



Staff Report

Date: June 28, 2016

To: City Council

From: Valerie J. Barone, City Manager

Reviewed by: Justin Ezell, Director of Public Works

Prepared by: Jeff Roubal, Fleet Manager
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Subject: **Considering approving an updated and standardized agreement to provide vehicle and equipment maintenance to outside agencies**

Report in Brief

The Fleet Maintenance Division of the Public Works Department provides vehicle and equipment maintenance and repair services to several outside agencies. The agreements used for this purpose are outdated and non-standard. Staff is proposing that a new, standardized agreement be used.

Recommended Action

Staff recommends that the City Council standardize the Vehicle and Equipment Service Agreement. Staff further recommends that the City Council delegate the execution of the individual service agreements to the City Manager.

Background

The Fleet Maintenance Division of the Public Works Department has provided fleet maintenance services to outside agencies for more than 20 years. The Division currently provides as-needed vehicle maintenance and repair services to five outside agencies: the Cities of Clayton, Lafayette, and Orinda; the Contra Costa College District, and the Contra Costa County Office of Education. The existing agreements with each of these agencies were executed at different times and contain different provisions. Attachment 1 is a listing of agency agreements and their execution dates. While the fleet maintenance division's primary job is to service City of Concord vehicles, it has the ability to provide limited services to outside agencies. Specifically,

approximately 20% of one full-time mechanics work hours are available to service outside vehicles. There are three mechanics working full time in fleet. .

The City of Concord charges outside agencies a set hourly labor rate of \$55/hour and plus 10% for parts, materials, fuel, and outside vendor services. The \$55/hour labor rate has not changed in more than 20 years. .

Analysis

The existing service agreements with outside agencies are outdated and inconsistent. Additionally, the labor rate these outside agencies are charged is significantly lower than the City's cost to provide the service. The current City's hourly labor rate, which is set at just \$55/hour, is only 52% of the City's actual cost of \$105 per hour (calculated as the FY 2016-17 productive hourly rate.)

In comparison, vehicle service rates at local dealerships are in the \$165/hour range, which is 300% of the City's current labor rate for vehicle servicing. Staff is proposing that the City begin charging the Productive Hourly Rate for equipment mechanics which can be found in the FY 2016-17 City of Concord Schedule of Master Fees and Charges. This proposed new rate is just 64% of the local dealership rate, but it recovers the full cost of City services.

Staff believes that use of the proposed new service agreement (Attachment 2) will provide the following benefits:

1. Ensure that a standardized vehicle maintenance service agreement is used when work is performed for current (and future) agencies;
2. Indemnify the City against possible claims that could arise in providing vehicle maintenance services;
3. Extend the availability of fuel sales to all outside agencies with service agreements;
4. Provide a mechanism to annually review and update hourly labor rates; and
5. Authorize the City to assess interest on past-due invoices.

Financial Impact

Attachment 3 summarizes the amount of revenue collected from outside agencies over the last ten years. The amount has ranged from a low of \$75,041 in FY 2011-12 to a high of \$186,220 in FY 2014-15. Increasing the hourly labor rate from \$55 to \$105 will increase revenue by approximately \$20,000 in FY 2016-17.

Public Contact

The City Council Agenda was posted.

Attachments

1. Agencies with Vehicle Maintenance Agreements
2. Vehicle and Equipment Service Agreement
3. Revenue from Outside Agencies

ATTACHMENT 1

Agencies with Vehicle Maintenance Agreements

| Agency | Date of Agreement |
|---|--------------------------|
| Contra Costa Community College District | April 12, 2005 |
| Contra Costa County Office of Education | June 30,2000 |
| City of Lafayette Police Department | December 13, 2004 |
| City of Orinda Police Department | April 24, 2001 |
| City of Clayton Police Department | September 22, 1992 |

Vehicle and Equipment Service Agreement

THIS AGREEMENT entered into this ___ day of _____, 2016, by and between the City/Town/Agency of _____ (hereinafter referred to as "CITY/TOWN/AGENCY"), and the City of Concord, (hereinafter referred to as "CONCORD").

RECITALS

WHEREAS, CITY/TOWN/AGENCY desires, for economic and efficiency purposes to contract with CONCORD to maintain and repair vehicles and equipment for CITY/TOWN/AGENCY owned vehicles; and,

WHEREAS, CONCORD has existing preventative maintenance and repair capabilities for City of Concord owned vehicles and equipment and can provide these services for vehicles belonging to CITY/TOWN/AGENCY.

NOW, THEREFORE, for and in consideration of the terms and conditions herein contained, CITY/TOWN/AGENCY and CONCORD agree as follows:

AGREEMENT

1. SCOPE OF SERVICES. CONCORD will, upon request by CITY/TOWN/AGENCY, provide labor, materials, parts, and third-party contract services for maintenance and repair of vehicles and related equipment belonging to CITY/TOWN/AGENCY, as set forth below.

a. Preventative Maintenance. CONCORD may send out courtesy notices as reminders of preventative maintenance; however it shall be the responsibility of CITY/TOWN/AGENCY to schedule the appropriate service for its vehicles. Preventative maintenance courtesy notices will be scheduled on a time or mileage basis consistent with CONCORD's equipment scheduling policies for City of Concord vehicles and equipment

b. Repair Services. CITY/TOWN/AGENCY shall contact CONCORD to schedule and coordinate any vehicle repair work deemed necessary. CONCORD retains the right to refuse to provide certain services subject to availability of staffing, equipment or parts necessary for requested service.

