

**COOPERATIVE PROCUREMENT CONTRACT BETWEEN  
THE CITY OF SAN DIEGO  
AND  
GENUINE PARTS COMPANY/NAPA INTEGRATED BUSINESS SOLUTIONS (IBS)  
FOR FLEET-RELATED MAINTENANCE EQUIPMENT, SUPPLIES, AND  
INVENTORY MANAGEMENT SOLUTIONS**

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**I. RECITALS**

A. San Diego Municipal Code (SDMC) section 22.3208 authorizes the City of San Diego, a municipal corporation (City), to use a cooperative procurement contract awarded by another agency where the City's Purchasing Agent certifies in writing that the cooperative procurement contract is in the City's best interests, to the City's economic advantage, and the agency's contract was awarded using a process that complies with the policies, rules, and regulations developed and implemented by the City Manager.

B. The Sourcewell (Agency), formerly known as National Joint Powers Alliance (NJPA), issued a Request for Proposal (RFP) Number 061015 for Fleet-Related Maintenance Equipment, Supplies, and Inventory Management Solutions by posting the solicitation on five (5) websites, to include the Agency's website (Sourcewell), and by advertising in four (4) newspapers of general circulation at least ten (10) days before the bid or proposal was due.

C. On July 21, 2015, based on the results of the competitive process, Agency awarded a contract with Genuine Parts Company/NAPA Integrated Business Solutions (IBS) (Contractor) and executed the Fleet-Related Maintenance Equipment, Supplies, and Inventory Management Solutions with Contractor, identified as Sourcewell (NJPA) Number 061015-GPC, cumulatively referred to as the ("Agency Agreement"), attached as Exhibit 1; and

D. On February 4, 2021, the City's Purchasing Agent certified in writing that the Agency Agreement meets the requirements set forth in SDMC section 22.3208.

E. Contractor has agreed to provide to City the same pricing offered to Agency for Fleet-Related Maintenance Equipment, Supplies, and Inventory Management Solutions consistent with the terms and conditions in the Agency Agreement except as modified herein. The parties agree and acknowledge that no consulting services will be procured under this Contract as defined in SDMC section 22.3003.

**II. GENERAL PROVISIONS**

In consideration of the above recitals and mutual covenants and conditions set forth in this Contract, and for good and valuable consideration, the sufficiency of which is hereby acknowledged, City and Contractor hereby agree to the terms and conditions as set forth in the Agency Agreement with the exception of the following modifications:

1. Incorporation. This Contract shall fully incorporate the Recitals which the parties agree are true and correct.

2. Effective Date. This Contract is effective on the last date that this Contract is signed by City and Contractor and approved by the City Attorney through July 21, 2021. The total duration of this Contract, including the exercise of any options under this section, shall not exceed five (5) years without approval of the City of San Diego Council by Ordinance.

3. Early Termination. Contractor must provide written notice within ten (10) calendar days of the date in which the Agency Agreement is terminated to the Contract Administrator identified in Section III, below. Such written notice must explain the basis for termination and the date upon which the termination is effective. Early termination of the Agency Agreement by Agency or Contractor, or failure by Agency to exercise an option to extend the Agency Agreement, shall not in any way affect the existence of this Contract.

4. Compliance with Controlling Laws. Contractor shall comply with all applicable local, state, and federal laws and regulations. In addition, Contractor shall comply immediately with all directives issued by City or its authorized representatives under authority of any laws, statutes, ordinances, rules, or regulations.

5. Governing Law. The Contract shall be deemed to be made under, construed in accordance with, and governed by the laws of the State of California without regard to the conflicts or choice of law provisions thereof.

6. Jurisdiction and Venue. The venue for any suit concerning this Contract, the interpretation of application of any of its terms and conditions, or any related disputes shall be in the County of San Diego, State of California.

7. Modifications. The modifications described in Exhibit 2, which is attached hereto and incorporated herein by reference, shall affect only the page(s) and section(s) and terms and conditions referred to therein. All other terms and conditions of the Agency Agreement shall be in full force and effect as to City and Contractor as incorporated in this Contract. Contractor will not be obligated to pay the City any administrative fees set forth in the Agency Agreement as they are for the benefit of Sourcewell/NAPA in accordance with Section I. Administrative Fees of the Agency's Solicitation.

### **III. CONTRACT ADMINISTRATOR**

1. Contract Administrator. The Department of Fleet Operations (Department) is the Contract Administrator for this Contract. Contractor shall provide the Goods and Services under the direction of a designated representative of the Department as follows:

Fleet Operations Department  
Attention: Brad Hawthorne  
2740 Caminito Chollas  
San Diego, CA 92101  
(619) 527-7597  
[Bhawthorne@sandiego.gov](mailto:Bhawthorne@sandiego.gov)

2. Notices. Unless otherwise specified, in all cases where written notice is required under this Contract, service shall be deemed sufficient if the notice is personally delivered or

deposited in the United States mail, with first class postage paid, attention to the Purchasing Agent. Proper notice shall be effective on the date of personal delivery or five (5) days after deposit in the United States postal mailbox. Notices shall be sent to:

Purchasing and Contracting Department  
Attention: Tammy Ferguson  
1200 3<sup>rd</sup> Avenue – Suite 200  
San Diego, CA 92101  
[tferguson@sandiego.gov](mailto:tferguson@sandiego.gov)  
(619) 236-6043

#### **IV. COMPENSATION**

1. City shall pay Contractor for the goods or services provided in accordance with this Contract in an amount not to exceed \$3,000,000. Contractor is not obligated to provide goods or services in excess of this amount, and does so at its own risk, unless this Contract is amended in writing duly executed by City and Contractor increasing this not-to-exceed amount.

2. Annual Appropriation of Funds. Contractor acknowledges that the contract term may extend over multiple City fiscal years, and agrees that work and compensation under this Contract is contingent on the City Council appropriating funding for and authorizing such work and compensation for those fiscal years. City may terminate the Contract if sufficient funds are not duly appropriated and authorized for any given fiscal year, or if funds appropriated and authorized for this Contract are exhausted before the fiscal year concludes. City is not obligated to pay Contractor for any amounts not duly appropriated and authorized by the City Council.

#### **V. CONTRACT**

1. Contract Documents. This Contract consists of this Contract and its Exhibits, the Sourcewell's Solicitation Number 061015, the Contractor's Proposer Questionnaire, Contractor's Exceptions to Proposal, Terms, Conditions, and the Agency Agreement (all of which includes current pricing information, the fully executed Forms C, D, F, & P from Contractor's response pursuant to the Agency's RFP, the fully executed Form E, and any properly executed written amendment(s) to the Agency Agreement), which are attached as Exhibits hereto and incorporated by reference (collectively, "Contract Documents"). These documents together contain all the terms and conditions of the Contract between City and Contractor.

2. Contract Interpretation. The Contract Documents completely describe the goods and/or services to be provided. Contractor shall provide any goods or services that may reasonably be inferred from the Contract Documents or from prevailing custom or trade usage as being required to produce the intended result whether or not specifically called for or identified in the Contract Documents. Words or phrases which have a well-known technical or construction industry trade meaning and are used to describe goods or services will be interpreted in accordance with that meaning unless a different definition has been provided in the Contract Documents.

3. Precedence. In resolving conflicts resulting from errors or discrepancies in any of the Contract Documents, City and Contractor will use the order of precedence as set forth below.

The document in highest order of precedence controls. Inconsistent provisions in the Contract Documents that address the same subject, are consistent, and have different degrees of specificity, are not in conflict and the more specific language will control. The order of precedence from highest to lowest is as follows:

- 1<sup>st</sup> This Contract
- 2<sup>nd</sup> Agency Contract and any properly executed written amendment(s) to the Agency Contract
- 3<sup>rd</sup> Contractor's Response to Solicitation including:  
Contractor's Proposer Questionnaire, and  
Contractor's Exceptions to Proposal, Terms, Conditions
- 4<sup>th</sup> Agency's Solicitation and any Addenda

4. Counterparts. This Contract may be executed in counterparts which, when taken together, shall constitute a single signed original as though all parties executed the same page.

5. Public Agencies. Other public agencies as defined by California Government Code section 6500 may choose to use the terms of this Contract, subject to Contractor's acceptance. City is not liable or responsible for any obligations related to a subsequent agreement between Contractor and another public agency.

## **VI. CITY'S ADDITIONAL TERMS**

1. Drug-Free Workplace Certification. Contractor shall comply with City's Drug-Free Workplace requirements set forth in Council Policy 100-17, which is incorporated into this Contract by reference.

2. ADA Certification. Contractor shall comply with the City's Americans with Disabilities Act Compliance/City Contracts requirements as set forth in Council Policy 100-04, which is incorporated into this Contract by reference.

3. Non-Discrimination Ordinance. Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring or treatment of subcontractors, vendors, or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities. Contractor understands and agrees that violation of this clause shall be considered a material breach of the contract and may result in contract termination, debarment, or other sanctions. Contracts between Contractor and any subcontractors or suppliers shall contain this language.

4. Compliance with the City's Equal Employment Opportunity Outreach Program (EOCP): Contractor shall comply with the City's EOCP requirements. Contractor shall not discriminate against any employee or applicant for employment on any basis prohibited by law. Contractor shall provide equal opportunity in all employment practices. Prime Contractors shall ensure that their subcontractors comply with this program. Nothing in this Section shall be interpreted to hold a prime Contractor liable for any discriminatory practice of its subcontractors.

5. Compliance Investigations. Upon City's request, Contractor agrees to provide to City, within sixty calendar days, a truthful and complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past five years on any of its contracts that were undertaken within San Diego County, including the total dollar amount paid by Contractor for each subcontract or supply contract. Contractor further agrees to fully cooperate in any investigation conducted by City pursuant to City's Nondiscrimination in Contracting Ordinance. Contractor understands and agrees that violation of this clause shall be considered a material breach of the Contract and may result in remedies being ordered against Contractor up to and including contract termination, debarment, and other sanctions.

6. Business Tax Certificate. Unless the City Treasurer determines in writing that a contractor is exempt from the payment of business tax, any contractor doing business with the City of San Diego is required to obtain a Business Tax Certificate and to provide a copy to the City before any contract is executed.

7. Product Endorsement. Contractor shall comply with Council Policy 000-41 which requires that other than listing the City as a client and other limited endorsements, any advertisements, social media, promotions or other marketing referring to the City as a user of a product or service will require prior written approval of the Mayor or designee. Use of the City Seal or City logos is prohibited.

8. Noise Abatement. Contractor shall not operate, conduct, or construct within City's jurisdictional limits in violation the City's Noise Abatement Ordinance codified in SDMC sections 59.5.0101 through 59.5.0301.

9. Contractor Standards. Contractor shall comply with Contractor Standards provisions codified in the SDMC. Contractor understands and agrees that violation of Contractor Standards may be considered a material breach of the Contract and may result in Contract termination, debarment, and other sanctions.

IN WITNESS WHEREOF, this Contract is executed by City and Contractor acting by and through their authorized officers.

