



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: K-1314-134

File ID: K-1314-134

Type: Contract

Status: Consent Item

Version: 1

Reference: Item No. 17

In Control: City Council

Department: Public Works
Department

Cost:

File Created: 03/25/2014

File Name: Contract No. K-1314-134 with NAP/IBS for Vehicle
and Equipment Parts Management and Supply
Services

Final Action:

Title: CONSIDERATION OF ACCEPTANCE OF REQUEST FOR PROPOSAL NO. RFP-1314-47 FROM NAPA AUTO PARTS/INTEGRATED BUSINESS SOLUTIONS (NAPA/IBS) TO PROVIDE VEHICLE AND EQUIPMENT PARTS MANAGEMENT AND SUPPLY SERVICES AND APPROVAL OF CONTRACT NO. K-1314-134.

Notes: ACTION NEEDED: Motion to accept or reject Request for Proposal No. RFP-1314-47 with NAPA/IBS to provide vehicle and equipment parts management and supply services for the Fleet Division; and, if accepted, approve Contract No. K-1314-134, authorize the execution thereof; and transfer \$37,650 from Fleet Full Time Salaries (010-5071-435.20-01) designating \$36,750 to Business Services/Parts Room Operations (010-5071-435.41-38) and \$900 to Miscellaneous Services/Express and Freight (010-5073-435.47-02).

ACTION TAKEN: _____

Agenda Date: 04/08/2014

Agenda Number: 17

Attachments: K-1314-134.pdf, Vehicle Parts Management &
Supply.pdf, RFP Parts Management.pdf

Project Manager: Mike White, Fleet Superintendent

Entered by: sharon.hamilton@normanok.gov

Effective Date:

History of Legislative File

| Ver- sion: | Acting Body: | Date: | Action: | Sent To: | Due Date: | Return Date: | Result: |
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Text of Legislative File K-1314-134

body

BACKGROUND: In 2013, the City of Norman contracted with Mercury Associates, Inc. to conduct a Review of the City's Fleet Management and Maintenance Practices. Mercury identified deficiencies in the City's in-house parts operation. Mercury recommended the City explore the possibility of outsourcing the parts operation. The City's parts room employee resigned in January 2014 which has resulted in further operational challenges in the parts room.

City staff issued a Request for Proposal on February 12, 2014, for Vehicle and Equipment Parts Management and Supply Services.

DISCUSSION: The RFP was sent on February 12, 2014 to six vendors, two of which responded, NAPA/IBS of Oklahoma City and O'Reilly Auto Parts of Oklahoma City. The Selection Committee, comprised of Shawn O'Leary, Director of Public Works; Anthony Francisco, Director of Finance; Mike White, Fleet Superintendent; and Sharon Hamilton, Fleet Administrative Technician III, selected NAPA/IBS on a qualifications-based rating system. NAPA/IBS was found to have superior expertise, availability of parts and excellent references from the City of Oklahoma City, the City of Edmond, the City of Midwest City and the University of Oklahoma.

NAPA/Integrated Business Solutions has approximately 300 similar contracts nationally with both private and municipal entities. Several cities and agencies within Oklahoma and the metropolitan area have already converted to this method with NAPA/IBS including: City of Oklahoma City, City of Midwest City, City of Enid, City of Edmond and the University of Oklahoma.

If approved, NAPA/IBS will charge cost plus 10% on all NAPA parts and all non-NAPA parts issued to the City of Norman, and will bill all operational costs separately on a monthly basis.

NAPA/IBS has offered several performance guarantees that will greatly benefit the City's efficiency in repairing vehicles and equipment. NAPA/IBS will provide personnel, management, parts and supplies to run on-site parts management during regular hours, emergencies and holidays. NAPA/IBS will provide 90% of parts requirements on hand and 95% parts requirements within two hours of demand. NAPA/IBS has offered a Hot Shot Parts Courier Service, using a NAPA vehicle to deliver all non-NAPA products at local suppliers that may not offer delivery service to the City of Norman. This will add to the availability of non-stocked parts.

Projected annual savings the first year by having NAPA/IBS for in-house parts management is estimated to be \$160,500. Direct annual savings projected for years two and three is estimated to be \$21,000.

There are a number of indirect benefits of this proposed contract to the City of Norman as follows:

- Improves efficiency and productivity of the City's fleet repair technicians .
- Improves fleet availability and overall parts costs.
- Eliminates storeroom inventory and management by City staff.
- Eliminates costs of owning inventory.
- Streamlines accounts payable with fewer purchase orders and back orders.
- NAPA/IBS pays non-NAPA vendors directly.
- NAPA/IBS uses NAPA staff in the parts room, eliminating one full-time city position.

The proposed contract has a term of one (1) year and may be renewed for an additional two (2) years if NAPA/IBS is performing to the City's satisfaction. The contract can be terminated at any time with 30 days written notice by either party. Funds for this contract are available in Parts Room Operations (\$36,750; account 010-5071-435.41-18) and Parts Room Operations (\$900; account 010-5071-435.41-28).

Due to personnel changes, the remaining balance from the vacant Parts Technician in FYE 2014 Salary Account No. 010-5071-435.20-01 in the amount of \$36,750 is proposed to be transferred into the Parts Room Operations Account No. 010-5071-435.41-28 to cover expenditures through the remainder of the fiscal year.

An additional \$900 is proposed to be transferred from the Salary Account No. 010-5071-435.20-01 and put into the Parts Operation Freight Account No. 010-5073-435.47-02 for the Hot Shot parts courier service provided by NAPA/IBS for all non-NAPA products at local suppliers.

RECOMMENDATION: It is recommended that City Council approve Contract No. K-1314-134 and transfer funds as outlined above.