

# City of Sacramento

## Legislation Details (With Text)

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**File #:** 2020-00607    **Version:** 1    **Name:**

**Type:** Consent Item    **Status:** Agenda Ready

**File created:** 5/15/2020    **In control:** City Council - 2PM

**On agenda:** 6/30/2020    **Final action:** 12/31/2023

**Title:** Purchase of Parts and Establishment of Inventory Program for Facilities Maintenance [Published for 10-Day Review 06/19/2020]

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
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**Title:**  
**Purchase of Parts and Establishment of Inventory Program for Facilities Maintenance**  
**[Published for 10-Day Review 06/19/2020]**

File ID: 2020-00607

**Location:** Citywide

**Recommendation:**

Pass a Motion: 1) authorizing use of the Sourcewell Cooperative Purchase Agreement Number 121218-GPC with Genuine Parts Company dba NAPA Auto Parts for Facility MRO (Maintenance, Repair & Operations), Inventory Management Services for the Facility Maintenance Supply Parts and Inventory Program to satisfy the competitive selection requirements; 2) awarding a five-year contract to Genuine Parts Company dba NAPA Auto Parts for the Facility Maintenance Supply Parts and Inventory Program in an amount not to exceed \$7,000,000; 3) authorizing the City Manager or the City Manager's designee to execute the contract specified above provided sufficient funds are available in the budget adopted for the applicable fiscal year.

**Contact:** Norm Colby, Facilities Superintendent (916) 808-8335; Matt Winkler, Program Specialist (916) 808-5579; James Christensen, Facilities Manager, (916) 808-5863, Department of Public Works

**Presenter:** None

**Attachments:**

- 1-Description/Analysis
- 2-Contract

## Description/Analysis

**Issue Detail:** The Facilities and Real Property Management Division currently utilizes the Integrated Business Solutions (IBS) program provided by the Genuine Parts Company dba NAPA Auto Parts (NAPA) to purchase parts for maintenance and repair of City facilities. The City entered into a contract with NAPA on June 25, 2015 (Contract #2015-0933) for \$3,500,000 for a five-year term. The \$3,500,000 was expended within the first three years, so the contract not to exceed amount was increased to \$5,717,000 through two contract supplements.

The services and supplies that NAPA currently provides to the Facilities and Real Property Management Division has improved the turnaround time for procurement of parts and supplies and productivity for the Division. The existing contract with NAPA expires on June 24, 2020. City staff desires to continue purchasing maintenance parts from NAPA for another five years given the prior success with such relationship.

Accordingly, staff is proposing a new contract with NAPA that will continue the IBS program for an additional five years. Such contract will provide a simplified and streamlined parts procurement process, improved control and management of inventory, and detailed information for parts and supplies purchased to maintain City facilities. In addition, a comprehensive inventory program will be implemented in the coming months. NAPA will provide a fully secured on-site Parts Store with inventory for parts and supplies for the Facility Maintenance staff. NAPA will staff the Parts Store and provide security measures, utilize an inventory control system, centralize and consolidate parts, and provide faster and more accurate fulfillment of parts and supplies.

The NAPA program will ensure that all facilities parts and supplies will be recorded against work orders, thereby documenting each item purchased, its cost, and the facility where it was used. All inventory in the on-site Parts Store will be owned by NAPA until purchased for use by the City. If the City chooses at any point to terminate the contract or if the contract expires, the City will be responsible for purchasing all new and usable non-NAPA branded stock in the Parts Store up to a specified maximum dollar amount that the City and NAPA will later agree upon.

The comprehensive parts and inventory program with NAPA is advantageous to the City because:

- 1) Creating operational efficiencies. When the Parts Store is implemented, City Facilities staff headquartered in the south area corporation yard will be able to obtain the majority of the parts and supplies needed from the onsite NAPA Parts Store eliminating the need for City staff to drive to multiple vendors for parts and supplies, thereby saving time and money.
- 2) Reducing parts and supplies cost. Once the parts and supplies used by City staff are

sufficiently documented, NAPA will be able to negotiate better pricing with vendors through bulk purchasing.

