

**CITY COUNCIL  
COMMUNICATION:**

**ITEM \_\_\_\_\_**

**OFFICE OF THE CITY MANAGER  
CITY OF DES MOINES, IOWA**

**99-288**

**SYNOPSIS -**

**AGENDA:**

JUNE 21, 1999

**SUBJECT:**

APPROVING  
CONTINUATION OF  
FLEET  
MANAGEMENT  
AND  
MAINTENANCE  
CONTRACT

On June 16, 1997, by Roll Call No. 97-2139, the City Council approved execution of a Fleet Management and Maintenance (FMM) Contract with Baker Support Services, Inc. (BSSI) (Dan McDonald, President, Dallas, Texas) with an approved target budget of \$ 3,218,845. The four-year contract provides for an annual adjustment of the approved target budget not to exceed the percent increase in the Cost/Price Index (CPI) on non-personnel items and escalation of the labor portion of the budget limited to the amount given City employees in similar classifications. Pursuant to annual renewal of the FMM contract, staff has prepared a performance report on BSSI and has reached agreement on the annual adjustment to the approved target budget. BSSI has performed in substantial compliance with the terms and conditions of the contract and staff recommends continuation of the contract.

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**FISCAL IMPACT -**

The third year - Fiscal Year (FY) 2000 - target budget is \$3,406,802.30. This expenditure is funded from the Equipment Maintenance Center internal service fund. The overall increase in the approved target budget is 2.9 percent, which includes 2.7 percent on non-personnel items and 3 percent on the labor and related portion of the contract.

**SUBMITTED BY:**

JOHN P. BELLIZZI  
PUBLIC WORKS  
DIRECTOR

**RECOMMENDATION -**

**Approval.**

**BACKGROUND -**

On January 27, 1997, Council approved a Request for Proposals (RFP) for a fleet management and maintenance

contract. Following a competitive bid procedure, the Council authorized award of an FMM Contract to BSSI on June 16, 1997, by Roll Call No. 97-2139. The contract provides for an annual performance report and allows for an adjustment to the approved target budget for the third year of the contract.

### **FMM Contract Performance Report**

The Public Works Department has provided oversight on the FMM Contract with BSSI. The Director reports that BSSI has maintained substantial compliance with the provisions of the contract. Specifically, the Contractor has adhered to the standards as specified in the FMM Contract with the City and has maintained an acceptable fleet-wide downtime of no more than 3 percent on an annual basis. In addition, the Contractor, within the approved target budget, has achieved preventive maintenance, remedial repairs, accident reviews, and/or vehicle repairs, paint/body, preparation and disposal, welding/fabrication, parts purchasing and inventory, information systems reporting, emergency support services, vehicle preparation, overhaul, mobile service, towing, tire service, motor pool operations, fleet management vehicle fueling, and other services required under the scope of services of the contract.

The projected cost associated with maintenance of the City vehicle fleet for FY99 is \$4,218,658, of which \$731,335 is non-contract costs associated with vehicle fleet improvements, tools, and Federal Emergency Management Authority (FEMA) reimbursable expenditures related to emergencies (Attachment A). Non-contract costs are payable when the contractor performs work for the City which is outside the scope of services of the maintenance contract. For example, the overtime worked by the contractor in the aftermath of last year's FEMA declared disaster was billed as a non-contract cost. Also, improvements which add immediate and increased value to the City's fleet are payable as non-contract, i.e., after-market modifications such as tool boxes, steps, chains, etc. City-owned tools such as jack stands, diagnostic equipment, and hoists are also recorded as non-contract expenses when replaced by the contractor at the City's request. The projected payment, based on the recommended target budget for FY00, as reviewed by the Finance Department, is \$3,711,514 of which \$312,000 is for non-contract costs.

Over the course of the last year, the contractor and the City

have worked together to contract \$362,731 worth of facility improvements previously approved in the Capital Improvements Program (CIP) or the equipment maintenance center, i.e., car wash, truck wash, ventilation, lighting, etc. The City retains ownership of the Equipment Maintenance Center and remains responsible for repair and maintenance of the facility.

The overall performance of BSSI through the second year of the contract is considered to be substantially compliant with the provisions of the contract.

### **Revised Target Budget**

Pursuant to the FMM Contract, the contractor's fee shall be adjusted for the third and subsequent periods of the contract as approved by Council. BSSI has submitted a revised target budget for FY00 as shown in Attachment B in the amount of \$3,406,802.30. The adjusted target budget is compliant with the terms of the contract.

The FY00 target budget of \$3,406,802.30 represents a 2.9 percent increase over the FY99 target budget of \$3,311,488.85.

### **Summary**

BSSI, the City's Fleet Management and Maintenance contractor, has submitted an adjusted target budget for FY00 which complies with the terms of the FMM Contract, has performed in substantial compliance with the contract, and has renewed required certificates of insurance. Therefore, staff recommends that Council approve continuation of the contract and approval of the FY00 budget.

Attachments