



**City of Coral Gables
CITY COMMISSION MEETING
July 13, 2010**

AGENDA ITEM NO. _____

ITEM TITLE:

Resolution accepting the recommendation of the Chief Procurement Officer to "Piggyback" an on-site vehicle and equipment parts and supply contract with Genuine Parts Company d/b/a NAPA Auto Parts from the City of Miramar, Florida pursuant to Section 2-978 of the Procurement Code for a period running through December 22, 2011, with an option to renew for three (3) additional one (1) year periods.

DEPARTMENT HEAD RECOMMENDATION:

Approve.

BRIEF HISTORY:

The City's piggyback contract with Genuine Parts Company, d/b/a NAPA from the City of Miami expired in September 30, 2009 and to provide ample time to review other potential piggyback contracts and the option of soliciting bids for the provision of auto parts services, a contract extension was approved by the Commission on October 13, 2009.

The City of Miramar contract with NAPA Auto Parts is based on a bid solicitation in compliance with Section 2-978 of the Procurement Code. The contract has an initial term that will expire December 22, 2010, with an option to renew for three (3) additional one (1) year periods. The major benefit of this contract is that it offers a different pricing methodology than our current contract.

Under the proposed contract written by the City of Miramar, NAPA has agreed to a pricing method of "Cost + Expenses +10%," which should in the long run help save money by more accurately tracking cost. This pricing structure is based upon NAPA's actual acquisition cost, which is defined as the parts price NAPA charges from their distribution warehouse to their outlying stores. Under this methodology, the total sale price can be calculated and verified by comparing the base acquisition price plus a 10% profit.

The current parts pricing method applies charges based upon acquisition cost, amount purchased and individual product line markups. The markup percentage changes almost weekly and varies between hundreds of different product lines. To properly verify that an appropriate markup and profit margins are being attained, the City would be required to analyze a complex and ever changing large volume of information. This process makes pricing validation extremely difficult to ascertain. Additionally, under the current contract, we incur a markup of 25% for all Original Equipment Manufacturer (OEM) and Non-NAPA parts, unlike the Miramar contract which has a 10% markup for these parts.

The Automotive Department has analyzed and compared the two different contract pricing structures, and while there are some limited cost savings under this new contract, the key benefit of this contract will be the ability to accurately and rapidly analyze pricing to insure contract compliance and to examine cost saving alternatives.

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Account No.	Source of Funds
1.	\$1,002,000	520-4700-590-52-16	Motor Pool Fund
Total:	\$1,002,000	APPROVED BY:	

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APPROVED BY:

Department Director	City Attorney	City Manager

ATTACHMENT(S):

- 1. Draft Resolution**
- 2. City of Miramar Contract and RFP Document**
- 3. City of Coral Gables Piggyback Agreement.**