- 3) Transferring the financial risk of inventory management and control from the City to NAPA. All inventory in the on-site Parts Store will be owned by NAPA until purchased for use by the City. The Division will be responsible for only a small inventory of commonly used parts and supplies that are typically used very quickly.
- 4) Providing improved reporting and asset management by recording in the work order management system all parts and supplies used.
- 5) Streamlining the procurement and accounts payable processes by eliminating the multitude of “blanket” purchase orders currently used and significantly reducing the number of invoices processed.

The IBS program has been successful and beneficial to the City. Without the program in place, additional staffing levels would be required to keep the same standard of customer service and response time demanded of the Facilities and Real Property Management Division. It would require a significant amount of additional staff time to establish and manage contracts, purchase orders, and approve and pay invoices.

**Policy Considerations:** The recommendations in this report are consistent with City Code Chapter 3.56 regarding nonprofessional services contract; City Code section 4.04.020(C) which requires that, unless waived by a two-thirds vote of the City Council, all agreements greater than \$1,000,000 must be posted on the City’s website and made available to the public at least 10 days prior to City Council action; City Code section 3.56.240 regarding cooperative purchasing agreements; and the City’s policies and goals of using innovation and technology to improve accountability and efficiencies in City services. This item was published for 10-day review on June 19, 2020 as required.

**Economic Impacts:** None

**Environmental Considerations: California Environmental Quality Act (CEQA):** The recommendations in this report do not constitute a project under CEQA because they involve the ongoing purchase of supplies and thus constitute continuing administrative activities under Section 15378(b)(2) of the CEQA Guidelines.

**Sustainability:** Not applicable

**Commission/Committee Action:** None

**Rationale for Recommendation:** After reviewing the available purchasing options with the least impact to City operations, the Facilities and Real Property Management Division proposes use of the

Sourcewell Cooperative Purchase Agreement Number 121218-GPC with Genuine Parts Company dba NAPA Auto Parts for Facility MRO (Maintenance, Repair & Operations), industrial and building supplies with related equipment, accessories, supplies and services, to satisfy the competitive bidding requirements for the new NAPA contract. Use of the Sourcewell cooperative purchase agreement to continue NAPA's comprehensive parts and inventory program is advantageous to the City for the reasons enumerated above. Additionally, the Sourcewell contract was competitively bid and Sourcewell receives greater discounts from NAPA due to a higher purchase volume than the City would receive if issuing its own bid.

In an ongoing effort to maximize cost savings and staff resources, many government agencies share contracting efforts through cooperative purchasing. This procurement method increases pricing competitiveness and lowers operating costs through volume buying. When comparing the administrative costs of procurement, staff considers product research, source selection, specifications, advertising, staff reports, awarding, protest, and administration of the contract. The City has used both regional and national cooperative purchase agreements in the past to complement its own contracting initiatives. Cooperative purchasing enables City departments to evaluate a broader range of contracting opportunities and to share resources with other jurisdictions. Cooperative purchasing also leverages internal and external resources to maximize cost savings opportunities for the City.

Awarding the recommended contract to NAPA will continue to provide the Facilities and Real Property Management Division with the means to improve its part and inventory program for maintenance and repair of City facilities.

**Financial Considerations:** The yearly average spent on parts and supplies for Contract #2015-0933 with NAPA was about \$1,150,000 per year. The new proposed contract with NAPA has a not-to-exceed amount of \$7,000,000 over the next five years and is based on an initial first year expenditure for parts and supplies of \$1,150,000 and a 10% escalator for each of the next four years.

Sufficient funding is available in the Department of Public Works Fiscal Year 2020/21 Operating Budget (General Fund, Fund 1001) for purchases made through June 30, 2021. Purchases made after June 30, 2021, are subject to funding availability in the adopted budget of the applicable fiscal year.

**Local Business Enterprise (LBE):** Genuine Parts Company dba NAPA Auto Parts is an LBE.