

VILLAGE OF DOWNERS GROVE
Report for the Village
6/11/2024

SUBJECT:	SUBMITTED BY:
Contract Extension Genuine Parts Company/National Auto Parts Association (NAPA)	David Moody Director of Public Works

SYNOPSIS

A resolution has been prepared to authorize an amendment to the contract with Genuine Parts Company/National Auto Parts Association (NAPA) for fleet parts and inventory program services. The contract amendment will extend the term of this contract to December 29, 2025 and increase the total not exceed cost as noted in the Fiscal Impact.

STRATEGIC PLAN ALIGNMENT

The goals for 2023-2025 include *Exceptional Municipal Services*.

FISCAL IMPACT

The FY24 budget currently includes a total of \$726,360 in the Fleet Services Fund for repair parts, new tires, and administration of the NAPA contract. Once approved, the total amount to be spent from June 12, 2024 through December 29, 2025 shall not exceed \$889,000. Funds will be included in the 2025 budget to cover the cost of the contract as extended by the contract amendment.

RECOMMENDATION

Approval on the June 11, 2024 Consent Agenda.

BACKGROUND

The Village has used the NAPA vendor-managed inventory program to procure parts and provide inventory management services for fleet maintenance since 2015. This contract is obtained through the Sourcewell program, a national cooperative purchasing program for local governments. The Village's current contract with NAPA was approved on March 10, 2020, and it is set to expire on December 29, 2024.

Village expenditures relative to the current NAPA contract are nearing the previously approved not to exceed amount of \$1,850,000. Additional funds are needed for this contract due to the significant increase in the cost of automotive repair parts since the pandemic and the difficulty in procuring new Village vehicles due to pandemic supply chain issues. Challenges in procuring new Village vehicles results in existing vehicles being on the road longer. Older vehicles with more miles require more upkeep and need more repairs than newer vehicles. These conditions were not anticipated at the time the contract was executed

The amendment does not alter the contract pricing model, which is based on three pricing components including operational costs, product costs and a management fee. These components are further described as follows:

- The Operational Costs shall not exceed \$97,000 per year.
- Product Costs shall remain at jobber net store acquisition cost for NAPA-branded products and NAPA's acquisition cost plus 0% mark-up for non-NAPA products.
- The Management Fee shall remain fixed at 10% of the total net sales.

The requested amount for the contract extension is based on the pricing model of the contract and the average monthly expenditure on repair parts from 2021, 2022, and 2023. During those three years, the Village averaged \$40,325.68 per month for repair parts. \$40,000 per month for repair parts was used as the estimate for the contract amendment. While the Village has replaced many of the older vehicles that contributed to higher than expected repair costs over the last several years, staff maintained a parts estimate amount for future repair part costs near this average due to the continued uncertainty of further automotive repair part price increases. A cost breakdown of the requested amount is shown in the chart below.

NAPA Cost Breakdown	
Operational Cost	\$97,000
Estimated Parts (\$40,000 x 18 months)	\$720,000
Estimated Management Fee (10% of Parts)	\$72,000
Total	\$889,000

ATTACHMENTS

Resolution
Contract Amendment

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING EXECUTION OF A THIRD AMENDMENT TO AN
INTEGRATED SUPPLY AGREEMENT
BETWEEN THE VILLAGE OF DOWNERS GROVE
AND GENUINE PARTS COMPANY**

BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois, as follows:

1. That the form and substance of a certain Third Amendment (the "Agreement"), between the Village of Downers Grove (the "Customer") and Genuine Parts Company (d/b/a "NAPA"), for supply of certain auto, truck and bus parts and provide Integrated Business Solution services, as set forth in the form of the Agreement submitted to this meeting with the recommendation of the Village Manager, is hereby approved.

2. That the Village Manager and Village Clerk are hereby respectively authorized and directed for and on behalf of the Village to execute, attest, seal and deliver the Agreement, substantially in the form approved in the foregoing paragraph of this Resolution, together with such changes as the Manager shall deem necessary.

3. That the proper officials, agents and employees of the Village are hereby authorized and directed to take such further action as they may deem necessary or appropriate to perform all obligations and commitments of the Village in accordance with the provisions of the Agreement.

4. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

5. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Mayor

Passed:

Attest: _____

Village Clerk

**THIRD AMENDMENT TO THE AGREEMENT BETWEEN
THE VILLAGE OF DOWNERS GROVE AND GENUINE PARTS COMPANY**

The Village of Downers Grove, Illinois and Genuine Parts Company ("Vendor") entered into an Agreement ("Agreement") to supply certain auto, truck and bus parts and provide integrated business solutions services on or about March 10, 2020, which has been amended from time to time. Pursuant to the terms stated therein, the parties desire to extend the Agreement under the following terms:

1. The Agreement shall be extended through December 29, 2025.
2. All other terms from the March 10, 2020 Agreement remain in full force and effect.

VILLAGE OF DOWNERS GROVE

GENUINE PARTS COMPANY

Village Manager



Title: Division Vice President

Date: _____

Date: 5/21/24