



City Council Report

Date: April 20, 2015
To: City Council
Through: Alex Deshuk, Manager of Technology and Innovation
From: Edward Quedens, MPA, C.P.M., CPPO, Business Services Director
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator
Subject: One-Year Renewal of the Term Contract for Automotive Deep Cycle Sealed Case Batteries for the Fleet Services Department **(Citywide)**

Purpose and Recommendation

Council is requested to approve the Renewal of the Term Contract for Automotive Batteries as recommended.

The Fleet Services Department and Purchasing recommend authorizing a one-year renewal with Kann Enterprises, Inc. dba Interstate Batteries (a Mesa business) at \$127,800.00, based on estimated requirements.

Background / Discussion

This contract provides automotive gel-type, deep cycle sealed case lead acid batteries for various pieces of rolling stock equipment owned by the City.

On March 19, 2012, Council approved the initial three-year contract with renewal options. This is the first, one-year renewal contract with one, one-year renewal option remaining.

Interstate Batteries offered to renew the contract with price increases for the 3 batteries offered to the City, Part SC34DU with a 7% increase from \$143.16 to \$153.95; and Parts SC31DS and SC31DA with a 6% increase from \$166.36 to \$176.95. The vendor requested these adjustments due to increases in manufacturing costs.

The Purchasing Division conducted a review of current market pricing and Interstate Batteries cost and profit margins over the past year. This review showed that Interstate Batteries pricing was still competitive in the market (lowest price surveyed) and the price increase is in line with the cost increase to the manufacturer. Based on the price review and the City's past performance with this vendor, this contract continues to be advantageous to the City and it is in the City's best interest to renew the contract.

Alternatives

Council may choose not to authorize the purchase and new bids will be obtained.

Fiscal Impact

The annual contract amount is funded from the Fleet Services Department operating budget.

Coordinated With

Fleet Services and Purchasing

PURCHASING INFORMATION

Action: Renewal

Procurement Type: Request for Bids

Solicitation Number: 2012114

Responses Received: 8 (including 1 Non-Responsive)

Initial Contract Term: Three Years

Renewal Term: One Year

Renewal Terms Remaining: One, one-year renewal subject to future Council consideration

February 15, 2012 Bid Results:

Kann Enterprises, Inc. dba Interstate Batteries Mesa, AZ	\$100,693.00 (Awarded)
Battery Systems, LLC dba Battery Systems of Phoenix Phoenix, AZ	\$103,069.50
Mel's Auto, LLC dba Mels NAPA Auto Parts Stanfield, AZ	\$104,103.25
Genuine Parts Company/NAPA Auto Parts Mesa, AZ	\$108,787.00
Copperstate Battery, Inc. Tolleson, AZ	\$110,223.25
RWC International Phoenix, AZ	\$129,849.50
Sustainable Reliable Professionals, Inc. Riverside, CA	\$163,168.25
O'Reilly Automotive Stores, Inc. dba O'Reilly Auto Parts Springfield, MO	Non-Responsive – Terms & Conditions exceptions

RENEWAL RECOMMENDATION
Kann Enterprises, Inc. dba Interstate Batteries
Mesa, AZ

Description
Deep Cycle Sealed Case Lead Acid Batteries per Terms and Conditions, Specifications and Pricing as offered, plus 8.05% Sales Tax SC34DU at <u>\$153.95</u> and SC31DS/DA at <u>\$176.95</u> Annual Contract Amount: <u>\$127,800.00</u>