Genuine Parts Company/  
NAPA Integrated Business Solutions (IBS)

By: 

Name: Tom Skov

Title: Vice President

Date: 2/19/21

THE CITY OF SAN DIEGO

By: 

Name: Claudia C. Abarca

Title: Interim Director

Date: 2/25/2021

Approved as to form this 26<sup>th</sup> day of  
February, 2021.

MARA W. ELLIOTT, City Attorney

By: 

Deputy City Attorney

Print Name: MarKecia Simmons

**EXHIBIT 1: AGENCY AGREEMENT**

Form C

EXCEPTIONS TO PROPOSAL, TERMS, CONDITIONS  
AND SOLUTIONS REQUEST

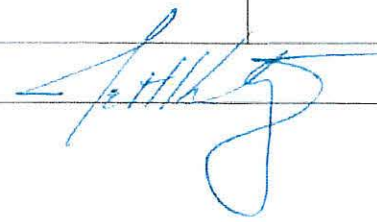


Company Name: Genuine Parts Company/NAPA Integrated Business Solutions (IBS)

Note: **Original must be signed** and inserted in the inside front cover pouch.

Any exceptions to the Terms, Conditions, Specifications, or Proposal Forms contained herein shall be noted in writing and included with the proposal submittal. Proposer acknowledges that the exceptions listed may or may not be accepted by NJPA and may or may not be included in the final contract. NJPA may clarify exceptions listed here and document the results of those clarifications in the appropriate section below.

Section/page	Term, Condition, or Specification	Exception	NJPA ACCEPTS

Proposer's Signature:  Date: June 10, 2015





Contract Award  
RFP #061015



FORM D

**Formal Offering of Proposal**  
(To be completed Only by Proposer)

FLEET-RELATED MAINTENANCE EQUIPMENT, SUPPLIES, SERVICES, AND INVENTORY MANAGEMENT SOLUTIONS

In compliance with the Request for Proposal (RFP) for FLEET-RELATED MAINTENANCE EQUIPMENT, SUPPLIES, SERVICES, AND INVENTORY MANAGEMENT SOLUTIONS, the undersigned warrants that I/we have examined this RFP and, being familiar with all of the instructions, terms and conditions, general specifications, expectations, technical specifications, service expectations and any special terms, do hereby propose, fully commit and agree to furnish the defined equipment/products and related services in full compliance with all terms, conditions of this RFP, any applicable amendments of this RFP, and all Proposer's Response documentation. Proposer further understands they accept the full responsibility as the sole source of responsibility of the proposed response herein and that the performance of any sub-contractors employed by the Proposer in fulfillment of this proposal is the sole responsibility of the Proposer.

Company Name: Genuine Parts Company/NAPA Integrated Business Solutions (IBS) Date: June 10, 2015

Company Address: 2999 Circle 75 Parkway SE

City: Atlanta State: GA Zip: 30399

Contact Person: Jett Kuntz Title: Vice President, NAPA IBS

Authorized Signature (ink only):  \_\_\_\_\_ Jett Kuntz  
(Name printed or typed)



Contract Acceptance and Award

(To be completed only by NJPA)

NJPA 061015 FLEET-RELATED MAINTENANCE EQUIPMENT, SUPPLIES, SERVICES, AND INVENTORY MANAGEMENT SOLUTIONS

Genuine Parts Company/NAPA Integrated Business Solutions (IBS)  
Proposer's full legal name

Your proposal is hereby accepted and awarded. As an awarded Proposer, you are now bound to provide the defined product/equipment and services contained in your proposal offering according to all terms, conditions, and pricing set forth in this RFP, any amendments to this RFP, your Response, and any exceptions accepted or rejected by NJPA on Form C.

The effective start date of the Contract will be July 21<sup>st</sup>, 20 15 and continue for four years from the board award date. This contract has the consideration of a fifth year renewal option at the discretion of NJPA.

National Joint Powers Alliance® (NJPA)

NJPA Authorized signature:

NJPA Executive Director

Dr. Chad Coquette

(Name printed or typed)

Awarded this 21<sup>st</sup> day of July, 20 15 NJPA Contract Number 061015-GPC

NJPA Authorized signature:

NJPA Board Member

Scott Veronen

(Name printed or typed)

Executed this 21<sup>st</sup> day of July, 20 15 NJPA Contract Number 061015-GPC

Proposer hereby accepts contract award including all accepted exceptions and NJPA clarifications identified on FORM C.

Vendor Name GENUINE PARTS Company / NAPA IBS

Vendor Authorized signature:

(Name printed or typed)

Title: VICE PRESIDENT - NAPA IBS

Executed this 22<sup>nd</sup> day of July, 20 15 NJPA Contract Number 061015-GPC

**PROPOSER ASSURANCE OF COMPLIANCE**



**Proposal Affidavit Signature Page**

**PROPOSER'S AFFIDAVIT**

The undersigned, representing the persons, firms and corporations joining in the submission of the foregoing proposal (such persons, firms and corporations hereinafter being referred to as the "Proposer"), being duly sworn on his/her oath, states to the best of his/her belief and knowledge:

1. The undersigned certifies the Proposer is submitting their proposal under their true and correct name, the Proposer has been properly originated and legally exists in good standing in its state of residence, that the Proposer possesses, or will possess prior to the delivery of any equipment/products and related services, all applicable licenses necessary for such delivery to NJPA members agencies nationally, and that they are authorized to act on behalf of, and encumber the "Proposer" in this Contract; and
2. To the best of my knowledge, no Proposer or Potential Proposer, nor any person duly representing the same, has directly or indirectly entered into any agreement or arrangement with any other Proposers, Potential Proposers, any official or employee of the NJPA, or any person, firm or corporation under contract with the NJPA in an effort to influence either the offering or non-offering of certain prices, terms, and conditions relating to this RFP which tends to, or does, lessen or destroy free competition of the Contract sought for by this RFP; and
3. The Proposer or any person on his/her behalf, has not agreed, connived or colluded to produce a deceptive show of competition in the manner of the proposal or award of the referenced contract; and
4. Neither the Proposer nor any officer, director, partner, member or associate of the Proposer, nor any of its employees directly involved in obtaining contracts with the NJPA or any subdivision of the NJPA, has been convicted of false pretenses, attempted false pretenses or conspiracy to commit false pretenses, bribery, attempted bribery or conspiracy to bribe under the laws of any state or federal government for acts or omissions after January 1, 1985; and
5. The Proposer has examined and understands the terms, conditions, scope, contract opportunity, specifications request and other documents of this solicitation and that any and all exceptions have been noted in writing and have been included with the proposal submittal; and
6. If awarded a contract, the Proposer will provide the equipment/products and/or services to qualifying members of the NJPA in accordance with the terms, conditions, scope of this RFP, Proposer offered specifications and other documents of this solicitation; and
7. The undersigned, being familiar with and understand the expectations requested and outlined in this RFP under consideration, hereby proposes to deliver through valid requests, Purchase Orders or other acceptable forms ordering and procurement by NJPA Members. Unless otherwise indicated, requested and agreed to on a valid purchase order per this RFP, only new, unused and first quality equipment/products and related services are to be transacted with NJPA Members relating to an awarded contract; and
8. The Proposer has carefully checked the accuracy of all proposed products/equipment and related services and listed total price per unit of purchase in this proposal to include shipping and delivery considerations. In addition, the Proposer accepts all general terms and conditions of this RFP, including all responsibilities of commitment as outlined and proposed; and

9. In submitting this proposal, it is understood that the right is reserved by the NJPA to reject any or all proposals and it is agreed by all parties that this proposal may not be withdrawn during a period of 90 days from the date proposals were opened regarding this RFP; and
10. The Proposer certifies that in performing this Contract they will comply with all applicable provisions of the federal, state, and local laws, regulations, rules, and orders; and
11. The Proposer understands that submitted proposals which are marked "confidential" in their entirety, or those in which a significant portion of the submitted proposal is marked "nonpublic" **will not** be accepted by NJPA. Pursuant to Minnesota Statute §13.37 only specific parts of the proposal may be labeled a "trade secret." All proposals are nonpublic until the contract is awarded; at which time, both successful and unsuccessful vendors' proposals become public information.
12. The Proposer understands and agrees that NJPA will not be responsible for any information contained within the proposal.
13. By signing below, the Proposer understands it is his or her responsibility as the Vendor to act in protection of labeled information and agree to defend and indemnify NJPA for honoring such designation. Proposer duly realizes failure to so act will constitute a complete waiver and all submitted information will become public information; additionally failure to label any information that is released by NJPA shall constitute a complete waiver of any and all claims for damages caused by the release of the information.

**[The rest of this page has been left intentionally blank. Signature page below]**

By signing below, Proposer is acknowledging that he or she has read, understands and agrees to comply with the terms and conditions specified above.

Company Name: Genuine Parts Company/NAPA Integrated Business Solutions

Contact Person for Questions: Jett Kuntz  
(Must be individual who is responsible for filling out this Proposer's Response form)

Address: 2999 Circle 75 Parkway SE

City/State/Zip: Atlanta, GA 30339

Telephone Number: (770)855-2221 Fax Number: (303)623-5143

E-mail Address: Jett\_Kuntz@genpt.com

Authorized Signature: 

Authorized Name (typed): Jett Kuntz

Title: Vice President, NAPA Integrated Business Solutions

Date: June 10, 2015

**Notarized**

Subscribed and sworn to before me this 10<sup>th</sup> day of June, 2015

Notary Public in and for the County of Arapahoe State of Colorado

My commission expires: 12/20/2016

Signature: 

**PRISCILLA K GONZALES  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 20044045305  
MY COMMISSION EXPIRES 12/20/2016**



**PROPOSER QUESTIONNAIRE**  
**Payment Terms, Warranty, Products/Equipment/Services, Pricing and Delivery, Industry Specific**

Proposer Name: Genuine Parts Company/NAPA Integrated Business Solutions

Questionnaire completed by: Jett Kuntz

**Payment Terms and Financing Options**

**1) Identify your payment terms if applicable. (Net 30, etc.)**

On a monthly basis, we deliver parts billing and operational cost billing as part of our IBS services to our IBS contract customers. Our contract payment terms for parts purchases and operational expenses as part of our IBS services are Net 30<sup>th</sup>.

**2) Identify any applicable leasing or other financing options as defined herein.**

There are no applicable leasing/finance options as part of the services we provide for our customers since they are buying parts and paying us for monthly services rendered as part of our contracts.

**3) Briefly describe your proposed order process for this proposal and contract award. (Note: order process may be modified or refined during an NJPA member's final Contract phase process).**

- a. Please specify if you will be including your dealer network in this proposal. If so, please specify how involved they will be. (For example, will he Dealer accept the P.O.?), and how are we to verify the specific dealer is part of your network?**

Our order process is often a longer than normal process as our outsourced services often take longer due to working with government and educational fleet operations and management on case studies, financial analysis, and specific tracking metrics for each individual contract. This process is completely customizable to the needs of our customer and may be modified or refined during the NJPA member's contract adoption phase.

**Step One** – Discover the need with fleet operations and management on outsourcing parts and service needs. This will require analysis of current staffing, inventory, hours of operation, fleet needs, software adoption, billing processes, paperwork flow, audit procedures, and approvals.

