PROPOSAL TO PROVIDE FLEET MANAGEMENT CONSULTING SERVICES TO THE CITY OF SALINAS, CA

OCTOBER 2017

MERCURY

MERCURY

October 2, 2017

Michael Garner
Public Works Administrative Supervisor
City of Salinas, CA
745 Atherton Circle
Salinas, CA 93906

Dear Mr. Garner,

In 2015, the City of Salinas, California contracted with Mercury Associates, Inc. (Mercury), North America's largest fleet management consulting firm, to evaluate its fleet operations and provide recommendations to improve its efficiency and service levels, and identify opportunities to reduce and contain costs. Mercury's findings report from this study outlined several areas in which notable improvement in the City's fleet operations could be achieved, including focusing on the renewal of the its aging vehicles and equipment, development of updated equipment lifecycles, consolidation of its fleet maintenance and management under DPW, and replacement of its legacy fleet management information system.

Additionally, the City requires assistance establishing a fleet safety program to include best practices such as, development of policies and procedures for fleet operations and equipment operators, routine comprehensive asset inspections by fleet technicians, pre and post trip equipment inspections by operators, inspection management and compliance tracking through a fleet management information system, and annual driver training.

As the City engages in the effort of transforming and consolidating its fleet operations, its executives and key management personnel recognize that it lacks the internal expertise and resources, as well as bandwidth to plan and implement the necessary changes to be successful. As such, the City has expressed a strong interest in contracting with Mercury to provide consulting services to support its efforts in planning and executing the necessary modifications to its business processes and systems.

Enclosed is Mercury Associates, Inc.'s (Mercury) proposal to the City of Salinas, California to provide professional services to assist in (1. the implementation of the City's newly acquired fleet management information system (FMIS), AssetWorks' FleetFocus FA™; (2. Provide consulting services to facilitate the planning and coordination of its fleet centralization initiative.

Our proposal provides a detailed workplan, timeline and budget to perform the tasks over a nine-month period. Moreover, the proposal includes profiles of the Mercury team that will be assigned to this project to ensure its success.

We greatly appreciate the opportunity to continue to serve the City and assist in its fleet transformation initiative. Please let me know if you have any questions about this proposal or would like to schedule a time to talk.

Sincerely,

Brad Kelley
Sr. Vice President
Mercury Associates, Inc.

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OUR UNDERSTANDING OF THE SITUATION

The City of Salinas is the county seat and largest municipality in Monterey County, located on the coast of central California. The City has a population of over 155,000 residents located within its 23.217 square mile boundary. In support of the delivery of services to its citizens, the City operates a fleet of 390 vehicles and pieces of equipment, which includes 130 units assigned to the Police Department (SPD), 50 units assigned to the Fire Department (SFD), and the remaining 210 units assigned to the Department of Public Works (DPW).

In 2015, the City of Salinas contracted with Mercury Associates, Inc. (Mercury), North America's largest fleet management consulting firm, to evaluate its fleet operations and provide recommendations to improve its efficiency and service levels, and identify opportunities to reduce and contain costs. Mercury's findings report from this study outlined several areas in which notable improvement in the City's fleet operations could be achieved, including focusing on the renewal of the its aging vehicles and equipment, development of updated equipment lifecycles, consolidation of its fleet maintenance and management under DPW, and replacement of its legacy fleet management information system.

Since our initial assessment, the City has taken action towards transforming its fleet operation by selecting AssetWorks' FleetFocus FA™ as its new Fleet Management Information System (FMIS) through a formal RFP and selection process. Of the FMIS products that were proposed in response to the City's RFP, FleetFocus FA™ was determined to be the best-fit for the City's functional requirements, culture, and vision for its future.

The City recently approved funding to acquire FleetFocus FA™ and is presently negotiating with AssetWorks to finalize the software licensing terms and implementation services. The complete cost, statement of work, project tasks and proposed timeline for the selected FMIS and services are included in separate services agreement between the City and AssetWorks. Once the contract has been ratified with AssetWorks, the City will be prepared to move forward with the implementation of FleetFocus FA™.

