

Meeting Agendas/Info

CITY COUNCIL
COMMUNICATION:

ITEM _____

01-623

OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA

AGENDA:

DECEMBER 17, 2001

SUBJECT:

VEHICLE FLEET
SERVICES
OPERATIONS

TYPE:

RESOLUTION
ORDINANCE

RECEIVE/FILE

SUBMITTED BY:

WILLIAM STOWE
PUBLIC WORKS
DIRECTOR

SYNOPSIS -

On July 1, 2001, the City in-sourced vehicle fleet maintenance operations following 18 years of privately contracted services. The transition has included the negotiation of labor agreements; hiring of personnel; and the implementation of City purchasing, budgeting, and cost accounting practices.

The City's vehicle fleet consists of an estimated 1,600 vehicles of significant variety. At any given time, the fleet maintenance center may be working on equipment ranging from bulldozers to lawn mowers, squad cars to motorcycles, dump trucks to street sweepers. The current staff of mechanics is capable of completing repairs, welding fabrication, and paint and body restorations. An on-site parts room provides a wide range of mechanical and electrical components required for efficient operations.

In addition to providing repair and preventive maintenance, fleet services involves the management of the City's vehicle fuel supply and dispensing facilities. A satellite maintenance shop is located at the Wastewater Reclamation Facility (WRF) and serves a fleet of vehicles dedicated to that operation.

FISCAL IMPACT -

Funding is provided in the adopted Operating Budget for Garage Operations and Fuel Supply in the amount of \$5,232,000. Modification of the adopted budget will be recommended to include \$194,000 to cover the cost of unanticipated contract closure expenses, for a total of \$5,426,000 for Fiscal Year (FY) 2002.

RECOMMENDATION -

Receive and file.

BACKGROUND -

The City's Equipment Maintenance Center was constructed in 1968. The City managed and operated the facility as an internal division until 1983, when fleet services were contracted out. On June 16, 2001, the most recent contractor, SKE Support Services, Inc., of Dallas, Texas, notified the City that they would not extend their contract beyond June 30, 2001.

On June 18, 2001, the Public Works Director formed an inter-departmental transition team to in-source fleet services operations effective July 1, 2001. The transition team selected administrative personnel to manage the operations and formulated criteria for transition of personnel previously employed by the contractor.

Additional issues related to interim purchasing needs were addressed by Council on June 25, 2001, whereby a temporary waiver of existing purchasing ordinance provisions was approved to permit procurement procedures for the commodities required to provide equipment maintenance services effective July 1, 2001.

A joint inventory of parts and fixed assets was conducted by City and SKE which resulted in Council-authorized purchases of \$297,000 worth of parts and \$32,200 of fixed assets including computers, computer software, and office equipment. Simultaneously, labor negotiations were conducted with Local 234 of the International Union of Operating Engineers, which represented the employees that previously worked for SKE. An agreement was reached and the majority of personnel temporarily hired July 1, 2001, were transitioned to full-time employment with the City on September 1, 2001.

The City received the final independent audit dated September 20, 2001, verifying the contractor's expenses for FY2000-2001 and closeout expenses. Following review by the City's Finance Department and some minor adjustments, final payments to the contractor were authorized.

The City's Budget and Research Office has prepared preliminary operating budgets for FY2002 and FY2003. The budgets reflect unanticipated contract closure costs carried over into FY2002. These expenses include purchase of inventory and fixed assets, payment for contract cost overruns for FY2001, expenses invoiced as "non-contract" work, and building maintenance expenditures totaling \$741,000.

The revised Operating Budget under City management for FY2002 is

estimated at \$5,426,000, which includes the one-time unanticipated contract closure costs. The proposed FY2003 budget of \$4,876,000 reflects anticipated cost savings under City management.

Future fleet services goals and objectives include:

- Overall fleet assessment to determine optimum numbers and types of equipment.
 - Identification and evaluation of operator responsibilities.
 - Development of a uniform system of equipment specifications.
 - Implementation of life cycle cost analysis for equipment replacement.
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