**Step Two** – Introduce co-operative contract solution as a means to contract during the early phase of our analysis. If customer is not an NJPA member, we use this time to present the easy steps to become a member. If they already are an NJPA member, we present our contract opportunity with IBS along with documentation on the solicitation. At this point we have added a step in our process to verify documentation of NJPA membership with our NJPA contract manager.

**Step Three** – Complete financial and staffing analysis to determine needs of customer.

**Step Four** – Once customer has agreed to proceed to contract, our GPC legal and NAPA IBS representative present our NJPA IBS contract terms to the customer for their legal review.

**Step Five** – Customer builds business exceptions as part of our master IBS NJPA contract. NAPA IBS will negotiate specific terms for the customer based on their hours of operation, staffing needs, inventory needs, etc...

**Step Six** – NAPA IBS and Customer come to terms on NJPA contract.

**Step Seven** – NAPA IBS will inform NJPA when a contract has been agreed to between NAPA and customer. NAPA sets the commencement date with customer and ensures all operational systems are in place during mobilization. For NJPA, this is the window where we turn flags on in our system to accurately report sales per our NJPA contract agreement.

**Step Eight** – contract tracking and reporting will be communicated to NJPA on a quarterly basis along with announcements of all new contracts.

a) **Yes** – Our independent dealer network will be part of this proposal. Genuine Parts Company controls the process much like was outlined above for our independent dealer network. The dealer is responsible during the analysis phase to provide staffing, inventory and operational documentation. The dealer must agree to all of the terms of the NJPA IBS contract as well as the customization for a NJPA contract holder in the final agreement. To ensure these steps are made and done in our dealer network, Genuine Parts Company has provided an assignment document as part of the NJPA contract that must be signed by the customer, Genuine Parts Company, NJPA (if required), and the independent dealer as part of the contract process. The dealer is required to abide by the terms of the contract or will need to assign the business back to Genuine Parts Company.

**4) Do you accept the P-card procurement and payment process?**

Our NAPA IBS operations typically do not accept p-cards for payment on our monthly parts statement or monthly operations charges statement. We do make exceptions where customers are required to pay us via p-cards. However, since our NAPA IBS operations bill customers for all operating costs incurred in our services, we will be required to bill back any p-card service charges incurred by our IBS store operations on the monthly operating statement bill. For this reason, most NAPA IBS customers do not use their p-cards for our monthly billing – as we would bill them back any service charges.

**Warranty**

**5) Describe, in detail, your Manufacture Warranty Program including conditions and requirements to qualify, claims procedure, and overall structure.**

As an outsourced vendor managing hundreds – if not thousands –of vendors for a fleet operation, NAPA IBS accepts the responsibility to manage all parts warranties for our customers. NAPA will work with the NJPA contract customer to assist with and manage the manufacturer warranty process. All parts supplied under our agreement – OE, aftermarket, tires, supplies, etc. -- will be tracked and credit issued upon manufacturer approval. Reports will be available as needed for credit tracking purposes. Original equipment parts will be supplied where most beneficial to maximize manufacturer participation in the warranty process. NAPA will issue warranty credit immediately for any part that is determined to be defective. NAPA will then process the warranty claim on behalf of the customer. If the manufacture denies the claim, NAPA will work with the customer to work through the vendor to expense out the cost of the product – only as a last resort. All inventory supplied pursuant to this agreement is subject to the terms of written warranties provided by the manufacturer of each part, and NAPA shall use reasonable commercial efforts to assist the customer in processing all warranty claims that the customer may have against a manufacturer. Designated NAPA personnel will process all warranty claims and provide the customer with information received from each claim processed. Copies of the manufacturers' warranties will be available to our contract IBS customers upon request.

In some specific cases, we have worked with customers to add warranty documentation and due diligence in writing to ensure protection for our customers. This may include additional indemnity agreements and warranty documentation and processes. All agreements of this nature must be approved as part of our contract processes with NJPA IBS contract customers. Details of our warranty language appear in the sample contract attached in our response in Exhibit G.

**6) Do all warranties cover all products/equipment parts and labor?**

The written manufacturer's warranty covers parts warranties in most every case within our contract. Labor cost will be requested from specific vendors – however, in our experience manufacturers of parts may not cover labor as part of product sales to commercial applications – and some require documentation from the shop technicians to request labor reimbursement. If available through the vendors that supply parts to NAPA IBS and the customer through this contract, NAPA IBS will manage the process to recover all available warranties from the vendors that provide parts. That is a big service we provide all IBS customers.

**7) Do warranties impose usage limit restrictions?**

Most warranties have a date/mileage restriction for warranty as well as a misuse clause in their documentation of warranty. NAPA IBS will keep a written record of all warranty information on file within our on-site store and will track warranty periods on the parts we sell via this contract.

**8) Do warranties cover the expense of technicians travel time and mileage to perform warranty repairs?**

Typically warranties on the parts and supplies we sell within the scope of NAPA IBS services do not cover outside vendor technician time on outside sources sent to do a repair since most of the customer technicians do the work. Therefore mileage and travel time do not come into play within the scope of services we provide. If we discover that an NJPA contract IBS may need these types of warranty coverage for unique warranty situations, we will address this with the vendor at the beginning of the contract and will ask them to include their solution in our due diligence paperwork for that vendor. The customer will have to agree to that warranty arrangement before we proceed with that vendor.

**9) Please list any other limitations or circumstances that would not be covered under your warranty.**

NAPA IBS is extremely engaged in warranty recovery as part of the services we provide. The only other circumstances where we may need to address warranty concerns will be for parts and services that were purchased by the customer before we begin our contract but then come to light after we have started our contract. We will work with manufacturers and distributors on behalf of our NJPA contract customer to resolve and recover warranty on parts we did not provide. The only additional foreseen warranty issue that may come up is when warranties are rejected because of technician error or misuse of equipment. No different than the first example – NAPA IBS responsibility will be to work directly with the supplier of the part/service to resolve and recover what we can for our customer.

**10) Please list any geographic regions of the United States for which you cannot provide a certified technician to perform warranty repairs. How will NJPA Members in these regions be provided service for warranty repair? Please provide a list of your network service providers for warranty work and repairs.**

Since we will be providing a service – and that service will be providing hundreds of thousands of parts – the warranty procedures will be the same for any NJPA contract IBS customer in all 50 US states. The technicians and fleet management will present a defective or warranty part and our responsibility will be to process with the manufacturer or distributor who sold the product, recover the available, and process the paperwork on behalf of our customer. As a result we will use local and regional sources to process warranty work or the parts and services we provide. It is one phone call for an NJPA contract member to their local IBS on-site store to process any warranty. As soon as the warranty part is presented to our on site location, the store will be required to immediately replace the warranty part for the technician and credit the customer. The IBS store will then begin the warranty processing on behalf of the customer and present results after the proper vendor has processed the claim.



## Equipment/Product/Services, Pricing, and Delivery

### 11) Provide a general narrative description of the equipment/products and related services you are offering in your proposal.

NAPA Integrated Business Solutions (IBS) is a customized on-site (or off-site) vendor managed parts and supplies inventory management program offered by NAPA Auto Parts under the trademark name Integrated Business Solutions.

In the simplest form NAPA IBS is a service for fleet customers in any government segment (State, DOT, City, County, Utility, etc.) or education segment (Higher Education and K-12) where the customer has a need to more effectively manage the parts, supplies and materials it takes to maintain their fleet vehicles.

Today, NAPA IBS operates over 350 on-site locations for multiple government and private fleet and warehousing operations in the US and over 20 sites in Canada.

Each IBS contract is unique because each fleet we service has different hours of operation, different vehicles, varying ages of vehicles, and unique staffing situations...no two fleets are the same. **Each IBS location is customized for the government/education customers business.** We start with a blank sheet of paper and build the store entirely around them (people, vendors, services, hours, space, and inventory).

NAPA IBS manages **any product our customers need us to handle** (NAPA and Non-NAPA Automotive/Truck/GSE Parts, OE parts, office supplies, safety material, tires, bulk fluids, and more).

**How does NAPA IBS help our government/education customers?** NAPA IBS works with the customer to build a customized on-site (or in some cases off-site) store that has dedicated NAPA IBS staff who are dedicated 100% to the specific contract customer. When we come to project scope agreement and contract agreement with our customers, NAPA IBS installs a full-scale dedicated on-site parts, supplies and warehouse materials system at the fleet operation that services that particular customer around the business hours of that customer.

Here are the immediate benefits to our contract customers of having an on-site NAPA IBS location service:

- **Inventory Reduction** – NAPA IBS owns the parts supply and inventory. In many cases, we buy the existing non-obsolete parts the customer stocked prior to IBS – relieving them of the inventory investment. Then we add additional inventory on NAPA's investment to support the fleet and improve fill rates. NAPA IBS stores **sell our contract customers parts and supplies as they need them – on-demand**... dramatically reducing the expensive world of owning and managing inventory. The customer only pays for the part when they use it.
- **Staffing** – NAPA IBS provides the staff to run the parts operation during the hours the customer needs us. This staff is 100% dedicated to their contract customer and will also be available to cover the parts operation after hours and in emergency situations (if requested by customer).
- **Transaction Cost Reduction** – NAPA IBS works with fleet departments and procurement departments to reduce the number of transactions by reducing paperwork and reducing the vast number of vendors usually servicing a fleet. We source from all vendors NAPA and non-NAPA and provide our customers with **one bill at the end of the month**. By consolidating the monthly parts bill into one statement, our customers experience a big transactional cost savings reduction by paying one bill versus hundreds.
  - NAPA IBS also works to reduce transactional time and cost by integrating our exclusive TAMS (Total Automotive Management System) point of sale system with existing fleet and warehousing software systems. By integrating with a fleets existing software platform, we help them leverage a major investment they have made in their fleet software and fully utilize the billing, reconciliation, work orders, and reporting available in their software. **Most importantly, it ensures that all parts and supplies used in the shop get billed to a proper work order – allowing our customers the auditability of what they do in their fleet operations.** NAPA seamlessly integrates with dozens of the most popular systems on the market (including Assetworks –Fleet Focus, FA, M4 and M5, Faster, Mitchell One, RO Writer, RTA, Dossier, Chevin).
- **Shop Productivity Improvement** -- NAPA IBS on-site store handles the day-to-day productivity killers (parts management, paperwork, cores, defects, warranties, new part returns). A very important part of our service is

providing regular reporting of on-demand fill rates. Between inventory management, customized min-max services and our nationwide vendor network, NAPA IBS builds a transparent, auditable inventory plan with our customers that builds in specific KPI's and benchmarks for on-time parts delivery to the technicians. Our goal with this is to eliminate the expensive downtime in a shop spent waiting for parts delivery in the traditional parts procurement system. Our goal is to help the government/educational customer by keeping technicians turning wrenches through having the proper inventory on hand and taking the ball on parts pickup and service to ensure the shop gets their parts on time – by dealing with hundreds of vendors.

*In summary, IBS is customizable inventory solution that can be built around one shop, multiple shops and broad geographies.*

**12) Provide a general narrative description of your pricing model identifying how the model works (line item and/or published catalog percentage discount).**

The NAPA IBS program is a turnkey, full-service inventory and parts supply program for fleet and warehouse operations. Services we provide will be outlined in our response to question #24 of Form P.

