

Agenda Report

July 13, 2015

TO: Honorable Mayor and City Council
FROM: Department of Public Works
SUBJECT: AUTHORIZE ISSUANCE OF A PURCHASE ORDER WITH HUNTINGTON BEACH HONDA FOR THE PURCHASE OF HONDA MOTORCYCLE PARTS, SERVICES, AND REPAIRS IN AN AMOUNT NOT TO EXCEED \$90,000

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the General Rule that CEQA only applies to projects that may have an effect on the environment;
2. Grant an exemption for this contract pursuant to PMC 4.08.049(B) where the best interests of the City are served by a direct award of a contract without competitive selection process. This contract is exempt from competitive bidding pursuant to the City Charter 1002 (H), contracts with other governmental entities or their contractors for labor, material, supplies or services; and
3. Authorize the issuance of a purchase order to Huntington Beach Honda (HBH) in an amount not to exceed \$90,000 for a one-year period, with an option for three, one-year additional terms, at the discretion of the City Manager, for a maximum total contract length of four years, for the purchase of Honda motorcycle parts, services, and repairs.

BACKGROUND:

The City of Santa Monica issued a request for quotation (RFQ) for various Honda motorcycle parts, services, and repairs in October 2014. The successful bidder was HBH with a zero percent markup of the manufacturer's list price on Original Equipment Manufacturer (OEM) Honda motorcycle parts and a \$95 hourly labor rate for Honda motorcycle services and repairs.

The City of Santa Monica has the option of renewing the price agreement yearly for a maximum of three years. During the optional year(s), HBH is allowed a one percent annual increase over the previous year's prices for all areas or options.

HBH has agreed to extend the prices, terms, and conditions between the City of Santa Monica and HBH to the City of Pasadena for a one-year period with three one-year options. For the first year, HBH will charge the City of Pasadena a \$95 hourly labor rate and zero percent markup of the manufacturer's list price on OEM Honda motorcycle parts. During the optional year(s), HBH is allowed a one percent annual increase over the previous year's prices for all areas or options.

The Department of Public Works, Building Systems and Fleet Management Division (BSFMD) has previously acquired Honda motorcycle parts, services, and repairs from various vendors, including HBH, through annual purchase orders. Issuance of one purchase order will consolidate these services and provide a savings to the City through the HBH price agreement.

BSFMD spends approximately \$80,000 annually on Honda motorcycle parts, services, and repairs. Based on existing costs and the anticipated increase for HBH's hourly labor rate and the OEM Honda motorcycle part prices, staff recommends the issuance of a one-year purchase order with HBH in an amount not to exceed \$90,000.

COUNCIL POLICY CONSIDERATION:

This purchase supports the City Council's strategic goal to maintain fiscal responsibility and stability.

ENVIRONMENTAL IMPACT:

This action is exempt from CEQA pursuant to State CEQA Guidelines Section 15061 (b) (3), the General Rule that CEQA only applies to projects that may have an effect on the environment.

FISCAL IMPACT:

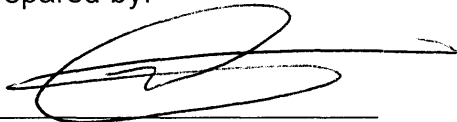
The cost of this action is \$90,000. Funding will be addressed by the utilization of existing budgeted appropriations in the Fleet Maintenance Fund (budget accounts 810100-503-22058 and 811400-503-22058). There is no anticipated impact to other operational programs or capital projects as a result of this action.

Respectfully submitted,



Julie A. Gutierrez
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Approved by:



MICHAEL J. BECK
City Manager