

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

Meeting Date: November 1, 2016 [X] Consent [] Regular
[] Ordinance [] Public Hearing
Departments: Facilities Development & Operations
Fire Rescue
Purchasing

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to

- A. Approve the First Restated Vehicle and Equipment Parts Management and Supply Agreement (“Agreement”) with Genuine Parts Company d/b/a NAPA (NAPA) for onsite integrated inventory management services for Facilities Development & Operations /Fleet Management Division (FDO/Fleet)and Fire Rescue Support Services (“Fire Rescue”) at an estimated annual cost of \$4,479,600 for FY 17; and
- B. Authorize the Director of Purchasing to execute the Agreement on behalf of the Board.

Summary: NAPA has been providing on-site integrated inventory management services to FDO/Fleet since 2012 (R2012-1322) and then via a new agreement executed in 2015 (R2015-1788). This Agreement replaces and restates the terms of R2015-1788 as they apply to FDO/Fleet and adds in similar services for Fire Rescue which has determined it is in its best interest to out-source this function. This Agreement sets forth: 1) the general terms and conditions which apply to both FDO/Fleet and Fire Rescue to provide comprehensive in-house store automotive parts functions including the provision of all materials, equipment, parts and supplies required for operation and maintenance with no less than an eighty percent (80%) in-stock availability for all parts requested; and 2) creates unique attachments for the services which are specific to each fleet. The Agreement provides that the County will pay NAPA: (i) 10% above both NAPA Product Costs and Non-NAPA Product Costs; and (ii) for operational costs that were included within the annual budget approved by the County during its normal budget process. NAPA will provide on-going review and adjustment of inventory, access to automotive and heavy-duty replacement parts and delivery of non-stocked parts. The inventory will include NAPA Products as well as Non-NAPA Products, based on FDO/Fleet and Fire Rescue’s individual requirements. The Agreement contains local preference language for all Non-NAPA products purchased. NAPA is to provide services to Fire Rescue in two (2) phases: (i) the Start-Up Phase, which will commence upon BCC approval of the Agreement and continue through December 31, 2016; and (ii) the Operational Phase, which will commence on January 1, 2017 and continue through July 21, 2019 (the term is the same for FDO/Fleet providing all Operational Phase services). The Agreement will automatically renew for one additional year, unless either party notifies the other of its intent not to renew at least 60 days prior to the expiration of the initial term. This Agreement is made in accordance with the Palm Beach County Purchasing Code, which authorizes the County to purchase supplies from a competitively bid proposal or contract secured by another governmental entity or government-related association, in this case the National Joint Powers Alliance Contract No. 010511-GPC. There is no Small Business Enterprise (SBE) participation in this Agreement.(FDO/Fleet/Purchasing)
Countywide (LDC)

Background &Justification:

Background and Policy Issues begin on Page 3

Attachments:

First Restated Agreement – Vehicle and Equipment Parts Management and Supply

Recommended by: Annmy Wolf 10/12/16
Department Director Date
J.P. [Signature] 10/12/2016
Department Director Date
Approved by: [Signature] 10-28-16
Deputy County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2017	2018	2019	2020	2021
Capital Expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating Costs	<u>1,595,347</u>	<u>2,127,129</u>	<u>1,772,608</u>	<u>-0-</u>	<u>-0-</u>
External Revenues	<u>(533,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Program Income (County)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
In-Kind Match (County)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
NET FISCAL IMPACT	<u>1,062,347</u>	<u>2,127,129</u>	<u>1,772,608</u>	<u>-0-</u>	<u>-0-</u>

ADDITIONAL FTE
POSITIONS (Cumulative)

Is Item Included in Current Budget? Yes No

	FY 17	Notes
FDO/Fleet	\$ 2,884,252.74	12 Month Period
Fire Rescue	\$ 1,595,347.20	9 Month Period
	\$ 4,479,599.94	

Budget Account Nos:

FDO/Fleet - Fund 5000 Department 410 Unit 7220 Object Various
 Fire Rescue - Fund 1300 Department 440 Unit 4211 Object Various

Reporting Category

B. Recommended Sources of Funds/Summary of Fiscal Impact:

FDO/Fleet is an Internal Service Fund and this Agreement is fully funded from revenue received from Fleets customers. Fire Rescue is a Special Revenue Fund and this Agreement is funded by Ad Valorem Taxes and User Fees. Fire Rescue anticipates expenditures for the 9-month period to be approximately \$1,595,347.20. In addition, NAPA will compensate the County, specifically, Fire Rescue, for the "buy-out" of the County's existing inventory after performing a detailed audit. After accounting for the reduced inventory purchases over the last four months and parts which cannot be integrated into NAPA's general inventory, it is estimated that approximately \$533,000 will be received as a one-time buy-out of a portion of the parts inventory. Parts currently in Fire Rescue's inventory which cannot be purchased by NAPA will be maintained in a separate area to be managed by Fire Rescue until such time that they are depleted.

C. Departmental Fiscal Review: *in agreement*

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Development & Control Comments

OFMB

Contract Dev. and Control *ET 10/20 @ 10/24*

Jana Lee

Don J. Jacobson
10/22/16
10/27/16

B. Legal Sufficiency:

J. W. Coffey
10/28/16

Assistant County Attorney

C. Other Department Review:

Katherine M. Scavett

Department Director, Purchasing

Background & Justification (Cont'd)

This Agreement is made in accordance with the Palm Beach County Purchasing Code, which authorizes the County to purchase supplies from a competitively bid proposal or contract secured by another governmental entity or government-related association, in this case the National Joint Powers Alliance (NJPA) Contract No. 010511-GPC. The County chose this contract to piggyback due to its favorable terms. Without impacting the competitive aspects of the NJPA Contract, the Agreement has several sections that required customization for the County. For example, the Agreement provides NAPA with a revocable: (i) non-exclusive license to conduct its services on the County's real property and at the Outlying Facilities; and (ii) exclusive license to conduct its services in the stockrooms located in the County's Facilities.

