



RFP 0446 – On-Site Parts Department and Supplier for the Jefferson Parish Department of
Fleet Management
PRICE PROPOSAL

NAPA IBS operates their On-Site stores much the same as their branch stores. The On-Site store orders and receives inventory deliveries directly from one of our distribution centers, manufacturers, or transfers from another branch at NAPA store cost. Like our brick and mortar stores, supplier volume discounts where applicable contribute to the store's bottom line however in this case the Parish is the recipient of the discounts from manufacture direct ordering discount dollars.

Our Cost Proposal Is Simple, Transparent, Scalable for the Parish, and easy to Audit.

There are 3 simple components to our Price Proposal:

1. All Parts are sold to the Jefferson Parish at our STORE COST | 0% Markup
2. NAPA will Invoice the Parish for its Operational Expenses at cost | No Markup
3. NAPA has a management fee that is capped at 10% of cost of the parts.

Cost to Jefferson Parish =

NAPA Parts issued at cost + NAPA Operating Cost passed on with no markups + Management Fee equating to ten percent of the parts issued.

Why we think this is in the best interest of the customer...

1. NAPA as well as any other supplier in our sector typically experience profit margins in the range of 30% to the government Jefferson Parish in a competitive bid environment. NAPA proposes no markup and issue parts to the Parish at its store acquisition cost. For every \$10k you spend today the vendor is achieving roughly \$3k in profit margins / our fee would be \$1k – you save \$2k. This plan allows the Parish to install a turnkey parts operation along with private sector investment while utilizing the vendors traditional profit margin to pay for it.
2. NAPA will invoice the Parish for its operational expenses which is predominantly payroll and computer fees/depreciation. Today the Parish has the most expensive parts it can ask for: its Supervisors, Tech's, and administrative teams. NAPA IBS expenses are diminutive by comparison and the Parish should pick up hundreds of thousands in streamlining processes and increasing Tech productivity.
3. Transparency (Parts): NAPA publishes its retail pricing to the public on its national website www.napaonline.com so the Parish can spot audit our pricing on NAPA branded products at its discretion. We also archive all non-NAPA receipts for outsourced / OE items to give the same visibility.
4. Transparency (Operational & Fee): NAPA will provide the Parish with an audited (Ernst & Young) monthly Operating Statement that details each expense item as well as store discounts we capture on your behalf.
5. No set fee structure. The Parish is only charged for services rendered. Additionally within this model the Parish is afforded to scale up or down with our payroll should circumstances warrant such action and without being bound to a fee based on another metric.



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The overall objective of Jeffersons pricing plan is for: (i) NAPA to provide Products in accordance with the Pricing Plan Summary set forth below, (ii) NAPA to provide Outside Services in accordance with the Pricing Plan Summary set forth below, (iii) reimbursement by Jefferson Parish of each On Site Store's operating expenses, and (iv) payment by Jefferson Parish of the Management Fee (as defined below). By billing Jefferson Parish for these four categories, NAPA's On Site Store(s) will achieve its target ten percent (10%) net profit for the Agreement (the "Net Profit Target"). These categories are defined as follows:

- (a) **Product Price.** The pricing of the Products to be supplied to Jefferson Parish 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 Jefferson Parish R 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.
- (b) **Outside Services Price.** Outside Services are those services not traditionally performed by NAPA. The pricing of Outside Services shall be billed in accordance with the Pricing Plan Summary defined below.
- (c) **Operational Expenses.** Any and all costs and expenses associated with the operation of the On Site Store(s), including, but not limited to, vehicle gas and maintenance costs, salary and benefits payable to NAPA employees at the On Site Store(s), worker's compensation benefits and insurance, unemployment insurance, personal property insurance for the On Site Store(s) and Inventory, any deductible for losses covered under the personal property, automobile liability, or general liability insurance policies of NAPA, all equipment supplied by NAPA, Corporate Allocation Expenses (as defined below), inventory investment expense, obsolescence expense, pension funding costs, accounting fees, general office expenses, and shared service expenses. An example of a profit and loss statement reflecting such costs and expenses is attached hereto as Exhibit B. Jefferson Parish acknowledges and agrees that the costs and expenses reflected on the profit and loss statement set forth on Exhibit B are subject to change based on actual monthly costs, expenses or Corporate Allocation Expenses incurred relative to the operation of the On Site Store(s). To achieve economies of scale, NAPA utilizes certain headquarter and corporate personnel to assist in the performance of this Agreement. As a result, each On Site Store location is charged certain corporate allocation expenses for various line items shown on Exhibit B ("Corporate Allocation Expenses") which are calculated as a percentage of total Product sales for each month. As such, there is not a supportive invoice for such expenses other than a monthly allocation rate statement. These Corporate Allocation Expenses allow NAPA to have fewer employees performing routine general administrative tasks such as paper work and filing at the On Site Store(s), allowing NAPA counter personnel to focus more



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attention on serving the On-Site Store operations, and maximizing on-site cost efficiency.

