



REPORT FOR ACTION

Amendment to Contracts Numbers 47021574, 47021575 and 47021572 with Genuine Parts Company/NAPA Integrated Business Solutions for Fleet-Related Maintenance Equipment, Supplies, Services and Inventory Management Solutions

Date: February 4, 2020

To: General Government and Licensing Committee

From: General Manager, Fleet Services and Chief Purchasing Officer

Wards: All

SUMMARY

The purpose of this report is to seek authority to amend and extend the contracts with Genuine Parts Company/NAPA Integrated Business Solutions (NAPA IBS) for fleet-related maintenance equipment, supplies, services and inventory management solutions.

This contract amendment will ensure ongoing alignment with Sourcewell (formerly known as NJPA) Contract Number 061015-GPC with NAPA IBS. The additional total amendment required is \$8,518,211 net of all applicable taxes and charges (\$8,668,132 net of Harmonized Sales Tax recoveries) increasing the contract total amount from \$18,832,145 to \$27,350,356 net of all applicable taxes and charges and extending the contract term from July 21, 2020 to July 21, 2021. The total amendment value includes additional funds required by Fleet Services, Toronto Fire Services and Toronto Paramedic Services.

RECOMMENDATIONS

The General Manager, Fleet Services and the Chief Purchasing Officer recommends that:

1. City Council grant authority to the General Manager, Fleet Services to extend and amend the existing agreement with Genuine Parts Company/NAPA Integrated Business Solutions (NAPA IBS) for an additional one-year term from July 21, 2020 to July 21, 2021 and increase the overall contract value from \$19,163,591 to \$27,831,722 net of Harmonized Sales Tax recoveries (\$27,350,356 net of all applicable taxes and charges).

FINANCIAL IMPACT

The total contract amendment amount is \$9,625,570 including all taxes and charges. The cost to the City is \$8,668,132 net of HST recoveries.

Funding is available in the 2020 Approved Operating Budget for Fleet Services, Toronto Fire Services and Toronto Paramedic Services while additional funds will be requested in their 2021 Operating Budget Submissions as showed in Table 1.

Table 1: Estimated Funding, net of HST Recoveries

Division	Contract No.	Cost Centre (group) / Cost Element	Amendment Term - From July 21, 2020 to December 31, 2020	Amendment Term - From January 1, 2021 to July 21, 2021	Total - Amendment Term
Toronto Fire Services	47021574	FR0025 / 2120	\$408,431	\$571,803	\$980,234
Toronto Paramedic Services	47021575	B41100, B41119 & B31100 / 2130 & 2199	\$419,081	\$586,713	\$1,005,794
Fleet Services	47021572	FL100/ 2130 & 4424	\$2,784,210	\$3,897,894	\$6,682,104
Grand Total			\$3,611,722	\$5,056,410	\$8,668,132

The total value of current contracts will be increased from \$19,163,591 to \$27,831,723 net of Harmonized Sales Tax recoveries (\$27,350,356 net of all applicable taxes and charges) as showed in Table 2.

Table 2: Total Contract Value, net of HST Recoveries

Division	Current Contract Value	Amendment Value	Total Amended Contract Value
Toronto Fire Services	\$2,516,016	\$980,234	\$3,496,250
Toronto Paramedic Services	\$1,780,800	\$1,005,794	\$2,786,594
Fleet Services	\$14,866,775	\$6,682,104	\$21,973,789
Grand Total	\$19,163,591	\$8,668,132	\$27,831,723

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this agreement for review as part of the 2020 Budget Process.

DECISION HISTORY

At its meeting of April 18, 2018, Bid Award Panel granted authority to the Chief Purchasing Officer to enter into an agreement with NAPA IBS for fleet-related maintenance equipment, supplies, services, and inventory management solutions:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.BA73.1>

COMMENTS

Fleet Services, Fire Services and Paramedic Services operate thirteen repair facilities across the City of Toronto. In total, these facilities carry out maintenance on approximately 6,550 vehicles and equipment for the City of Toronto. Both Toronto Fire Services and Toronto Paramedic Services operate their own repair facilities to service their specialized vehicles and equipment but the need for automotive and equipment parts is common across all divisions.

Fleet Services has been operating under an on-site fleet consignment parts inventory management model (NAPA IBS) since 2012. NAPA IBS provides customers with the opportunity to purchase over 445,000 SKUs (Stock Keeping Units) of automotive and equipment replacement parts. NAPA has direct to vendor relationships for in-house branded products in addition to being a reseller for over 1,300 manufacturers and distributors. NAPA IBS provides on-site inventory management services 7 days a week for Fleet Services at four (4) main facilities and processes over 75,000 parts transactions annually.

As per Toronto Municipal Code, Chapter 195 Purchasing, Section 6.6 Procurement of same goods and services as a public body, the City of Toronto has utilized a cooperative procurement contract (Sourcewell Contract) #061015-GPC for fleet-related maintenance equipment, supplies, services and inventory management solutions from June 29, 2018 to July 20, 2020. Participating Divisions include Fleet Services, Toronto Fire Services and Toronto Paramedic Services.

The current contract has allowed the City of Toronto to take advantage of additional savings of 1.74% on parts purchases compared to the previous contract. Based on the requested amended total contract value for parts purchases, the City of Toronto will potentially achieve a cost savings of \$438,163 over the term of the contract.

Savings Through Contract Term	
Current Contract Value for Parts	\$17,428,847
Amendment Amount for Parts	\$7,752,946
Total Amended Contract Value for Parts	\$25,181,793
Savings on Parts Markup	1.74%
Total Savings on Parts	\$438,163

Sourcewell is a service cooperative operating as a public agency and all employees are government employees. Member agencies include government, higher education, K-12 education, not-for-profit, tribal government, and other public agencies located in the USA, Canada, and internationally.

Sourcewell issued Request for Proposal (RFP) No. 061015 resulting in a national contract (No. 061015-GPC) with Genuine Parts Company/NAPA Integrated Business Solutions (IBS), for the provision of fleet parts, equipment, supplies, services and inventory management solutions for the five (5) year period from July 21, 2015 to July 21, 2020.

Sourcewell extended its contract with Genuine Parts Company/NAPA Integrated Business Solutions to add an additional year to the contract term from July 21, 2020 to ending July 21, 2021. To ensure continued alignment, Fleet Services is recommending to extend and amend the existing agreement under the same terms and conditions with Genuine Parts Company/NAPA Integrated Business Solutions from July 20, 2020 to July 21, 2021, increasing the total contract by \$8,668,132 net of Harmonized Sales Tax recoveries revising the current contract from \$19,163,591 to \$27,831,723 net of Harmonized Sales Tax recoveries.

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