This First Restated Agreement, between the County and Genuine Parts Company, a Georgia corporation qualified to do business in the State of Florida, Federal Employer ID Number 58-0254510 renews and restates the Vehicle and Equipment Parts Management and Supply Agreement (R-2015-1788) used by FDO/Fleet. Fire Rescue sought to outsource its vehicle parts and inventory management services for maintenance and operation of their Fleet.

By outsourcing Fire Rescue's automotive parts function, not only will Fire Rescue eliminate responsibility for excess inventory and parts obsolescence, Fire Rescue will increase the quality of service/performance by dramatically reducing procurement and transaction management activities. Quality of service/performance will increase as a result of a higher first time fill rate (percentage of time that a Technician can receive a parts order on first trip to the parts counter). This decreases equipment downtime and increases the productivity of the Technicians. Fire Rescue also tracks Technician productivity, vehicle downtime, and percent of schedule repairs versus non-schedule repairs. These performance indicators will also be used to track improvements related to services provided by the Division pre and post implementation of the NAPA contract.

NAPA is to provide services in two phases for Fire Rescue's Fleet: (i) the Start-Up Phase, which will commence upon Board approval of the Agreement and continue through December 31, 2016; and (ii) the Full-Services Phase, which will commence on January 1, 2017 and continue through the term of the Agreement. The term of the Agreement will commence upon approval by the Board and will continue through July 21, 2019. The Agreement will automatically renew for one (1) additional year, unless either party notifies the other of its intent not to renew at least sixty (60) days prior to the expiration of the initial term.

The Agreement provides that the County will pay NAPA: (i) 10% above both NAPA Product Costs and Non-NAPA Product Costs; and (ii) for operational costs that were included within the annual budget approved by the County during its normal budget process. NAPA has guaranteed parts pricing for: (i) Non-NAPA Products at the price paid by NAPA to the vendor for such product; and (ii) NAPA Products at the price NAPA charges for such products sold to NAPA stores in which NAPA does not have an ownership interest, less any manufacturer rebates.

Any additional services requested by the County must be formalized in a written modification to this Agreement except that without invalidating the Agreement, the County, through its Director of Purchasing, reserves the right to issue increases or decreases to the authorized expenditure; provided that, increases of more than ten percent (10%) which reach or exceed two hundred thousand dollars (\$200,000) per annum must be approved by the Board. After a Board approval of an increased authorized expenditure amount, the Director of Purchasing may authorize increases of up to ten percent (10%) of the increased authorized expenditure amount.

Currently, there are no SBE vendors participating in any Fire Rescue parts contracts. The following is the overall breakdown of Fire Rescue's current contracts.

Table 1

	Number of Contracts	Number of Awards ^a	Number of Companies Participating ^b	Local Companies	Non-Local Companies	Volume Fire Rescue ^c
Sole Source	11	11	11	1	10	\$711,365.00
Proprietary	23	24	24	3	21	\$344,286.00
Sub-Total	34	35	35	4	31	\$1,055,651.00
Open	9	12	8	6	2	\$331,857.72
Total	43	47	43	10	33	\$1,387,508.72

a This number represents the number of awards against the contracts.

b This number is the number of companies participating but differs from the number of vendors in Table 2 as several companies participate in multiple contracts.

c Dollar Volume represents Fire Rescue FY16 usage as of September 23, 2016.

Background & Justification (Cont'd)

Sole source contracts are contracts where there is only one part that meets the County need and that part is available through only one source. Proprietary contracts are contracts where there is only one part that meets the County need but the part can be obtained through more than one vendor. The Agreement collectively refers to these two categories of contracts as “non-NAPA” Parts. This means that effectively there should be no/minimal loss of work to vendors currently participating in contracts in these two categories.

Open contracts are contracts where there is more than one part which meet the specification. This Agreement may replace Fire Rescue participation of \$331,857.72 with NAPA brands parts and are the contracts/vendors which are directly impacted by this Agreement. The following table breaks down the impact to Fire Rescue’s open contracts/vendors.

Table 2
Contract Part Purchases (Fire Rescue)

Contract Type/Description	Total Number of Vendors	Local Vendor	Local Vendor Annual Volume	Non-Local Vendor	Non-Local Vendor Annual Volume
Parts - Auto Aftermarket	3	3	\$48,102.52	0	\$0
Brake & Suspension Parts	1	1	\$53,501.18	0	\$0
Motor Oil, Lubricants & Fluids	2	1	\$40,917.55	1	\$3,981.14
Fluids & ATF	1	0	\$12,795.70	1	\$7,026.00
Hoses & Fittings, Fluid, Power & Transfer	1	1	\$19,128.14	0	\$0
Batteries- Auto/Marine/Utility	1	1	\$55,163.99	0	\$0
Parts – Trailers	1	1	\$372.12	0	\$0
Parts, Trucks, Heavy Duty, Aftermarket	1	1	\$29,266.20	0	\$0
Parts, Brake & Suspension, Truck Heavy Duty	1	1	\$61,603.18	0	\$0
Total	12	10	\$320,850.58	2	\$11,007.14

The Agreement requires NAPA to award to a Palm Beach County vendor providing that the Local Vendor can meet all product specifications (including timeliness of delivery) and costs do not exceed 5% of the price by which NAPA can obtain the part meeting identical specifications (including timeliness of delivery) from a non-Local Vendor. This local preference applies to NAPA and non-NAPA parts.