- (d) **Management Fee.** Jefferson Parish shall be billed a Management Fee (as defined below) on a monthly basis in accordance with the terms below.

PRICING PLAN SUMMARY

NAPA Product Price	Billed to Jefferson Parish at the Current NAPA Jobber Acquisition Cost
Non-NAPA Product Price	Billed to Jefferson Parish at NAPA's current product acquisition cost
Outside Services Price	Billed to Jefferson Parish at NAPA's cost
Operational Expenses	Billed to Jefferson Parish in accordance with the section above
Management Fee	Billed to Jefferson Parish in accordance with the terms below
Net Profit	10% net profit for the NAPA On Site Store(s) after Products, Outside Services, Operational Expenses, and Management Fee are billed to Jefferson Parish.


NAPA Product shall be billed to JEFFERSON PARISH at the Current NAPA Jobber Acquisition Cost. Non-NAPA Product shall be billed to JEFFERSON PARISH at NAPA's current product acquisition cost, and Outside Services shall be billed to JEFFERSON PARISH at NAPA's cost. JEFFERSON PARISH is solely responsible for improper or inappropriate instructions by JEFFERSON PARISH employees to NAPA regarding NAPA's purchases of nontraditional parts or services, unless JEFFERSON PARISH provided prior written notice to NAPA of parts or services that may not be procured by NAPA in relation to this Agreement. Operational Expenses will be charged to JEFFERSON PARISH in accordance with the grid above, with all such charges for Operational Expenses to be included in JEFFERSON PARISH monthly billing statement. JEFFERSON PARISH will be billed at the end of each month for Operational Expenses on an "in arrears" basis.



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JEFFERSON PARISH shall pay to NAPA on a monthly basis a management fee equal to ten percent (10%) of the Total Monthly Net Sales (as defined below) during the preceding month (the “Management Fee”). For purposes hereof, “Total Monthly Net Sales” means the total dollar amount of all Products (both NAPA and Non-NAPA) and Outside Services sold to the JEFFERSON PARISH during the preceding month at the prices set forth in the pricing plan summary above less purchase returns. NAPA shall invoice the JEFFERSON PARISH for all Inventory purchased pursuant to this Agreement on a monthly basis according to the pricing plan above. JEFFERSON PARISH agrees to pay the entire amount of all statements received from NAPA by the 25th day of the month following receipt of any such statement. No prompt pay discount is available under this Agreement.

Sample Monthly Operational Statement

 Integrated Business Solutions. <small>PARTS. PEOPLE. PRODUCTIVITY.</small>			EXHIBIT B Sample Monthly Operational Statement / P & L	
Projected Expenses	NAPA Monthly Parts and Operational Projections		% to sales	
Parts Purchases	50,000		100.00%	
Cost of Goods	50,000		100.00%	
Markup on Parts	0		0.00%	
GROSS PROFIT	0		0.00%	
Accounting Fees	495		0.99%	
PAYROLL:				
Manager/Counter Salaries	3,750		7.50%	
Delivery Driver Salaries	2,945		5.89%	
Pension / 401k	225		0.45%	
Insurance	800		1.60%	
Workers Comp Insurance	133		0.27%	
FICA/SECA/FUI/SUI	387		0.77%	
Total IBS Payroll	8,240		16.48%	
Miscellaneous Expenses				
Delivery Truck Insurance	288		0.58%	Optional
Delivery Maintenance/Gas	175		0.35%	Optional
Truck Payment	419		0.84%	Optional
Shelving/Cage Depreciation	-		0.00%	
Freight & Postage	-		0.00%	
General Liability Insurance	97		0.19%	
Interest	-		0.00%	
Light, Heat, Water	-		0.00%	
Rent	-		0.00%	
Stationary, Shipping Supplies	50		0.10%	
Internet Connection	214		0.43%	
Store Expenses	282		0.56%	
Personal Property Taxes	270		0.54%	
Tech / Support / Cataloging	805		1.61%	
Inventory Computer	289		0.58%	
Training	50		0.10%	
TOTAL MISC. EXP.	2,939		5.88%	
TOTAL EXPENSES	11,674		23.35%	
Gross Profit Less Expenses	(11,674)		-23.35%	
Miscellaneous Discounts	0		0.00%	
MGMT FEE Operations + 10% Management	16,674		33.35%	
NET PROFIT	5,000		10.00%	