



## Legislation Details (With Text)

**File #:** K-2021-101    **Version:** 1    **Name:** Contract with NAP/IBS for Vehicle and Equip Parts Management and Supply Services

**Type:** Contract    **Status:** Passed

**File created:** 3/4/2021    **In control:** City Council

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**Title:** CONSIDERATION OF ACCEPTANCE OF REQUEST FOR PROPOSAL RFP-2021-41 FROM NAPA AUTO PARTS/INTEGRATED BUSINESS SOLUTIONS (NAPA/IBS) TO PROVIDE VEHICLE AND EQUIPMENT PARTS MANAGEMENT AND SUPPLY SERVICES AND APPROVAL OF CONTRACT K-2021-101.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. City Council Staff Report, 2. Signed Contract 3-3-21.pdf, 3. City of Norman Benefits Summary.pdf, 4. Parts Cost Proposal Difference.pdf

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3/23/2021	1	City Council		

CONSIDERATION OF ACCEPTANCE OF REQUEST FOR PROPOSAL RFP-2021-41 FROM NAPA AUTO PARTS/INTEGRATED BUSINESS SOLUTIONS (NAPA/IBS) TO PROVIDE VEHICLE AND EQUIPMENT PARTS MANAGEMENT AND SUPPLY SERVICES AND APPROVAL OF CONTRACT K-2021-101.

**BACKGROUND:** On April 8, 2014, City Council approved the first Contract with NAPA Integrated Business Solutions (NAPA/IBS) to provide an in-house parts management service for the City's diverse fleet of vehicles. NAPA/IBS has continued to supply parts to the City of Norman through a Request for Proposal (RFP) process every few years and continues out-ranking similar parts suppliers. After seven (7) years of operation, NAPA/IBS continues to provide a cost saving solution for the fleet by providing a full service parts department dedicated to the City of Norman Public Works Fleet Division. The City's fleet of vehicles consists of 926 vehicles and pieces of equipment. This wide variety of equipment includes heavy-duty trucks, street sweepers, tractors, refuse trucks, light duty cars and trucks, police, fire and transit vehicles. NAPA/IBS maintains over \$750,000 in current parts inventory. NAPA/IBS adds and replaces inventory on a regular basis. Over the last four (4) years, NAPA/IBS passed on Indirect Savings of \$128,000 in Operational Cost Improvement and \$74,757 in Inventory Ownership Savings. They have also passed on Direct Savings of \$69,873 in Parts Cost Improvements, \$94,535 in Manufacture Rebates and Discounts, \$197,561 Acquisition of Inventory (transfer of University of Oklahoma inventory to City of Norman NAPA inventory), and \$74,757 in Inventory Ownership Savings. NAPA/IBS has reduced the City's parts cost by \$139,543 over the term of the last contract period by identifying and providing acceptable aftermarket part options. The City has realized an actual savings of \$639,483 due to NAPA/IBS's ability to buy with national contract pricing, manufacturer's discounts, and rebates earned by NAPA/IBS which is passed on through the management billing in the last four (4) years.

City staff issued a Request for Proposal (RFP) on February 8, 2021, for Vehicle and Equipment Parts Management and Supply Services for a new 5-year contract for parts management services.

**DISCUSSION:** The RFP was sent to four (4) vendors, two of which responded: NAPA/IBS of Oklahoma City, Oklahoma and MANCON, LLC of Virginia Beach, VA. The Selection Committee was comprised of, Mike White, Fleet Superintendent, Fleet Supervisors, Mark Delgado, Brian Churchwell, Bill Nance and Taylor Johnson, Public Transit Coordinator. The Committee selected NAPA/IBS on a qualifications-based rating system. NAPA/IBS was found to have superior experience, better availability of needed repair parts, and was more technologically advanced than the other in-house parts supplier.

NAPA/IBS has approximately 400 similar contracts nationally and over 28 years of experience with both private and municipal entities. Several cities and agencies in Oklahoma and the metropolitan area have converted to in-house integrated parts suppliers including The University of Oklahoma and the City of Oklahoma City.

If approved, NAPA/IBS will charge cost-plus 10% gross margin on all parts and 5% gross margin on tires, aftermarket parts and large tickets items over \$2,499 issued to the City of Norman, and will bill all operational costs separately on a monthly basis at actual cost. NAPA currently provides a Total Turn-Key Operation to the City of Norman. NAPA/IBS will continue to provide the personnel/management staff to service City departments. NAPA/IBS owns all existing inventory and only charges the city for requested parts.

NAPA/IBS will provide 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 service during regular hours, emergencies and holidays. NAPA/IBS will provide 90% of parts requirements on hand, 98% preventive maintenance (PM) parts on hand and 85% parts requirements within two (2) hours of demand. If approved, in-house NAPA/IBS staff will "hot shot" parts from OKC and the surrounding metropolitan area for emergency repairs utilizing a City of Norman fleet vehicle.

NAPA/IBS has offered a Hot Shot Parts Courier Service, using either a City vehicle or a leased NAPA/IBS vehicle to deliver all non-NAPA products at local suppliers that may not offer delivery service to the City of Norman. The selection team has evaluated the cost and viability of both options (City-owned vehicle versus NAPA/IBS-owned vehicle) and has elected to use a City vehicle as it is the most cost effective. NAPA/IBS personnel will be the exclusive staff allowed to use the provided assigned City vehicle to deliver parts.

If approved, there will be a continuance of indirect benefits of this contract to the City of Norman as follows:

- \* Improve efficiency and productivity of the City's fleet repair technicians
- \* Improve fleet availability and overall parts cost
- \* Streamlines accounts payable with fewer purchase orders
- \* City of Norman no longer has to manage obsolete inventory
- \* NAPA/IBS will provide cost comparison options for all parts over \$500
- \* NAPA/IBS has national pricing agreements resulting in lower repair cost for City vehicles
- \* NAPA/IBS owns and operates all parts. The City only pays for parts as they are used
- \* NAPA/IBS will provide 40 hours annually of automotive/heavy truck training in-house

The proposed contract has a term of one (1) year and may be renewed for an additional four (4) years if NAPA/IBS is performing to the City's satisfaction. The contract can be terminated at any time with a 30-day written notice by either party.

If approved, staff estimates an annual cost savings to the City of \$150,000 or more over the cost of operating a City Parts Shop. Despite the City's aging fleet, staff anticipates the FYE 2022 Parts budget to be \$94,191 or 7.03% less than the FYE 2021 budget.

**RECOMMENDATION:** It is recommended that City Council approve Contract K-2021-101.