



City of Palo Alto

City Council Staff Report

(ID # 11263)

Report Type: Consent Calendar

Meeting Date: 6/15/2020

Summary Title: Amendment No. Two to Multi-Year Contract With Genuine Parts Company

Title: Approval of Amendment Number 2 to Contract Number C17165394 with Genuine Parts Company, dba Napa Auto Parts, to Increase the Contract by \$781,013 to an Amount Not-to-Exceed \$3,777,087, and Extend the Term Through July 21, 2021

From: City Manager

Lead Department: Public Works

Recommendation

Staff recommends that Council approve and authorize the City Manager or his designee to execute contract Amendment No. 2 (Attachment A) to Contract No. C17165394 with Genuine Parts Company ("NAPA") to increase the compensation by \$781,013 for continued services and the further purchase of parts and related supplies for vehicle and equipment maintenance and repairs, and to extend the term through July 21, 2021. The revised total contract amount is not to exceed \$3,777,087.

Background

In August 2016, fleet staff contracted its parts operations to NAPA as a three-year pilot after approval from the Fleet Review Committee (FRC), approval from the Finance Committee on May 12, 2016 ([CMR# 6887](#)), and final approval from Council on August 15, 2016 ([CMR #7027](#)). The pilot ended on July 21, 2019 and was renewed with a one-year extension on August 12, 2019 ([CMR #10512](#)), based on analysis by staff indicating that the pilot with NAPA had been successful and benefited the City in overall cost savings. The first contract amendment extended the City's contract through July 21, 2020, which at the time aligned with NAPA's contract term with Sourcewell. This second amendment to the contract will extend the term through July 21, 2021 and add funding accordingly.

Discussion

On November 20, 2019, NAPA extended its existing contract with Sourcewell, an approved cooperative purchasing group, for an additional year (Attachment B) with an expiration date of July 21, 2021. Since NAPA only extended for a one-year period, staff recommends keeping alignment with the Sourcewell contract and returning to Council next year with a

recommendation for a new three-year contract to continue an on-site parts management program. This will allow for continued on-site fleet parts and inventory services, including contract personnel to procure and manage the auto parts/supplies inventory. The funding increase for this contract extension, compared to the previous contract year ending July 21, 2020, is \$33,919 (4.5 percent) higher. This increase was already included in past budget projections to allow an increase in parts purchases, which is necessary to complete repairs to aging vehicles within the fleet. This increase does not reflect any change to the terms of the contract such as an increase to the percentage of markup on parts.

This contract is on the City's general services agreement template, which permits the City to terminate without cause/for convenience by providing written notice to the contractor. In the event the City finds itself facing a challenging budget situation, and it is determined that City resources need to be refocused elsewhere, the City can terminate for convenience. Other options include termination due to non-appropriation of funds or amending the contract to reduce the cost, for example, by reducing the scope of work.

Bid Process

The City's Municipal code, PAMC section 2.30.360 (j) identifies the process that allows the use of intergovernmental cooperative purchasing agreements. Bids for this extension were obtained through the approved cooperative group, Sourcewell, and a proposal was received April 2, 2020 from NAPA (Attachment C).

Resource Impact

Pending the City Council's adoption of the Fiscal Year 2021 Operating Budget, scheduled for June 22, 2020, funding for this amendment will be appropriated in the Vehicle Replacement and Maintenance Fund. As an internal service fund, these costs are funded by revenue collected from vehicle operation and maintenance allocations charged to departments.

Stakeholder Engagement

Stakeholder engagement is not required for this contract amendment.

Policy Implications

This recommendation does not present any changes to existing City policies.

Environmental Review

Approval of this contract does not constitute a project and is exempt from the requirements of California Environmental Protection Act (CEQA) pursuant to Section 15061(b)(3).