The program will be made available to all participating Genuine Parts Company/NAPA company-owned and independent NAPA stores in the US. Each governmental agency will use the sample contracts provided in the RFP response (**Exhibit G**) as a basis to come to contractual relationship with the servicing NAPA store. Both parties must agree and sign a contract summarizing the business relationship.

**Pricing Model – Industry Standard** – With over 350 current contract sites in the US and over 20 in Canada – NAPA IBS proposes the industry standard pricing model for the purposes of responding to this RFP. In our 20+ years of providing this service to government, educational and non-profit customers – as outlined in this RFP – our customers have asked for and have come to expect a pricing model that consists of two distinct parts:

1. **IBS PARTS PRICE:** The price of all parts and supplies purchased by the NJPA customer factored at an acquisition price divided by a margin factor to arrive at customer parts price.
2. **IBS OPERATIONS COST:** The monthly operating expenses charged to customer – based on agreed upon service and staffing agreements.

**IBS Parts Price Narrative:**

Today, NAPA IBS manages over one million parts skus from over 1,300 unique manufacturers and distributors for fleet operations nationwide. This does not count the NAPA branded 445,000+ skus we also can manage in an operation. As a result, the industry standard for managing and selling such a wide range of vendors and skus has made it important for our customers in this space to work on an actual acquisition parts cost vs. a list price less contract.

Most of our government IBS customers wish to have our parts pricing and contract margin clearly defined – along with a separate operating cost for our IBS services broken down separately to distinguish the true cost of operating an on-site location. The pricing models listed in this RFP are the same models used in virtually every government and educational IBS location we have today – as well as the model that has been presented in several RFPs of this nature in fleets where we are not the contract holder. For this reason, we are presenting our pricing model solution as within the industry standard for these types of services.

In both models we present, we will define the “acquisition cost” on parts as this:

NAPA Branded Parts – Acquisition price will be the jobber net store acquisition cost for NAPA parts (on 10% margin model) and 9071 profile price (on Pricing Profile model)

Non-NAPA/Sourced Parts – Acquisition price will be the net invoice price for NAPA IBS to acquire the part from the non-NAPA source.

### **IBS Operations Cost Narrative:**

Due to the different nature and business structure at each governmental agency, each individual IBS agreement will have a different level of expense depending on the unique needs of the fleet – different staffing, different hours, and different needs. For this reason, NAPA and the customer must complete an analysis of the fleet’s needs before deciding on the proper expense structure for the IBS site. Due to the nature of the IBS contract, the expenses involved with projected monthly operating expenses must be looked at separately from the parts pricing. NJPA contract member should consult with NAPA on structure of IBS and possible expenses. All operating expenses are agreed on by both parties before moving to final contract. Operating expenses are billed to the IBS customer at true cost with no markup and a sample of expected, agreed expenses are added to the final contract for approval from all parties before proceeding.

Sample monthly operating expense details are listed in Exhibit F of NAPA IBS’s RFP response.

### **Summary Narrative:**

Our contract proposal gives NJPA members the most flexibility to select from two pricing options for our services within our contract to account for parts billing and operational costs – giving them easy audit capabilities on the price or parts and full accounting on all operating expenses for their project to gain a clear picture of total cost of services. Our two options are:

**Option 1: 10% gross margin model**

**Option 2: NJPA Pricing profile model**

**The specifics of these two options will be outlined in our response to Form P - Question #14 below.**

### **13) Please quantify the discount range presented in this response pricing as a percentage discount from MSRP/published list.**

NAPA IBS is a vendor managed service for fleet related parts and services. In many cases we handle hundreds of vendors across broad scopes of products. As a result, the traditional methodology of calculating an “off-list/off-MSRP” methodology for the vast array of product supplied is not applicable. The products we sell are a function of our service. The products we sell under an IBS program are based on a cost factor – not on a total margin factor. Due to the wide array of products supplied in a vendor managed inventory, our customers have traditionally preferred to have us provide products at a negotiated cost plus factor (unless asked to provide an alternative model like our pricing profile model listed in the previous question). Because many vendors today do not maintain a true suggested MSRP or List price, the “off-list” discount numbers can vary wildly across multiple vendors – so the ability to have a true apples-to-apples comparison on list less discounts becomes clouded. As a result, a vast majority of our 350 contracts are based on an acquisition cost factored margin methodology to determine selling price to the customer. Our government customers overwhelmingly prefer the transparent cost nature of our IBS pricing model, as they have auditable invoices from our suppliers to measure the true cost factor on our margin/markup.

Many parts vendors do not provide a true MSRP or list price. That is the main reason the industry standard for parts pricing in this model is using the factored margin approach – NJPA contract members will purchase parts at the store acquisition cost (less any rebates and discounts that are passed to the customer via the acquisition price) divided by the factored margin agreed to in our contract. That allows the customer to see the invoice cost of the part and to easily factor the contract margin based on the contract to audit pricing. For vendors that do provide MSRP or List Pricing - we can estimate a wide range of discounts off list price from 10% off list to 75%.

On the NAPA branded product we sell in our agreements – since we are the sole distributor of NAPA branded products – we may have an average of 20%-50% off list price on NAPA branded products – depending on the pricing model our customers select.

- 14) Provide an overall proposed statement of method of pricing for individual line items, percentage discount off published product/equipment catalogs and/or category pricing percentage discount with regard to all equipment/products and related services and being proposed. Provide a SKU number for each item being proposed.

### **NJPA Customer Option 1: 10% Gross Margin Model**

#### **Parts Costs**

**NAPA Branded Parts** - Supplied to customer at NAPA JOBBER NET Store Acquisition Cost divided by a factor of .90 = Customer purchase price of NAPA branded part. This is a not-to exceed pricing structure.

**Sourced (non-NAPA Branded) Parts** - Supplied to customer at IBS store acquisition cost from vendor divided by a factor of .90 = Customer purchase price of Sourced part. This is a not-to exceed pricing structure. Examples of these types of Sourced Parts vendors are outlined in Question #15 – Form P – below. **This price structure is outlined in our RFP proposal Exhibit H – electronically.**

*This will be the cost factor for every sku sold from every vendor in this pricing model.*

#### **Operating Costs**

The operating expenses of the store are billed on a separate bill to the customer in their entirety at cost. Industry standard for vendor managed inventory services has been for the vendor to supply a monthly, detailed operating statement to show all operating expenses and billing categories for expenses to run these operations per contract. In most cases customers prefer this model to bill operating expenses separate from the price of the part.

**Example:** If NAPA IBS and fleet agree that the IBS will stock and source a Ford OE brake part. The part is sourced by NAPA IBS and sold to the contract customer under our agreement at NAPA IBS acquisition cost from local Ford dealer divided by .90 to equal the selling price of the part. i.e. – Ford brake parts net acquisition cost is \$47.00 divided by .90 = IBS selling price to customer of \$52.22. This formula for gross margin is the same for NAPA branded product and non-Source/non-NAPA product. This will be the not to exceed price factor for each sku we provide in our agreement.

Under the term of this agreement with a customer, we would provide the customer a monthly parts detail with the parts acquisition cost and gross margin detail – as well as an audited operating statement. All parts from NAPA and non-NAPA Sourced vendors are put on to one consolidated billing statement. NAPA provides a separate bill for the operating expenses in this model.

**A sample estimated operating statement showing the price model for the 10% gross margin model and sample operating expenses is included in Exhibit F of this document as well as documented in the pricing section of the sample contract listed in Exhibit G of our response.**

### **NJPA Customer Option 2: NJPA Pricing Profile Model**

We have some government/education fleet customers -- usually ones that service and bill multiple internal customers -- who ask us for an alternative model where our IBS operating expenses are built into the parts margins – so they may bill the proportionate operating expenses within the price of the part when they bill their internal agencies. For that reason, we have created a second pricing option for NJPA contract holders wishing to go to IBS contract.

This model builds an extra gross margin on parts for the NJPA customer from the NAPA store. In this model the operating costs are paid entirely by NAPA. The NAPA store still receives a contract 10% net margin so amounts will be refunded or charged based on failure to achieve an overall 10% net margin after gross profit dollars and expenses are compared. Simply put, this model builds the price of most operating expenses into the price of the part. The NAPA Branded Parts Pricing in this model is billed to customer on the identical 9071 pricing profile used

in our NAPA Auto Parts Awarded Traditional NJPA contract #031212. **This price structure is outlined in our RFP proposal Exhibit H– electronically.**

### Parts Costs

**NAPA Branded Parts** -- Supplied to customer at the NAPA Parts Contract Pricing profile schedule 9071. This is a not-to exceed pricing structure.

**Sourced (non-NAPA Branded) Parts** -- Supplied to customer will be sold at IBS store acquisition cost from vendor divided by a factor of .75 = Customer purchase price of sourced/Non-NAPA branded part. This is meant to yield a 25% margin on parts. This is a not-to-exceed pricing structure. Examples of these types of Sourced Parts vendors are outlined in Question #15 – Form P – below.

*This will be the cost factor for every sku sold from every vendor in this pricing model.*

### Operating Costs

In this option, the operating expenses are not billed to the customer. The additional gross margin from all parts sales for the month are intended to cover most of the monthly operating expenses in this model. At the end of each month, the customer will be refunded or charged based on failure to achieve an overall 10% net margin for NAPA IBS for that month. We show a sample operating statement for this model in Exhibit G of our proposal.

**Example:** In this model, the IBS customer will be billed 9071 pricing (not to exceed) on all NAPA branded product and billed a cost factor of acquisition cost divided by .75 on all non-NAPA/Sourced parts (not to exceed price). The intent of these two profiles will be to produce a higher margin than pricing model 1. For the purposes of our example in Exhibit G – we used a blended gross margin of 25% on parts. The customer would pay the total price of parts in this model and the expenses would not be billed to the customer. One important note – if the gross margin in this model does not exceed the expenses to ensure NAPA of a 10% net margin per contract, the customer may be billed the difference.

## **15) Propose a strategy, process, and specific method of facilitating “Sourced Equipment/Products and/or related Services” (AKA, “Open Market” items or “Non-Standard Options”).**

We have a clear-cut strategy for how potential NJPA customers will approach our proposed services in this offering space. Traditionally, customers will contact NJPA and NAPA IBS asking for one of two things when it comes to parts supply for their fleet or warehousing operations. The parts supply scope covered in NAPA Auto Parts NJPA contract #031212 which was awarded to NAPA Auto Parts in 2013 addresses traditional parts supply. In that model, NAPA retail stores across the country supply and deliver NAPA branded parts to NJPA customers.

**The NAPA IBS model we propose in this solicitation is a completely different model.** In IBS we propose an alternative method from traditional government procurement. Our model is a services related contract model that deals across multiple vendors offering an inventory management model that allows governments to use an NJPA contract to build a transformational model of parts supply and inventory management. Our model is facilitated by working directly with municipal and educational NJPA contract members to build a financially sound case for outsourcing their parts facility and supply chain to NAPA IBS. We have a vast marketplace of government and education fleets that we work with every year on major transformational operating strategies through IBS. The basic premises outlined in Form A of this response delineates the different aspects these fleet operators look at when determining our services. Some of the added value services we provide in our IBS services could be considered “Non-Standard Options”, and the basic services we provide could be considered “Open Market” services. We facilitate each customer based on their specific needs and provide them a menu of operational, vendor and service options to fit exactly what they need for their shops.

