Date: 5/15/2007

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input 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 ^{OSB} Agenda Item No. I-4
 Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other (Specify) - Public Works

DATE: May 1, 2007

TO: City Council

FROM: Michael Henderson, Deputy Public Works Director [Signature]
 Maintenance Services Branch, Public Works Department

SUBJECT: Amendment to Agreement (A-6801) for Purchase of Repair Parts and Tires for the City Vehicle Fleet

RECOMMENDATION

That City Council approve and authorize the Mayor to execute an amendment to the original agreement for purchase of repair parts and tires for the City's vehicle fleet, changing the agreement from Automotive Supply to Genuine Parts Company, the NAPA Automotive parent company for 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 an agreement with Automotive Supply, a local NAPA affiliate to contract this function, which City Council approved on Dec 12, 2006. The agreement took effect on Jan 1, 2007, however, Automotive Supply withdrew during the setup phase on Jan 24, 2007, citing financial concerns with the inventory investment required.

The original agreement allowed Automotive Supply to reassign the agreement to its NAPA parent (Genuine Parts Company) in the event they could not fulfill the agreement. Staff strongly recommends this reassignment, as Genuine Parts Company can provide the same level of service that Automotive Supply could, and as the parent to NAPA, is in an even better position to provide our automotive parts quickly and efficiently. There are no substantial changes to the original agreement other than the effective date and the transfer to Genuine Parts Company.

The benefits to this agreement are as compelling as they were originally. Mechanics are relieved from parts management, allowing the division supervisors to redirect the equivalent of three personnel to maintenance, reducing repair wait times. City responsibility for inventory investment and management is eliminated, and there are overall savings in parts costs.

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 reimbursement:	<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**

Staff 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, May 11, 2007, prior to the Council meeting.

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