Attachments:

- Attachment A- Amendment No.2
- Attachment B- Amendment Napa/Sourcewell
- Attachment C- Palo Alto Performa 1yr-Customer with total

**AMENDMENT NO. 2 TO CONTRACT NO. C17165394
BETWEEN THE CITY OF PALO ALTO AND
GENUINE PARTS COMPANY (d/b/a NAPA AUTO PARTS)**

This Amendment No. 2 (this "Amendment") to Contract No. C17165394 (the "Contract" as defined below) is entered into as of June 15, 2020, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and GENUINE PARTS COMPANY, a Georgia corporation (d/b/a NAPA AUTO PARTS) ("NAPA" or "CONTRACTOR"), located at 2999 Circle 75 Parkway, Atlanta, Georgia, Telephone Number: 303-799-1965. CITY and CONTRACTOR are referred to collectively as the "Parties" in this Amendment.

RECITALS

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of an on-site parts operation at City's municipal service, as detailed therein; and

B. The Parties now wish to amend the Contract to extend the term for the provision of services under the Contract through July 21, 2021, and, accordingly, to increase the not to exceed maximum compensation by Seven Hundred Eighty One Thousand Thirteen Dollars (\$781,013) to a new total not to exceed amount of Three Million Seven Hundred Seventy Seven Thousand Eighty Seven Dollars (\$3,777,078), as detailed in this Amendment.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

SECTION 1. Definitions. The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C17165394 between CONSULTANT and CITY, dated August 15, 2016, as amended by:

Amendment No. 1, dated August 22, 2019.

- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

SECTION 2. Section 3, "TERM," of the Contract is hereby amended to read as follows:

"The term of this Agreement is from August 22, 2016 through July 21, 2021, inclusive, subject to the provisions of Sections R and W of the General Terms and Conditions."

SECTION 3. Section 5, "COMPENSATION FOR ORIGINAL TERM," of the Contract is hereby amended to read as follows:

“CITY shall pay and CONTRACTOR agrees to accept as not-to-exceed compensation for full performance of the Service and reimbursable expenses, if any:

- The total maximum lump sum compensation of _____ dollars (\$ _____); **OR**
- The sum of _____ dollars (\$ _____) per hour, not to exceed a total maximum compensation amount of _____ dollars (\$ _____); **OR**
- A sum calculated in accordance with the fee schedule set forth at Exhibit C, not to exceed a total maximum compensation amount of Three Million Seven Hundred Seventy-Seven Thousand Eighty Seven Dollars (\$3,777,087).

CONTRACTOR agrees that it can perform the Services for an amount not to exceed the total maximum compensation set forth above. Any hours worked or services performed by CONTRACTOR for which payment would result in a total exceeding the maximum amount of compensation set forth above for performance of the Services shall be at no cost to CITY.

SECTION 5. Legal Effect. Except as expressly modified by this Amendment, all other terms and conditions of the Contract, including any exhibits thereto, shall remain unchanged and in full force and effect.

SECTION 6. Incorporation of Recitals. The recitals set forth above are terms of this Amendment and are hereby fully incorporated herein by this reference.

(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)

SIGNATURES OF THE PARTIES

IN WITNESS WHEREOF, the Parties hereto have by their duly authorized representatives executed this Amendment on the date first above written.

CITY OF PALO ALTO

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**GENUINE PARTS COMPANY dba NAPA
AUTO PARTS**

Officer 1

By:

Name:

Title:

Officer 2 (Required for Corp. or LLC)

By:

Name:

Title:

AMENDMENT
TO
CONTRACT #061015-GPC

This Amendment is by and between **Sourcewell** and **Genuine Parts Company/NAPA Integrated Business Solutions (IBS)** (Vendor). Sourcewell and Vendor will be collectively known hereinafter as “Parties.”

Vendor was awarded a Sourcewell Contract for Fleet-Related Maintenance Equipment, Supplies, Services, and Inventory Management Solutions effective July 21, 2015, through July 21, 2019, relating to the provision of services by Vendor and to Sourcewell and its Members.

