



BOARD OF COUNTY COMMISSIONERS

DATE: November 18, 2014
AGENDA ITEM NO. 27

Consent Agenda

Regular Agenda

Public Hearing

 County Administrator's Signature

Subject:

Purchase Authorization – Vehicle and Equipment Parts Management System
Contract No. 134-0296-PB(PF)

Department:

Real Estate Management / Purchasing

Staff Member Responsible:

Paul Sacco / Joe Lauro

Recommended Action:

I RECOMMEND THE BOARD OF COUNTY COMMISSIONERS (BOARD) APPROVE THE PURCHASE AUTHORIZATION FOR A VEHICLE AND EQUIPMENT PARTS MANAGEMENT SYSTEM FROM GENUINE PARTS COMPANY D/B/A NATIONAL AUTOMOTIVE PARTS ASSOCIATION (NAPA), ATLANTA, GEORGIA. PRICING, TERMS AND CONDITIONS ARE PER NATIONAL JOINT POWERS ALLIANCE (NJPA) CONTRACT NO. 010511-GBC.

IT IS FURTHER RECOMMENDED THE CHAIRMAN SIGN THE AGREEMENT AND THE CLERK ATTEST.

Summary Explanation/Background:

The Fleet Management Division of the Real Estate Management Department is requesting Board consideration for approval of this purchase authorization for the purpose of obtaining a parts, services and inventory management system from NAPA. More specifically, the NAPA Integrated Business Solutions (IBS) program is an outsourcing of the Fleet Management Division parts inventory operation which will create efficiencies at many levels. The utilization of NAPA as primary parts supplier will significantly reduce the number of contracts necessary to acquire parts to perform fleet operations; twenty-three current contracts will be reduced to one contract with NAPA. This service will reduce transactional time for parts ordering which will, in turn, improve Fleet Management staff productivity. It is anticipated there will be a reduction of cost allocations from the Purchasing Department and from the Clerk's Finance Division as fewer contracts will be required and fewer invoices will be generated for payment.

This Initiative was recommended in Fleet Management's performance audit conducted by the consulting firm of Mercury and Associates (Mercury) during Fiscal Year 2012. Mercury recommended the outsourcing of parts as an efficiency measure to reduce transactional costs, improve Fleet Management productivity, minimize the potential of inventory shrinkage and to improve the overall quality of the automotive part acquisition process. The outsourcing of governmental fleet parts operations is a growing trend nationwide due to the efficiencies realized through this solution. Locally, the City of St. Petersburg, Hillsborough and Polk Counties have outsourced their parts functions to NAPA with documented success.

From an operational perspective, NAPA will operate and manage a parts inventory for the Fleet Management Division main garage and four sub-shops. NAPA will provide an entire inventory management system including personnel, will deliver parts to the County sub-shops and be totally responsible for all inventory housed at Fleet Management. The County will pay all of NAPA's annual operating costs for the parts inventory operation, and will pay a ten percent (10%) management fee on all parts billed to the County.

In addition, NAPA will purchase all current useable, saleable Fleet Management inventory that has had usage in the past twelve months. This outsourcing initiative will affect the reallocation of one current Fleet Management employee to another function of Fleet Management and the elimination of two temporary positions (one full-time and one part-time).

Per a review initiated by the Office of Management and Budget and Fleet Management, the implementation of the NAPA managed IBS program has the potential to save or reduce transactional costs annually by \$74,803 due to:

- Elimination of two temporary positions
- Reduction in cost allocation due to elimination of contracts and invoices
- Inventory carry charges

This contract was competitively procured through the NJPA, a public agency serving as a national municipal contracting organization established under statute by the State of Minnesota. Pricing, terms and conditions of this purchase authorization are based on NJPA contract 010511-GBC awarded February 24, 2011. The initial term of this contract is twenty-four (24) months with provision for three (3) twelve (12) month renewals.

Fiscal Impact/Cost/Revenue Summary:

TOTAL ANNUAL ESTIMATED EXPENDITURE NOT TO EXCEED: \$1,300,000.00

Funding is budgeted in Fleet Management's operating expenses.

Exhibits/Attachments:

Agreement