What specifically sets us apart from other vendors in the vendor managed inventory marketplace is the depth of experience and broad range of vendors available under our program. NAPA IBS has an incredible network of non-Source/Non-NAPA vendors that cannot be matched. This depth of experience dealing with vast amounts of local

businesses, diverse businesses, regional businesses, and national brand name vendors for parts and supplies -- give our NAPA IBS customers a unique opportunity to have sources available to them for parts.

We work in hundreds of government and educational fleet operations and many private fleet operations. That gives us a unique breadth of sources for parts – a very important aspect considering the broad range of fleet vehicles and operations across the NJPA verticals: light-medium-heavy duty, OE trucks, fire apparatus, ambulances, construction equipment, lawn maintenance equipment, semi-trucks, police cruisers, cement mixers, road maintenance vehicles, snow plows, garbage trucks, school buses, transport buses, airport maintenance, fueling....we have worked with most major brands of fleet vehicles and equipment. NAPA IBS sources millions of dollars each year from suppliers like:

<b>IBS Non-Source/ Non-NAPA Sample Vendor List</b>	
Tires - Multiple Brands: incl. Goodyear, Bridgestone, Michelin, etc..	Motion Industries
Ford Motor Parts	Kenworth Trucks
International - Navistar - IC Bus - Monaco - Workhorse	Thomas Built Bus
General Motors F	BMW
Caterpillar	Terex - Amida Brand
Freightliner	Toyota
Cummins	John Deere - Green
McNeilus	Mercedes Benz
John Deere - Yellow	Nissan
Altec Industries	Volvo
Chrysler Family of Vehicles	Federal Signal
Whelen Lights	Jasper Engines & Transmissions
Grainger	Isuzu
E-One Fire Trucks	Continental Battery
Tug Technologies	Bobcat
Labrie Environmental Group - Leach / Wittke / Juggler	Blue Bird Corporation
Peterbilt	New Flyer
Toro	Hall Industries
Heil Environmental	Komatsu
Elgin Sweeper Co	Prevost / Nova
Case Equipment - New Holland - International Harvester	Wirtgen - Vogele / Hamm / Kleemann Equipment
Mack	Imperial Supply
Four Seasons Radiator	Honda - Acura
Pierce Manufacturing - Fire Trucks	Hydraulic Solutions
AC Delco	Vactor Equipment
Hale Products	Detroit Diesel / Allison Transmission
Heil Heating & Cooling	Terex - Amida Brand

We leverage local, regional and national buying sources – and have a national database of pricing – to compare prices and ensure our customers get fair prices in their operations. Our customers see the actual invoice price when we source parts from these type of non-NAPA Sourced parts vendors and the customer can easily see the margin factor we apply to these parts to show part price per the contract.

**16) Describe your NJPA customer volume rebate programs, as applicable.**

Based on our cost-based model, we do not provide rebates as part of a volume program with our IBS customers. Parts are sold at cost plus and any negotiated vendor rebates or discounts from ANY vendor in our operation are immediately accounted for in the raw acquisition cost of the part or supply for the customer. The true cost savings for the customer is encumbered in the total solution of NAPA IBS – cost savings come from buying parts and supplies at the “after rebate” price net acquisition cost on parts, inventory reduction and/or acquisition, transaction cost reductions, and shop productivity.

**17) Identify any Total Cost of Acquisition (as defined herein) cost(s) which is NOT included “Pricing” submitted with your proposal response. Identify to whom these charges are payable to and their relationship to Proposer.**

Our total cost of acquisition has been defined in our pricing response in line items 12-14. There are no hidden costs of acquisition in our IBS model. Parts costs are transparent to the customer and gross margin is added as a factor on our pricing schedule. On the operating expense pricing, NAPA IBS provides an audited operating statement to every NJPA IBS contract customer on a monthly basis – complete with backup for the expenses listed. The total cost of acquisition is the sum of the parts purchased by the NJPA contract customer at acquisition cost + contract gross margin + total agreed operating expenses. The only other additions to total cost may be special request projects – like IT projects, mobilization costs or overtime charges that come up as part of our agreement. Those expenses are verified and agreed to by a customer before we begin our services.

**18) If freight, delivery or shipping is an additional cost to the NJPA member, describe in detail the complete shipping and delivery program.**

Our IBS store services include inventory management and parts supply. NAPA branded parts are primarily supplied from our closest NAPA Distribution Center (at no freight charge to the customer). Our NAPA Distribution Centers are available for parts supply 7 days per week for our On-site NAPA IBS stores. Nightly freight deliveries to IBS locations are available on Monday-Friday with special pickups and deliveries on weekend. We also handle a huge array of local, regional and national non-NAPA vendors. Our goal is to have a vast majority of stock on hand to avoid freight charges. We work with all vendors to deliver parts at FOB destination cost. As part of our IBS services, the only freight or shipping costs come in the form of special order parts and supplies as requested by the customer. For example, if we have a specific application part that is an emergency and the only supply for that particular part is from a vendor in another state, we provide the customer with a freight approval form and will only ship upon approval from authorized NJPA IBS customer approver. Freight and shipping on special order items is billed to customer on the itemized operating statement on a monthly basis and is billed at cost with no markup. In addition, freight for these special order items is included on our invoice along with the part for auditing and tracking.

**19) As an important part of the evaluation of your offer, indicate the level of pricing you are offering.**

**Prices offered in this proposal are:**

- a) Pricing is the same as typically offered to an individual municipality, Higher Ed or school district.
- b. Pricing is the same as typically offered to GPOs, cooperative procurement organizations or state purchasing departments.
- c) Better than typically offered to GPOs, cooperative procurement organizations or state purchasing Departments.
- d. Other; please describe.

Explanation: The hallmark of our NAPA IBS program is pricing and service cost transparency. That’s why our pricing model presented here is the same as we present to government agencies in the US and Canada. Parts supply vendor managed inventory contracts are unique in that a customer gets handed a detailed operating statement from a vendor and is provided auditable backup on all expenses and product costs on a monthly basis. For this reason, our IBS program presented to NJPA for consideration for this RFP is the same premise and conditions that we expect in every government offering or procurement event focused specifically on our IBS services. What varies in each contract is the services, staffing, overhead, and products as requested as part of the services we provide. In one IBS operation, the customer may request 7 people to staff their operation 24/7. In another operation, with similar needs, we may have 5 people. The expense bill back for these two operations will be a different cost to each customer because their needs are different. Both will work on the same pricing platform agreed to in the contract for parts and supplies, but the operations expense charge or “price of operation” will differ because they require different resources.

It is important to clarify and note that the services we are proposing for this RFP are a services-based, non-traditional procurement. Typically a procurement organization puts a bid out for parts, and vendors negotiate an acceptable margin to pay rebates, service the customer, and make a profit for their business. NAPA IBS is an atypical procurement in that the cost of the parts is not the “price” of the parts. Because of the service aspect of charging IBS customers for IBS services, we can say that traditionally parts prices can be lower, the same, or higher, depending on the mix of product we sell. It would not be accurate to say that prices across the board will be better – mainly because we do not know that until we get involved in an engagement and understand who is supplying parts and supplies.

In many cases we have been able to reduce the parts “price” for a customer through NAPA branded vendors and some non-NAPA vendors as well. We stand shoulder to shoulder with procurement and fleet to provide the agreed products they want for their fleet. We have had examples where fleet and procurement have been buying an aftermarket product from a vendor – only to find the quality of the parts to be poor. We jointly make the decision to purchase the higher priced OE part for a customer. In that case, our parts “price” was not lower, but the reduction of downtime, gain of tech productivity time, and overall “cost” has been reduced by the services we provide.

On a broad scope in our IBS services, we have been able to produce significant “cost” reductions for customers – which many times includes price reduction on the raw acquisition of the parts “price”.

**20) Do you offer quantity or volume discounts?**

YES  NO Outline guidelines and program.

No. See response to question #16 on Form P above.

**21) Describe in detail your proposed exchange and return program(s) and policy(s).**

One of the hallmark services we will provide NJPA IBS contract customers is our incredible returns and exchange program managed by our on-site point of sale TAMS system. As part of a 6,000 site retailer, our IBS sites get to use the same technology NAPA uses to manage its 6,000 retail stores which manage millions of dollars in returned/exchanged merchandise every year. TAMS processes three type of returns: **New part returns, core returns, and warranty returns.** NAPA IBS will issue returns immediately upon physically receiving the returned goods parts and a return request from technicians or appropriate customer personnel. If any warranty fails to meet manufacturer warranty terms and NAPA IBS does receive credit, we will work with the customer to reissue the cost of the return to the appropriate asset. NAPA will maintain comprehensive warranty information and terms within the customer’s fleet system as well, if requested.

As for core returns, NAPA IBS will either bill customers for cores or track the return of all cores – or – if the customer requests – we may set up a core bank which will be reconciled on a regular basis. When NAPA IBS issues out a part with a core value, the core value will automatically be billed to the separate core account. The core value remains on this account as pending awaiting return from the customer. NAPA will issue credit upon receiving the appropriate rebuild-able core. If the customer is unable to return a rebuild-able core within a timely manner, NAPA will issue the customer for the core value on the primary billing account.

To effectively track all core, warranty and new return parts - NAPA IBS will be able to provide the customer daily and on demand a list of open and pending cores to be returned to NAPA. New part returns and warranty returns are processed immediately and the customer is issued instant credit – no matter the vendor. All returns are measured exclusively in our TAMS Report RPT130 – Special Invoice Report and are reconciled daily by our on-site NAPA IBS manager and team.

**22) Specifically identify those shipping and delivery and exchange and returns programs as they relate to Alaska and Hawaii and any related off shore delivery of contracted products/ equipment and related services.**

Since we have brick and mortar store and warehouse operations in Alaska and Hawaii, they will have the exact same benefits as the other 48 states. Since they are part of the Genuine Parts Company family and NAPA network, NAPA branded products are delivered at the same cost as the mainland US. Freight and shipping for special order parts and parts not available through local and regional vendors would be vetted the same as in the 48 mainland states. Freight charges would be on an approval basis from the customer on special order and national vendors. NAPA also has export distribution centers on the West Coast (Sacramento) and East Coast (Miami) that already have international channels of distribution in place that can expand the services proposed in this agreement to the Caribbean, South America, and the South Pacific (including Guam).



**23) Please describe any self-audit process/program you plan to employ to verify compliance with your anticipated contract with NJPA. Please be as specific as possible.**

**Self-audit process/program.** NAPA IBS manages a similar process with audits on all 350+ IBS contracts nationally.

**Corporate auditing and governance:** First and foremost – as a publicly traded company, Genuine Parts Company is governed by Sarbanes-Oxley corporate governance and auditors as part of our public responsibility. Our business units in all company operations -- including IBS -- are audited on a regular basis.

