

## Legislation Text

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File #: 15-7889, Version: 1

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### Fleet Management Parts Outsourcing

#### **Action:**

- A. Approve a contract with MANCON LLC for providing Parts Department Outsourcing Service for an initial term of five years, and**
- B. Authorize the City Manager to renew the contract for up to two, additional one-year terms with possible price adjustments and to amend the contract consistent with the purpose for which the contract was approved.**

#### **Staff Resource(s):**

Mike Davis, Engineering and Property Management  
Chris Trull, Engineering and Property Management

#### **Explanation**

- Parts management functions at the City's six fleet service facilities include managing the on-site inventories of vehicle and equipment parts, ordering and receiving parts, and distributing parts to fleet management technicians for vehicle and equipment maintenance and repairs. This is currently a city-staffed function.
- A staff assessment of the parts management operation, which included outreach to other municipal fleet management operations, identified the following opportunities for service improvements and efficiencies:
  - Increased availability and decreased wait times for parts,
  - Improved turn-around time for vehicle repairs and maintenance,
  - Enhanced expertise in parts sourcing and ordering,
  - Centralization and simplification of contracts management,
  - Reduction in workload for invoice processing, parts receiving and payment, and
  - Elimination of accumulation of obsolete parts.
- The City has determined these efficiencies can be achieved by outsourcing the parts management function.
- The parts management contract will cover staffing, management, service provision, original and aftermarket equipment parts, supplies, lubricants, tires, and special equipment, as well as delivery vehicles to support City needs.
- The annual cost to outsource is roughly equal to the annual cost of the city-staffed function, and the improved service capacity, efficiency and productivity gains provide significant advantages and positive business impacts to City operations.
- The contract calls for at least 80 percent of parts to be available on-site. This represents a significant increase from the current estimated level of 60 percent and will contribute to improved turn-around time for city vehicles.
- Hydraulic hoses will be constructed on-site, and they will be available more quickly to technicians.
- The City will no longer accumulate obsolete parts.
- Time spent on administrative functions will be reduced by an estimated 2,180 staff hours, as the number of parts contracts will be reduced from 40 to one, and the number of invoices processed will be reduced by approximately 14,000.
- On February 14, 2018, the City issued a Request for Proposals (RFP) for Parts Department Outsourcing Services. In response to the RFP, the City received five proposals.

- MANCON LLC best meets the City's needs in terms of qualifications, system integration, experience, cost, and responsiveness to RFP requirements.
- The Privatization and Competition Advisory Committee (PCAC) has been engaged in review of Fleet Management's parts operation and development of the RFP. The PCAC supports the transition to an outsourced parts service model.
- Estimated contract expenditures are \$8,500,000 annually (which includes an administration fee and the purchase of approximately \$7,500,000 in parts).
- Outsourcing will be implemented sequentially at each of the six fleet management facilities over a period of approximately nine months.
- A one-time \$1.2 million reimbursement from MANCON LLC for parts previously purchased by the City is anticipated, depending on the amount of City parts inventory liquidated at each location during implementation.
- Impacts to employees will be mitigated over the nine month implementation period, where possible, through transfers to other city jobs and through coordinating with MANCON LLC to employ impacted staff.

### **Charlotte Business INclusion**

A subcontracting goal was not established for this contract due to limited direct subcontracting opportunities. However, MANCON LLC has committed to 10% utilization with MWSBE firms in various scopes of indirect services including, but not limited to:

- Supplies (Office supplies, coffee, shop rages, bathroom supplies)
- Advertising
- Signage
- Catering
- Temp Staffing and day laborers
- Delivery or courier Services
- Janitorial/Cleaning Services

City staff will continue to work with MANCON LLC to identify and maximize subcontracting spend opportunities for MWSBEs.

### **Fiscal Note**

Funding: Engineering and Property Management Operating Budget