As the City engages in the effort of transforming and consolidating its fleet operations, its executives and key management personnel recognize that it lacks the internal expertise and resources, as well as bandwidth to plan and implement the necessary changes to be successful. As such, the City has expressed a strong interest in contracting with Mercury to provide consulting services to support its efforts in planning and executing the necessary modifications to its business processes and systems. The following statement of work outlines Mercury's proposed scope of services, timeline and funding needed to assist the City in transforming its fleet operations.

The following tasks are proposed as part of a comprehensive renewal and consolidation plan for the City's Fleet Management Operations. The tasks are outlined in this proposal individually, but we recommend they be conducted as a complete overall implementation strategy providing a total fleet management solution which will also serve as solid groundwork for a cohesive long-term management plan. Several of the tasks would be conducted in parallel while others would be provided at specific times during the overall engagement term.

COMPANY OVERVIEW

Mercury Associates, Inc. (Mercury) is an employee-owned management consulting and technology firm, incorporated in 2002 in the State of Maryland. The firm is headquartered in Rockville, MD, a suburb of Washington, DC, and has 40 full and part-time employees located throughout the United States and Canada.

Mercury is an independent consulting and technology firm dedicated to providing unbiased advice and leading edge technologies to organizations that operate fleets; including, but not limited to, local municipalities and counties; state and provincial governments; Federal agencies and departments; military and defense departments; non-profit and faith-based organizations; small businesses; and Fortune 500 corporations. We also provide services to fleet suppliers; venture capital and private equity firms, and other fleet industry investors; and professional and trade associations and other organizations that offer conference, trade show, research, and training and certification programs to fleet industry professionals.

Our firm's mission is to improve the quality of fleet management practices; the quality of goods and services utilized in the management and operation of fleets; and the quality of information and professional development services available to the fleet industry. Our firm's values are anchored on the principals of providing unbiased services and solutions to our customers, providing a fair and unbiased environment for our staff to excel at the work they perform, and contribute to the local communities in which we live and work.

FLEET MANAGEMENT CONSULTING SERVICES

Mercury's primary clients are organizations that own and operate fleets. Our services to such entities range from broad-based reviews of all facets of their fleet management practices (and/or those of third-party service providers on whom they rely for assistance in managing their fleets), to tightly focused analyses of a single issue or opportunity such as "Can we reduce the size of our fleet?" "Should we replace our fleet management information system?" "How can we reduce our maintenance and repair expenditures?" and "Should we lease or buy vehicles?"

Key consulting services we offer include:

- Fleet Management Best Practices Reviews and Competitiveness Assessments
- Fleet Cost Analysis, Reduction, and Containment Studies
- Fleet Utilization Optimization and Rightsizing Studies
- Sustainable/Green Fleet Management Strategy Development
- Program Consolidation and Organizational Restructuring Studies
- Outsourcing Feasibility Studies
- Development of Requests for Proposals for Contractual Services
- Contractor Selection, Contract Negotiation, and Contractor Performance Reviews
- Development of Strategic Business Plans
- Business Process Reengineering and Implementation
- Maintenance Facility Condition Assessment, Network Consolidation Analysis, and Space Programming/Master Planning
- Determination of Optimal Vehicle Replacement Cycles

- Development of Fleet Replacement Plans
- Evaluation of Lease versus Buy and other Capital Financing Strategies
- Charge-Back System Review and Rate Development
- Internal Service Fund Audits and Replacement Reserve Fund Rightsizing
- Management Training
- Executive Recruiting
- Expert Witness Services

FLEET TECHNOLOGY CONSULTING SERVICES

Mercury is unique among consulting firms in that our information technology professionals are *not* the typical general advisors with a high-level understanding of fleet solutions or mainstream technologists with some remedial understanding of fleet operations. Our technology professionals have deep experience managing fleet operations, as well as extensive experience assisting public and private organizations acquire, implement and support fleet technologies (e.g., fleet management information systems, fuel management solutions, telematics, routing and scheduling solutions, dispatch products, motor pool management systems, mobile applications, and business intelligence resources). Our technology consultants are further experienced through their hands-on support of clients and products hosted in Mercury's enterprise Cloud, and our remote administration of client hosted fleet solutions. It is this unique combination of fleet management and technology experience that enables us to offer an array of technology services not available from other consulting or technology firms.