**IBS Corporate Auditing:** Genuine Parts Company supplies each of our IBS locations with 3<sup>rd</sup> party inventory auditing through 3<sup>rd</sup> party contract inventory teams – per Sarbanes Oxley regulations. Each NJPA/NAPA IBS customer agreement will include monthly monitored electronic tracking of all customer purchases handled through our NAPA Headquarters in Atlanta, GA. The contracts will be subject to a quarterly compliance business review with involvement from the contract owner (GPC or independent dealer) and the customer and will be signed off and logged at NAPA Headquarters for compliance.

**Parts Pricing and Operations Statements Compliance:** Our HQ's IBS operations department -- listed in Form A of this response -- produces and reviews month end contract compliance reporting to insure each customers prices match their specific agreements with any deviation reported to the operations for corrections. This team will perform quarterly pricing reviews along with our local operations to ensure our customers receive contract pricing per our agreed NJPA contract. Our TAMS on-site point of sale system will be the system of record for all transactions – and we have dozens of daily, weekly and monthly reporting available to any IBS customer for contract margin compliance. In many of our IBS sites, we are very familiar with contract compliance and audit measures, so our team is seasoned to report and audit our operations. This transparency is reflected in our IBS NJPA contract agreement attached. As a rule, in many of our IBS contracts, we provide a specific market basket of products to our customer with specific margins and costs to ensure compliance – typically on a quarterly basis. Our customers may pick the parts from parts acquired in the contract and may ask us to do an analysis on our contract price vs. the price charged. For example, the City of Chicago -- on a quarterly basis -- currently randomly selects 100 skus from the market basket of parts supplied through our contract and asks us to produce acquisition cost proof in the form of a statement from the vendor we purchased the product. We then produce TAMS reports and billing showing specific markup in the billed parts vs. the contract price to ensure compliance. The audit needs of our NJPA contract customers may differ – so we write the information requirements specifically in our contract language. NAPA IBS lives in a transparent government and education fleet environment every day and takes price compliance very seriously.

One additional note: All IBS customer purchases are stored and protected in our GPC secured network daily. Purchases are held in two separate secure corporate servers/data warehouses and preserved for the term of the contract – for internal and external audit purposes.

**NJPA Marketing Requirements:** In regards to marketing and advertising requirements our VP of IBS will assign the designated IBS Marketing Coordinator to insure the IBS website has the most current NJPA marketing materials posted and maintained monthly.

**Reporting Compliance:** Our IBS Operations Department will be notified of all new members and will insure that the locations' purchases are properly tracked to insure accurate quarterly reporting to the designated NJPA representative. Under our current contract, we have customized reporting on our NJPA contract for the co-op. We can deliver sku level data and overall program progress to NJPA on quarterly basis.

**Industry-Specific Items**

**24) Describe your on-site inventory management solution, if applicable.**

**Integrated Business Solutions or IBS - Overview of Turn-Key Services Provided:** The primary function of NAPA IBS services is to provide an on-site, turnkey replacement parts, supply warehouse/store within the walls of the

customers we serve. NAPA IBS has the responsibility to staff, stock and manage the warehouse/stockroom parts inventory for the NJPA contract fleet customer.

## **Pre-contract Phase**

Project Analysis: Prior to initiating contracts with NJPA members for our services, our initial service is to perform a project/financial analysis for the customer to determine the viability of the project. This analysis includes – but is not limited to: current parts pricing analysis, current hours of operations, staffing, technician service rates, inventory, historical fill rates and service levels, transactional costs, shop productivity, down vehicle history, fleet makeup, return part processes, and operational costs to maintain parts room, parts supply or warehousing for fleet or maintenance operation.

*This co-operative analysis effort with the NJPA member will determine:*

- Expected staffing and operational costs associated with managing the turnkey operation
- Projected initial parts vendors to be used in the operation
- Targeted key performance areas to be addressed in the agreement
- Project plan and timeframe of project launch

Once the NJPA member agrees to move forward, we move to the contract phase. *The last step in the pre-contract phase is to contact NJPA and get written documentation of the NJPA member status with our NJPA contract manager.*

## **Contract Phase**

- NAPA IBS and NJPA member come to terms on specifics in the turnkey vendor managed IBS solution using the contract documents template proposed in the NAPA IBS response in this RFP –**Exhibit G**.
- Once a contract has been agreed to by both parties and NJPA member status has been verified, GPC legal will work with the customer to properly execute the contract.
- Once the contract is signed, NAPA IBS begins the project launch phase.

## **Project Mobilization/Launch Phase**

NAPA IBS will next execute a well-organized project plan that includes:

- **Staffing Selection:** NAPA IBS staffs the personnel and management to operate each customer on-site parts warehousing location. We suggest the customer interview and approve on-site staff candidates and welcome their input and approval of our staff. The number of people and/or scheduling will be mutually agreed upon between the parties and accounted for every month with an audited operating statement. The following staff members will be mutually agreed upon by the NJPA contract customer and NAPA IBS: On-site staff may include:
  - Project managers
  - Site managers
  - Parts sourcing clerks
  - Inventory clerks
  - Paperwork clerks
  - Delivery drivers to source local pickup parts
- **Point of Sales/IT Implementation:** NAPA IBS installs our TAMS point of sale system of record within the proposed on-site location and connects all appropriate wide area network connections and software integrations. **NAPA IBS Exclusive:** Total Automotive Management System (TAMS) inventory management and point of sale billing computer system with the following capabilities: Invoicing, cataloging, master interchange, inventory control, custom pricing, inventory stocking information, inventory on order information, inventory on backorder information, lost sales reports and analysis, automatic inventory min/max review, inventory costing and much more. In addition, this system is a great benefit for the customer as it allows access to the area's largest inventory of automotive and heavy-duty replacement parts, paint, supplies and equipment. This access provides real-time warehouse stocking levels and electronically produces daily stock orders to the customer's location from NAPA's Distribution Centers to replenish the inventory on a regular basis.
- **Physical Inventory Count:** NAPA IBS provides -- at no charge to the customer -- an inventory count team comprised of NAPA team members to execute a full physical inventory of current fleet and warehouse parts and supplies. Once the full physical inventory is complete, our team provides bar coding, location loading, and

data loading of all applicable product into NAPA point of sale inventory system. NAPA IBS will work with customers to determine if there is an amount of working inventory that is in good, sellable condition and with a recent (24 month or less) significant purchase history. NAPA IBS reserves the right to inspect inventory and make a determination on the amount of inventory we may purchase up front on behalf of the NJPA member for use in their operation. Upon completion of physical inventory, NAPA and the customer will agree on the proper min/max levels for all products needed to meet fleet demands and contractual fill rates.

- **Vendor Orientation and Selection:** NAPA IBS takes the lead – with the assistance of the customer’s purchasing and fleet departments – to select a list of key vendors to meet with regarding pricing and supply terms for the project. This will consist of current fleet vendors and new fleet vendors.

**Evaluation of Non-NAPA Vendors.** With the current number of government customers utilizing the IBS program from NAPA IBS, we take our job very seriously on evaluating the vendors we use to serve our IBS contracts. As a result, we have strict criteria for any parts or supplies vendors who supply parts through our IBS services, including:

- Shipping performance and turnaround time from vendor to our customer site
- Order fill rate on special orders and stock replenishment orders – over 90% fill
- Warranty, core and returns procedures
- Product Quality -- understand the unique aspects of IBS as it relates to specifications and quality control within our customers fleets
- Electronic Ordering Capabilities
- Sales/Inventory Support – adaptable to changes or special requirements
- Pricing Support – pricing shall be competitive with the industry standard
- General Services
- Offering of Clinics or Technical Information
- Effective Cataloging
- Communication/Responsiveness

**Local Business Enterprise.** Every year our IBS sites spend millions of dollars with local, small and diverse business entities to support the contract customers we serve. NAPA IBS agrees to work with the customer to meet and exceed small business and diverse business spend goals. In addition, our IBS services include documentation and reporting of all small business and diverse business spends – as the customer requires.

- **Operational Work Flow Plan:** NAPA IBS will meet with all appropriate customer management to insure seamless transition in billing, service and support. This includes training all support staff on IT, billing, invoicing product, and service expectations. We will also take this time to ensure our new on-site employees will meet the safety and security standards within the customer’s place of business.

## **Store Go-Live**

Our launch date arrives, the staff is in place, inventory has been signed off by both parties, and vendors are in place. NAPA IBS’s turn-key solution is fully operational and we are ready to execute the terms of our agreement.

NAPA IBS is now under contract to supply parts, supplies and services as put forth in our agreement.

### **Our day-to-day duties include:**

**Inventory controls and management:** IBS agrees to be wholly responsible for the on-site inventory at the customer’s shops provided that the stock area is totally secured and NAPA is the only authorized party for access. **NAPA IBS takes the burden of inventory cost** by owning all parts and supplies inventory within the secured on-site parts room for the customer. NAPA IBS takes ownership of inventory replenishment, inventory costs, and continuous management. When we own the inventory, the customer only pays for parts as they use them instead of incurring inventory holding costs, obsolescence and loss.

Our on-site staff is required to maintain and manage min/max and service levels to meet the service requirements of our contract. That includes daily stock orders, special order parts, vendor negotiations and managing new part/core and warranty returns for customers. NAPA IBS will bar code parts we manage to ensure accuracy and will manage inventory records within a customer's fleet management system – if requested.

NAPA IBS may also offer the ability to work on *off-site inventory management solutions* with customers that have small, satellite shops that may not require staffing to manage their parts needs.

**Parts and Supplies Sourcing – Non-Source (Non-NAPA) and NAPA Branded:** NAPA IBS delivers a best-in-class solution to leverage our 350+ on-site operations and network of 62+ NAPA Distribution Centers and 6,000 NAPA stores by giving our on-site stores the ability to check inventory levels and order from any NAPA Distribution Centers in the entire United States with approximately \$1 billion in inventory availability. **In addition, our IBS sites have access** to the largest OE, proprietary, and aftermarket parts supply database in the industry (sourced parts/non-NAPA product) with over 1,300 non-NAPA manufacturers and distributors. This gives our customers broad geographic comparisons on parts supply resources in all 50 states and Canada.

NAPA IBS agrees to provide stock and non-stock O.E. equipment parts, supplies, and equipment or NAPA aftermarket items of equal or higher quality (unless directed differently by customer) including but not limited to the following:

- Automotive Replacement Parts – OE and aftermarket
- Light, Medium and Heavy Duty Parts – OE and aftermarket
- Bulk Oil and other Lubricants/Chemicals – including management of SDS sheets
- Tools and Equipment – including management of tool cribs for customers
- Automotive Accessories
- Paint and Refinishing Supplies
- Tires – multiple vendors across our 350+ store network
- MRO, safety and necessary operations supplies
- Necessary equipment for lube equipment for dispensing oils and greases or hydraulic hose making equipment

**Parts Availability and Quality:** If a situation arises where NAPA IBS cannot locate a given part, the customer will be notified. If NAPA IBS cannot provide the item within the time frame required, our customers are allowed to procure this item from another source. NAPA agrees to provide stock and non-stock O.E. equipment parts, supplies and equipment or NAPA aftermarket items in equal or higher quality to OE or to customer specs. NAPA agrees to allow customers to inspect the quality of materials, supplies and equipment proposed to be furnished and allow the customer to reserve the right to reject any item(s) that do not meet O.E. or fleet specifications.

