



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Bruce Moe, Finance Director
Gwen Eng, General Services Manager

DATE: January 17, 2006

SUBJECT: Award of Three-Year Contract for Auto Parts to Eddings Brothers, Inc. (Estimated Value of \$50,000 per year)

RECOMMENDATION:

Staff recommends that the City Council award RFP #678-06 to Eddings Brothers, Inc. for a three-year auto parts contract (estimated value of \$50,000 per year).

FISCAL IMPLICATION:

Sufficient funds are budgeted and available for the on-going maintenance and replacement parts for the City's fleet of vehicles.

BACKGROUND:

The City maintains a fleet of approximately 125 vehicles. A small parts inventory is kept primarily for routine maintenance, which is replenished on a regular basis; however, most parts are ordered on an as-needed basis. Vehicle repairs are performed as quickly as possible to minimize any service disruption; therefore, parts must be readily available and delivered in a timely manner.

In responding to the Request for Proposal, vendors provided the City with discounts from manufacturers' suggested list prices. The discounts will be firm for the contract life, but the list price may fluctuate based upon market conditions (typically prices change once or twice a year).

DISCUSSION:

Staff solicited proposals from eleven vendors and four responses were received. Because this is a service contract, vendor selection is based upon several factors: ability to supply preferred manufacturers' parts, fill rate, ability to meet a one-hour delivery requirement, pricing, and return/credit policy. A summary of pricing offered by each vendor is shown below:

<u>Bidder</u>	<u>Estimated Annual Cost</u>
1. Eddings Brothers, Inc.	\$50,000
2. Kay Automotive Distributors	\$63,000
3. Completes Plus	Incomplete
4. Batteries Plus	\$ 3,500

The estimated expenditure is based on the highest volume that we have historically purchased. The not-to-exceed figure of \$50,000 per year will cover on-contract items as well as infrequently purchased miscellaneous off-contract items not identified through the City's bid process. The third vendor, Completes Plus, submitted an incomplete bid because they offered brands that do not meet City standards, failed to provide discount terms, and did not bid on many items. The fourth vendor, Batteries Plus, only bid on batteries. Because they are the low bidder on that commodity, we will purchase those items directly from them.¹

Based upon these factors, staff recommends that Council award a three-year contract to Eddings Brothers, Inc. since they offered the deepest discounts while meeting all other requirements. The City has used this company in the past and they have performed well for the City. If approved, the contract will be in the form of a purchase order. In addition, the City may cancel the contract at any time without cause if necessary.

¹ The purchase of batteries does not require specific Council action because it is being purchased from a separate supplier and is below the \$20,000 Council approval level.