The parties agreed on May 30, 2018, to a “Letter of Agreement to Extend the Contract” for the 5th year renewal extension that will terminate on July 21, 2020. However, the parties agree to a 6th year extension in order to satisfy the validated needs and requests of Sourcewell Members , which would expire the contract on July 21, 2021.

The parties agree that certain terms within the Agreement will be updated and amended and only to the extent as hereunder provided.

In consideration of the mutual covenants and agreements described in this Amendment, the parties agree as follows:

1. This Amendment is effective upon the date of the last signature below and has the effect of extending the Agreement through July 21, 2021. This Agreement will not be extended for any additional time. Vendor understands that Sourcewell will no longer market this Agreement.
2. Effective June 6, 2018, NJPA changed its name to Sourcewell. All references in these documents to NJPA should be read as being replaced with “Sourcewell.”
3. The Agreement and any previous amendments are incorporated into this Amendment by reference.

(Balance of this page intentionally left blank.)

Except as amended by this Amendment, the Agreement remains in full force and effect.

Sourcewell

DocuSigned by:
By: Jeremy Schwartz _____
Authc: C0FD2A139D06489...

Jeremy Schwartz
Name – Printed

Title: Director of Operations & Procurement/CPO

Date: 11/20/2019 | 12:25 PM CST

**Genuine Parts Company/
NAPA Integrated Business Solutions (IBS)**

DocuSigned by:
By: Jett Kuntz _____
Authc: BBF6652DCC21445...

Jett Kuntz
Name – Printed

Title: Vice President

Date: 11/20/2019 | 11:09 AM CST

APPROVED:

DocuSigned by:
By: Chad Coauette _____
Authc: 7E42B8F817A64CC...

Chad Coauette
Name – Printed

Title: Executive Director/CEO

Date: 11/20/2019 | 12:32 PM CST

Palo Alto Performa 1 YR



Projected Expenses	NAPA Monthly Parts and Operational Projections	% To Sales	Current Year AVG	Target Year One Escalation 5%
Parts Purchases	49,615	100.00%	595,374	29,769
Cost of Goods	44,653	90.00%	535,837	26,792
Markup on Parts	4,961	10.00%	59,537	2,977
GROSS PROFIT	4,961	10.00%	59,537	2,977
Accounting Fees	491	0.99%	5,894	295
PAYROLL:				
Manager/Counter Salaries	7,700	15.52%	95,172	4,759
Delivery Driver Salaries	0	0.00%	-	-
Pension	268	0.54%	3,215	161
Insurance	1,000	2.02%	12,000	1,230
Workers Comp Insurance	915	1.84%	10,980	1,125
FICA/SECA/FUI/SUI	796	1.60%	9,552	979
Total IBS Payroll	10,679	21.52%	130,919	8,254
Miscellaneous Expenses				
Delivery Truck Insurance	-	0.00%	-	-
Delivery Maintenance/Gas	-	0.00%	-	-
Truck Payment	-	0.00%	-	-
Shelving/Cage Depreciation	-	0.00%	-	-
Freight & Postage	200	0.40%	2,400	120
General Liability Insurance	100	0.20%	1,200	60
Interest	-	0.00%	-	-
Light, Heat, Water	-	0.00%	-	-
Rent	-	0.00%	-	-
Stationary, Shipping Supplies	150	0.30%	1,800	90
Stock Loss	-	0.00%	-	-
Store Expenses	60	0.12%	720	36
Personal Property Taxes	-	0.00%	-	-
Telephone	-	0.00%	-	-
Inventory Computer	530	1.07%	6,360	318
Training	14	0.03%	168	8
TOTAL MISC. EXP.	1,054	2.12%	12,648	632
TOTAL EXPENSES	12,224	24.64%	146,689	9,181
MGMT FEE	12,224	24.64%	146,689	9,181