**Billing, Invoicing and Reporting day-to-day parts inventory, operations and parts activity:**

- NAPA IBS has the responsibility to properly invoice all parts at the time of sale and **ensure all parts are billed to the proper work order** in the customer's system. We will also enter any information into the customer's fleet, billing or inventory database system at the time of sale as required by customer, including complete repair order information -- as required by customer.
- **NAPA IBS provides all daily and monthly reports** generated by TAMS computer upon request of the customer including key performance metrics of the customer contract.
- At the end of each month we provide the customer with a **detailed statement** showing all invoice numbers, sku level data, and amounts purchased – ensuring contract pricing transparency and detailed operating statement transparency. NAPA IBS will produce a separate detailed billing statement for the monthly operating expenses of the operation.

The level of staffing and operating expenses vary based on the size and scope of customers. A mutually agreed staffing plan is included in every NJPA contract. **Our sample staffing plan and sample operational expense recap for our IBS pricing models are included in Exhibit F of this response**

**25) If you are proposing an on-site inventory management solution, can you customize it based on NJPA member requests? If so, please provide an example(s) of when and how you have done this.**

A trademark of our NAPA IBS program is the customizability of our services around the needs of our customers. Our solution can customize the program for fleets of any size. Typical requests for customization usually revolve around inventory, staffing, and/or operations support.

We have hundreds of examples where government fleet customers have worked with NAPA IBS to build a specific custom solution for their fleet operations. Some important solutions are outlined below:

**State of Georgia – Independent Involvement to support NJPA State Contract**

The State of Georgia broke new ground by adopting the NJPA contract for parts and supplies and related services in 2010. As part of that project, the State asked us to reach out to local small business NAPA independent owners in Georgia and coordinate an effort to solicit IBS services as part of the State of Georgia NJPA contract. Our local IBS sales resources and NAPA IBS Headquarters resources worked with State of Georgia resources to find specific opportunities within the State. The result of our NJPA IBS campaign was the addition of several new K-12 IBS contracts on the existing State of Georgia contract that includes: Newton County Schools, Muscogee County Schools, and Richmond County Schools – all IBS sites managed by small business, Georgia-based ownerships. This was a win-win for all parties involved.

The State of Georgia was able to help local County K-12 organizations through the cooperative NJPA contract and brought significant business to the small business Georgia-based NAPA owners in Georgia. The K-12 organizations gained big savings by getting out of the inventory business and showed huge productivity gains by having NAPA IBS operate their parts operations. The small business NAPA owners gained new business and were able to support the State of Georgia in their efforts to gain contract adoption through our IBS contracts. This was a great example of how co-operative purchasing should work.

**Dallas County Schools – Staffing**

In 2014, NAPA IBS worked with another educational opportunity in Texas. The customer understood the many benefits of IBS – inventory, productivity, procurement leverage, and transactional savings. They operate 11 school bus garages across a large metropolitan area. They had several key current employees who would fit our new IBS model. Our customer solution for Dallas County Schools included Genuine Parts Company hiring several of their current parts staff to our company, giving them the training and tools provided in our IBS program – including them in the solution. This was a win-win for Dallas County Schools and NAPA IBS: The Schools were able to restructure their staffing to better serve the public while the staff were given an enhanced role in management of our GPC IBS operations and the schools got the financial benefits of IBS.

**City of Chicago – Inventory Management Process**

When NAPA IBS entered into our IBS agreement with the City of Chicago Fleet operations in 2000, their primary need was a growing obsolete and excessive parts inventory of over \$20 million dollars. NAPA developed a customized plan to work with existing vendors and new vendors with one main goal: Help the City out of a \$20 million dollar inventory liability while leveraging the power of our NAPA IBS services. As NAPA IBS added important inventory on our books to service the fleet, we worked with other vendors to reduce the City-owned parts and supplies inventory organization-wide. The results of this customized inventory effort:

- City of Chicago-owned inventory was reduced from \$20,000,000 to \$3,000,000 within the first 3 years of the contract.
- The current City owned inventory is valued under \$500,000. Most of the City owned inventory is made up of internally fabricated and rebuilt parts, used and recapped tires, and warranty compensated parts.
- The balance of City owned inventory (managed by NAPA) is issued at no charge until depleted.
- The City was able to eliminate the parts inventory annual investment.
- NAPA owns the majority of the City parts inventory – over \$5.5 million currently.
- Annual losses due to obsolescence and shrinkage were eliminated.

**26) What is your parts fill rate, if applicable?**

Another trademark of our IBS program for fleet and warehouse operations is our ability to track and report regular parts fill rates on the parts and supplies we maintain for fleet operations. In fact, we believe in fill rate requirements so much that we make it a requirement in our IBS contract. This allows us to give our operations a daily report card in fill rate activity – the real measurement of our program. By tracking every transaction and being integrated into the operation, we can provide valuable information to our fleet IBS customers on the status requests for parts.

With the wide range of fleets we service, NAPA IBS has different fill rate requirements in most contracts. The IBS standard – after initial mobilization, inventory and vendor agreements, service changes and integration is to achieve 90 percent fill rates for on-demand, standard use items within a specified fill rate timeframe based on the customer. From our experience, there will always be non-standard parts requests -- some special orders, some new product sourcing, and some special build requests -- that are not able to be filled on demand. NAPA IBS sites work with customers in the first weeks of an operation to analyze current inventory and purchase history to build and invest in a model to hit the customer's productivity goals. Within the first 120 days of operation – scope and inventory needs differ – we are usually able to deliver 80% of all parts requests on demand as we work through prior fleet data, current inventory, and vendor selection in the new project. Within the first 6-12 months of operation we target 90%+ fill rate on demand.

Signature: \_\_\_\_\_



Date: \_\_\_\_\_

6/7/15

## EXHIBIT 2: MODIFICATIONS TO THE AGENCY AGREEMENT

1. **References.** All references to “National Joint Powers Alliance (NJPA)”, “NJPA Member” or “Sourcewell” in the Agency Agreement shall mean and be understood to be “City of San Diego”. All references to “Proposer,” “proposed Vendor,” “Vendor,” or “Authorized Dealer” in the following: Agency Agreement; any properly executed written amendment(s) to the Agency Agreement; Contractor’s Response to Solicitation, including Contractor’s Proposer Questionnaire, and Contractor’s Exceptions to Proposal, Terms, Conditions; and Agency’s RFP and any addenda shall mean and be understood to be “Genuine Parts Company/NAPA Integrated Business Solutions (IBS).”

2. **Insurance.** Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by Contractor, his agents, representatives, employees or subcontractors.

Contractor shall provide, in addition to the Insurance Requirements outlined in the Solicitation Section G. CERTIFICATE OF INSURANCE, the following additional insurance:

2.1 **Commercial Automobile Liability.** Insurance Services Office Form Number CA 0001 covering Code 1 (any auto) or, if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.

2.2 **Workers' Compensation.** Insurance as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

2.3 **Other Insurance Provisions.** The insurance policies are to contain, or be endorsed to contain, the following provisions:

2.4 **Additional Insured Status.** The City, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to Contractor’s insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 if a later edition is used).

2.5 **Primary Coverage.** For any claims related to this contract, Contractor’s insurance coverage shall be primary coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees, or volunteers shall be excess of Contractor’s insurance and shall not contribute with it.

2.6 **Notice of Cancellation.** Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to City.

2.7 **Waiver of Subrogation.** Contractor hereby grants to City a waiver of any right to subrogation which the Workers' Compensation insurer of said Contractor may acquire against City by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

2.8 **Verification of Coverage.** Contractor shall furnish City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive Contractor's obligation to provide them. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

2.9 **Additional Insurance.** Contractor may obtain additional insurance not required by this Contract.

2.10 **Excess Insurance.** All policies providing excess coverage to City shall follow the form of the primary policy or policies including but not limited to all endorsements.

3. The attached Exhibit 4, Specified Scope of Work shall be added to the Agency Agreement pursuant to Form P Responses to Numbers 3, 11, and 25 of the Proposer Questionnaire within the Agency Agreement.

4. The remaining portions of the Agency Agreement shall remain in full force and effect.



**EXHIBIT 3: GENUINE PARTS COMPANY/NAPA INTEGRATED BUSINESS SOLUTIONS (IBS) PRICING FOR CONTRACT #061015**

**OPTION 2: SOURCEWELL PRICING PROFILE MODEL AS DESCRIBED IN EXHIBIT 4, SPECIFIED SCOPE OF WORK.**

## EXHIBIT 4

### SPECIFIED SCOPE OF WORK

Genuine Parts Company d/b/a/ NAPA Auto Parts (hereafter called "NAPA") and the City of San Diego (hereafter called "CUSTOMER" or "City") hereby agree to the following specified Scope of Work:

1. **DEFINITIONS.** For purposes of this Cooperative Procurement Contract Between CUSTOMER and NAPA for Fleet-Related Maintenance Equipment, Supplies, and Inventory Management Solutions (the "Agreement" or "Contract"), the following terms shall have the meanings set forth below:

(a) ***Primary Supplier*** shall mean the parts supplier that provides a minimum of fifty percent (50%) of the Inventory needs of CUSTOMER.

(b) ***Current NAPA Jobber Acquisition Cost*** shall mean NAPA's current gold price as set forth on NAPA's Confidential Jobber Cost and Suggested Resales price list.

(c) ***Off-Site Store*** shall mean that certain off-site NAPA Auto Parts store located at 7440 Convoy Ct., San Diego, CA 92111.

2. **GENERAL.** NAPA shall provide integrated business solutions services which consists of maintaining an offsite supporting inventory, specific to the CUSTOMER's fleet. Inventories will be established at the Off-Site Store (as defined in the Agreement) to service the specific daily needs of the CUSTOMER. This dedicated Off-Site Store will serve as the primary supplier of replacement parts for automotive, heavy duty, implements and other equipment serviced by the CUSTOMER, and this also includes automotive related maintenance supplies, tools, equipment and consumables (the "Inventory" or "Products"). NAPA shall provide all personnel required to operate the Off-Site Store. This will include trained personnel to cover daily hours of operation, and provide staff to cover any time off due to employee absence, illness, vacations, emergencies, etc. NAPA would be **off-site** and staff a facility to be a single source supplier, taking all calls for stock replenishment and just in time inventory. CUSTOMER will continue to staff their own facilities and be responsible for all inventory and stocked cores within the CUSTOMER's facility.

3. **TOTAL AUTOMOTIVE MANAGEMENT SYSTEM (TAMS) & INTEGRATION.** The NAPA TAMS/HUB computer will be off-site and operated by NAPA employees. Orders will be processed and sent to NAPA in an agreed upon format by the CUSTOMER's staff for just in time orders as well as stock replenishment orders. NAPA agrees to maintain its existing integration with the CUSTOMER's Ariba System as utilized by the CUSTOMER to receive issued PO's.

**4. CUSTOMER'S CURRENT LOCATIONS.** NAPA will deliver the Inventory from the Off-Site Store to the CUSTOMER locations listed herein (the "CUSTOMER Locations").