c. Third-Party Contract Services. At CITY/TOWN/AGENCY's request, CONCORD may contract with a third-party service to conduct certain types of repairs, maintenance and/or preventative maintenance. Examples of third-party services include, but are not limited to, the following services: SMOG certification, windshield or glass repair/replacement, body work, upholstery repair, wheel alignment, warranty repair work, paint, window tinting, radiator repair and emergency lights.

d. Delivery/Pick Up of Vehicles. CITY/TOWN/AGENCY shall pick up and deliver vehicles and equipment to be serviced or repaired to the CONCORD garage facility, located at 2360 Bisso Lane in Concord, California. CITY/TOWN/AGENCY shall arrange to have disabled vehicles towed to the CONCORD Garage. The cost of roadside assistance, recovery, and towing will be paid by CITY/TOWN/AGENCY. If towing services are arranged by CONCORD, these costs shall be billed to

CITY/TOWN/AGENCY as a third party contracted service, set forth below in Section 2 (c). Vehicles shall be picked up by CITY/TOWN/AGENCY promptly after notification that repairs/maintenance has been completed; any completed vehicles that are not picked up within two (2) weeks of completion of service may be subjected to a storage fee of \$5.00 per day.

2. COMPENSATION. In connection with parts, materials and labor provided by CONCORD in maintaining or repairing CITY/TOWN/AGENCY vehicles, CONCORD shall charge CITY/TOWN/AGENCY the following:

a. CONCORD Parts and Materials. For parts and materials provided by CONCORD, CITY/TOWN/AGENCY shall pay CONCORD the direct cost of said parts and materials (including any costs for fuel), plus an additional ten (10) percent to reimburse CONCORD for its costs in administrating the vehicle repair program.

b. CONCORD Labor. For labor provided by CONCORD employees, CITY/TOWN/AGENCY shall pay the Current Productive Rate of CONCORD employees established by the City of Concord's Master Fees and Charges Schedule, which is reviewed and updated by the City of Concord City Council each fiscal year. (For example, as established in the Master Fees and Charges approved by Council in 2015, the labor of Equipment Mechanics are billed at the Current Productive Rate of \$84.34 per hour, and Automotive Parts Workers are billed at the hourly rate of \$30.28 per hour). CITY/TOWN/AGENCY agrees that the Current Productive Rate for CONCORD employees may change each fiscal year as established by the City Council.

c. CONCORD Fuel. For motor vehicle fuel provided by CONCORD, CITY/TOWN/AGENCY shall reimburse CONCORD the bulk price per gallon that CONCORD contracts with an outside vendor, plus an additional ten (10) percent to reimburse CONCORD for its costs in administrating the fuel program.

d. Third-Party Labor and Repair. For labor, materials and parts provided by third-party contract services, CITY/TOWN/AGENCY shall pay the direct costs of these services to CONCORD, plus an additional ten (10) percent to reimburse CONCORD for its costs in administrating the vehicle repair program.

d. Invoices. CONCORD will provide CITY/TOWN/AGENCY an itemized billing statement and invoice each month for any maintenance, repair or third-party contract service performed under this Agreement. All invoices are due upon receipt and are delinquent after thirty (30) days, and shall accrue interest at the rate of 10% per annum on any delinquent amounts.

3. INDEMNITY. Each party shall defend, indemnify, save, and hold harmless the other party, its governing body, officers, agents, and employees from and against any and all claims, demands, suits, costs, expenses, and liability, including reasonable attorney's fees, for any damage, injury, sickness, or death to persons or property due to the negligent, willful misconduct or wrongful acts of the indemnifying party, its officers, agents, or employees.

4. TERM OF AGREEMENT. This Agreement shall remain in effect until after thirty (30) days of receipt of a written notice by either party to terminate the Agreement.

ATTACHMENT 2

5. EXECUTION; COUNTERPARTS. Each individual or entity executing this Agreement on behalf of either party warrants that he or she or it is duly authorized to execute and deliver this Agreement on behalf of either party and that such execution is binding upon the parties. This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when at least one copy hereof shall have been signed by both parties hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

The parties hereto have executed this Agreement on the date indicated below.

Dated: _____, 2016

CITY OF CONCORD, a municipal corporation

By: _____
Valerie Barone
City Manager

APPROVED AS TO FORM:

ATTEST:

By: _____
Susanne Meyer Brown
City Attorney

By: _____
Joelle Fockler
City Clerk

CITY OF _____

By: _____

APPROVED AS TO FORM:

ATTEST:

By: _____

City Attorney

By: _____

City Clerk

ATTACHMENT 3

Revenue from Outside Agencies

City staff provides vehicle maintenance and repair services on an as-needed basis to five outside agencies: City of Clayton, City of Lafayette, City of Orinda, Contra Costa College District, and Contra Costa County Office of Education. Over past last ten years, annual revenue from outside agencies has ranged from a low of \$75,041 in Fiscal Year 2012 to a high of \$186,220 in Fiscal Year 2015.

| Period | Revenue |
|------------------|----------------|
| Fiscal Year 2006 | \$110,790 |
| Fiscal Year 2007 | \$142,887 |
| Fiscal Year 2008 | \$128,541 |
| Fiscal Year 2009 | \$121,491 |
| Fiscal Year 2010 | \$99,846 |
| Fiscal Year 2011 | \$79,745 |
| Fiscal Year 2012 | \$75,041 |
| Fiscal Year 2013 | \$126,590 |
| Fiscal Year 2014 | \$106,639 |
| Fiscal Year 2015 | \$186,220 |

Variations in annual revenue reflect the amount of work available each year from outside agencies and City garage staff capability to accomplish additional work.