Item No.	Facility/Location	Hours of Operation	Vehicle Type
1	PD Station 1 ( <b>N-PT</b> ) Northern 4275 Eastgate Mall	M/F 0600 – 1430	Police
2	PD Station 2 ( <b>NE-PT</b> ) Northeastern 13396 Salmon River Road	M/F 0600 - 1430	Police
3	PD Station 3 ( <b>E-PT</b> ) Eastern/Motorcycle 9225 Aero Drive	M/F 0600 - 1430	Police & Motor Cycles
4	PD Station 4 ( <b>SE-PT</b> ) Southeastern 7222 Skyline	M/F 0600 - 1430	Police
5	PD Station 9 ( <b>MC-PT</b> ) Mid-City 4310 Landis Street	M/F 0600 - 1430	Police
6	PD Station 8 ( <b>NW-PT</b> ) Northwestern 12610 El Camino Real	M/F 0600 - 1430	Police
7	PD Station 7 ( <b>W-PT</b> ) Western 5215? Gaines Street	M/F 0600 - 1430	Police
8	PD Station 7 ( <b>S-PT</b> ) Southern 1120 27th Street	M/F 0600 - 1430	Police
9	PD Station 5 ( <b>C-PT</b> ) Vehicle Maintenance Facility 3940 Federal Boulevard (Core Location)	M/F 0600 – 2400	Police
10	Storeroom FD Fire Apparatus 3870 Kearney Villa Road	M/F 0600 – 1700	Fire Apparatus
11	Storeroom Q0 Refuse Packer/Fire Fleet 8323 Miramar Place (Core Location)	M/F 24 hours a day Holiday Support/Saturdays	Trash Truck & Fire Apparatus

Item No.	Facility/Location	Hours of Operation	Vehicle Type
12	Storeroom Q8 Chollas Ops Non-Safety Fleet 2740 Caminito Chollas (Core Location)	M/F 0600 – 2400	Light/Heavy Duty Cars/Trucks, Sweepers, Tractors, & Trailers
13	Storeroom Q9 Rose Canyon Ops Non-Safety Fleet 3775 Morena Boulevard (Core Location)	M/F 0600 – 2400	Light/Heavy Duty Cars/Trucks, Vactors, Tractors, & Trailers/Fire Apparatus

Additional locations of the CUSTOMER may be added to this Agreement by written amendment executed and agreed to by both the CUSTOMER and NAPA.

**5. DUTIES AND RESPONSIBILITIES OF NAPA.** NAPA shall have the following duties and responsibilities during the term of this Agreement:

(a) NAPA will operate the Off-Site Store and provide the Inventory to the CUSTOMER Locations. NAPA shall provide all personnel required to operate the Off-Site Store, and NAPA will maintain an account manager to facilitate the relationship between NAPA and CUSTOMER. The normal working hours of the CUSTOMER Locations are set forth in Section 4 herein (except Holidays observed by the CUSTOMER). CUSTOMER and NAPA will work together in good faith to establish mutually agreed upon inventory min-max stocking levels which will be determined based upon sales history through the NAPA IBS.

(b) When delivery is required by CUSTOMER, NAPA will provide parts to the CUSTOMER Locations. In addition, NAPA will accelerate delivery on those items the CUSTOMER requires to be delivered on an expedited basis. NAPA will make all reasonable efforts to ensure prompt delivery to the CUSTOMER Locations. If NAPA is unable to provide the delivery in the time needed due to extreme weather conditions, CUSTOMER employees will have authorization to pick up the Product from the closest NAPA store location upon availability.

(c) NAPA shall provide all reports to CUSTOMER that are reasonably capable of being generated by NAPA's TAMS.

(d) NAPA shall provide back-up emergency service during non-working hour contingencies. This overtime expense (calculated at time and one half) will be charged on a cost basis to CUSTOMER, and must be pre-approved by CUSTOMER. The parties shall mutually agree upon the pre-approval process for such emergency situations. NAPA will provide a list of personnel, including telephone numbers, who will respond to emergency service requests.

(e) Invoice Detail. Contractor's invoice must be on Contractor's stationary with Contractor's name, address, and remittance address if different. Contractor's invoice must have a date, an invoice number, a purchase order number, a description of the goods or services provided, and an amount due. Invoices must be emailed to:

Email: IOB-Fleet-AcctsPayable [PWAcctsPayable@sandiego.gov](mailto:PWAcctsPayable@sandiego.gov)

NAPA shall provide delivery invoices for all purchases of Inventory made by the CUSTOMER. Invoices shall contain the CUSTOMER's Ariba Purchase order information for payment processing of individual invoices through the CUSTOMER's Accounts Payable department.

(f) CUSTOMER shall have the right to determine specialty parts that are required to be maintained in active inventory for equipment that may be required when emergency operations arise. Further, NAPA shall assist CUSTOMER by adding part numbers and SKU's for bar coding and transactions.

(g) NAPA will manage all warranty administration for NAPA Inventory and non-NAPA Inventory sold to CUSTOMER. NAPA shall process all warranty claims that the CUSTOMER may have against a manufacturer.

**6. DUTIES AND RESPONSIBILITIES OF CUSTOMER.** CUSTOMER shall have the following duties and responsibilities during the term of this Agreement:

(a) CUSTOMER shall use NAPA as its Primary Supplier of the Inventory under this Agreement. CUSTOMER reserves the right to purchase any item outside this Agreement where it is determined to be more economical or timely so long as the purchase of aforesaid part or parts does not result in NAPA no longer being CUSTOMER's Primary Supplier in which case NAPA may terminate this Agreement.

(b) CUSTOMER shall provide information regarding fleet changes to NAPA as soon as possible. Fleet changes include but are not limited to the removal of types of vehicles from the fleet and the addition of new vehicles to the fleet.

(c) CUSTOMER shall provide access to the CUSTOMER parts room at the CUSTOMER Locations for deliveries of parts and supplies and Inventory control operations for use by NAPA.

**7. PAYMENT TERMS/PRICING.** NAPA shall invoice the CUSTOMER for all Inventory purchased pursuant to this Agreement on a monthly basis according to the pricing plan below. CUSTOMER agrees to pay the entire amount of all invoices received from NAPA within thirty (30) days following receipt of any such invoice. If CUSTOMER has not paid the entire amount of all invoices received from NAPA within 10 days of the due date, CUSTOMER shall be put on COD until such amount is paid in full. No prompt pay discount is available under this Agreement.

The overall objective of CUSTOMER’s pricing plan is for NAPA to provide Products in accordance with the agreed upon Pricing Plan Summary set forth below. By billing CUSTOMER for the Products, NAPA will achieve its target eight percent (8%) net profit for the Agreement (the “Net Profit Target”). CUSTOMER’s pricing plan is comprised of the following element(s):

(a) **Product Price.** The pricing of the Products to be supplied to CUSTOMER by NAPA pursuant to this Agreement shall be divided into: 1) “**NAPA Product Price,**” which is the pricing of NAPA branded or NAPA cataloged supplier manufactured products; and 2) “**Non-NAPA Product Price,**” which is the pricing of products which have not been manufactured by NAPA suppliers or do not exist in NAPA’s proprietary catalog system but which have been acquired for CUSTOMER by NAPA pursuant to this Agreement. The pricing of NAPA Product and Non-NAPA Product shall be billed in accordance with the Pricing Plan Summary defined below.

**PRICING PLAN SUMMARY**

NAPA Product Price	Billed to CUSTOMER at an 18% gross profit rate (The formula for NAPA Product Price for CUSTOMER is the Current NAPA Jobber Acquisition Cost divided by .82) This formula will achieve the gross profit rate set forth above. Example: Current NAPA Jobber Acquisition Cost is \$1.00. CUSTOMER’s price would be $\$1.00 / .82 = \$1.22$
Non-NAPA Product Price	Billed to CUSTOMER at an 18% gross profit rate (The formula for Non-NAPA Product Price for CUSTOMER is NAPA’s current product acquisition cost divided by .82) This formula will achieve the gross profit rate set forth above. Example: current product acquisition cost is \$1.00. CUSTOMER’s price would be $\$1.00 / .82 = \$1.22$
Net Profit Target	8% net profit for NAPA after Products are billed to CUSTOMER.

If requested by CUSTOMER in writing and consented to by NAPA in writing, a Product may be billed to CUSTOMER at a rate lower than that which is set forth in the above pricing plan summary.

Both NAPA Product and Non-NAPA Product shall be set by NAPA to yield a gross profit of eighteen percent (18%). While the gross profit percentages set forth above will remain firm, prices on individual Products may increase and decrease throughout the term of the

Agreement. NAPA will pass on both cost increases and cost decreases on individual Products to CUSTOMER.

In addition, NAPA may use any sub-contractor for the procurement of “outside” services (i.e., those services not traditionally performed by NAPA), and CUSTOMER will be billed an additional charge for any such purchases so as to yield NAPA an eighteen percent (18%) gross profit on such purchases. CUSTOMER must provide pre-approval in writing of such outside service purchases. CUSTOMER is solely responsible for improper or inappropriate instructions by CUSTOMER’s employees to NAPA regarding NAPA’s purchases of nontraditional parts or services, unless CUSTOMER provided prior written notice to NAPA of parts or services that may not be procured by NAPA in relation to this Agreement.

**8. CORES.** With respect to Products with cores sold to CUSTOMER, NAPA will establish a separate core account (the “Core Account”). For each Product sold to CUSTOMER with a core, the core will be charged to the Core Account. If the core is returned to NAPA according to NAPA’s records, the core charge will be credited to the Core Account. For such cores that are not returned to NAPA within thirty (30) days of receipt of the Product that contains a core, NAPA will invoice CUSTOMER for the cost of the core(s) and CUSTOMER will be obligated to pay such amounts to NAPA in accordance with the payment terms in this Agreement. Further, all cores returned to NAPA must be returned in good, returnable condition. In the event that any such returned core is not in good, returnable condition, NAPA may invoice CUSTOMER for any such damage to the core, and CUSTOMER will pay such invoiced amount to NAPA in accordance with the terms of this Agreement. The Core Account will be reconciled at the end of each month of the term of this Agreement.

**9. RESTOCKING FEES.** All restocking fees arising from the return of non-stock and special-order Products to the applicable manufacturer or supplier will be charged to the CUSTOMER, and CUSTOMER will pay such amounts to NAPA in accordance with the payment terms set forth in this Agreement.

**10. BUY-BACK OF INVENTORY.** Upon termination, expiration, or non-renewal of this Agreement, NAPA shall have the option to require CUSTOMER to purchase all non-NAPA Inventory owned by NAPA that was purchased for CUSTOMER and located in the Off-Site Store at NAPA’s current product acquisition cost, and CUSTOMER shall have the option to purchase all NAPA Inventory owned by NAPA that was purchased for CUSTOMER and located in the Off-Site Store at the Current NAPA Jobber Acquisition Cost. Upon CUSTOMER’s request, NAPA shall provide CUSTOMER with a listing of all NAPA and non-NAPA Inventory owned by NAPA that was purchased for CUSTOMER and located in the Off-Site Store.