Examples of work that Mercury's professionals have performed in this area for fleet operators include:

- ***Fit-Gap Assessments*** – A comparison of one or more systems' functional capabilities to operational needs, product usability, and cost of ownership. Fit-Gap assessments frequently include comparing fleet systems, ERP (JD Edwards, PeopleSoft, SAP, Sungard, and Sunflower), and EAM systems (Maximo and Infor).
- ***Solution Acquisition*** – Definition of functional and technical specifications, implementation services, RFP creation, and proposal evaluation and software selection.
- ***Turn-key System Implementation Services*** – Deployment of a new fleet solution or re-deployment of an existing product. Implementation services include system installation and configuration, data cleansing and migration, interface definition and development, report and performance metric development, role-based training, and project management.
- ***Project Management / Quality Assurance (PMQA)*** **–** Professional services designed to leverage our subject matter expertise during system implementations and upgrades. PMQA services include project management, system configuration advisory services, system testing and acceptance, and role-based training support.
- ***System Administration*** **–** Professional services to remotely manage your locally installed fleet system(s), including providing ongoing user training, evaluate and test new releases, identify and address data issues, develop reports and key performance measures, modify system settings and screen designs, and administer application security.
- ***Data Analytics*** **–** Professional services performed remotely by data scientists with extensive fleet operational knowledge, as well as advanced mathematics, statistical, and economics degrees. Services include aggregate of appropriate data sets, develop appropriate analytics, statistically control for data issues and outliers, leverage industry metrics, produce meaningful management reports, and interpret results.

Recognizing that many organizations that want to use a state-of-the-art fleet management information system and related IT solutions lack the in-house expertise or personnel resources needed to implement and maintain sophisticated software applications properly, Mercury launched its application service provider (ASP) business in 2002, utilizing a Level (3) Communications data center in Houston, TX. In 2006 we opened a second data center in Seattle, WA, to accommodate the rapidly growing demand for these services. In 2016, we launched our third data center, which is in an Internap commercial data center located in Houston, TX.

Mercury is an independent, unbiased evaluator, advisor, implementer, and hoster of many of the best-known commercial-off-the-shelf (COTS) software applications in the fleet industry today. We have conducted in-depth evaluations of, have implemented, and/or host in our data centers such well-known software applications as AssetWorks' FleetFocus M4/M5™ and FleetFocus FA™, Squarerigger, Inc.'s SQ7™, Faster Asset Solutions' FASTER C/S™ and FASTER Web™, Chevin Fleet Solution's Fleet Wave™, Collective Data's CollectiveFleetPro™, E-Drive Technology, Inc.'s Webfleet™, Invers Mobility Solutions' COCOS™ software, and Mitchell1's Repair and Estimator, and electronic repair manuals from an array of original equipment manufacturers.

Mercury has also developed several software applications to meet specific fleet management and analytical needs. While these analytical tools have been used primarily by our consulting staff in support of our traditional consulting services, we have on a limited basis sold these resources to our consulting clients under a standard software license and maintenance agreement. These tools include a fleet management performance measurement and reporting solution called PALS™ (Performance Alert System); on-line fleet management policy and procedure manuals; a fleet replacement planning, financing alternatives analysis, and budgeting tool called CARCAP™; and an optimal vehicle replacement cycle analysis program called ORCA™.

PROJECT WORK PLAN

The following work plan outlines the proposed professional services to assist the City of Salinas with implementing the FMIS, FleetFocus FA, and consolidation of its fleet operations.

TASK 1.0 – PROJECT INITIATION WORKSHOP

We will convene an onsite project initiation workshop within two weeks of executing a contract or receiving a written notice of intent to award a contract. The purpose of this meeting will be to introduce project team members, discuss project roles, review the project tasks, and finalize a project timeline. Mercury's team will lead this workshop and present a detailed presentation of the current state of the City's fleet operations, key findings from our prior consulting engagement, and our proposed roadmap to transition the fleet to its future state operating mode and structure.

Because we anticipate that Mercury's project team will engage and require support from key City personnel with fleet and non-fleet functions directly related to the tasks we will perform through this project, we recommend that staff from SPD, SFD, and DPW attend this workshop, as well as representatives from the City's finance, budget, and technology departments. As part of the workshop we will discuss each person's and agencies' current role within the City and their expectations of the project.

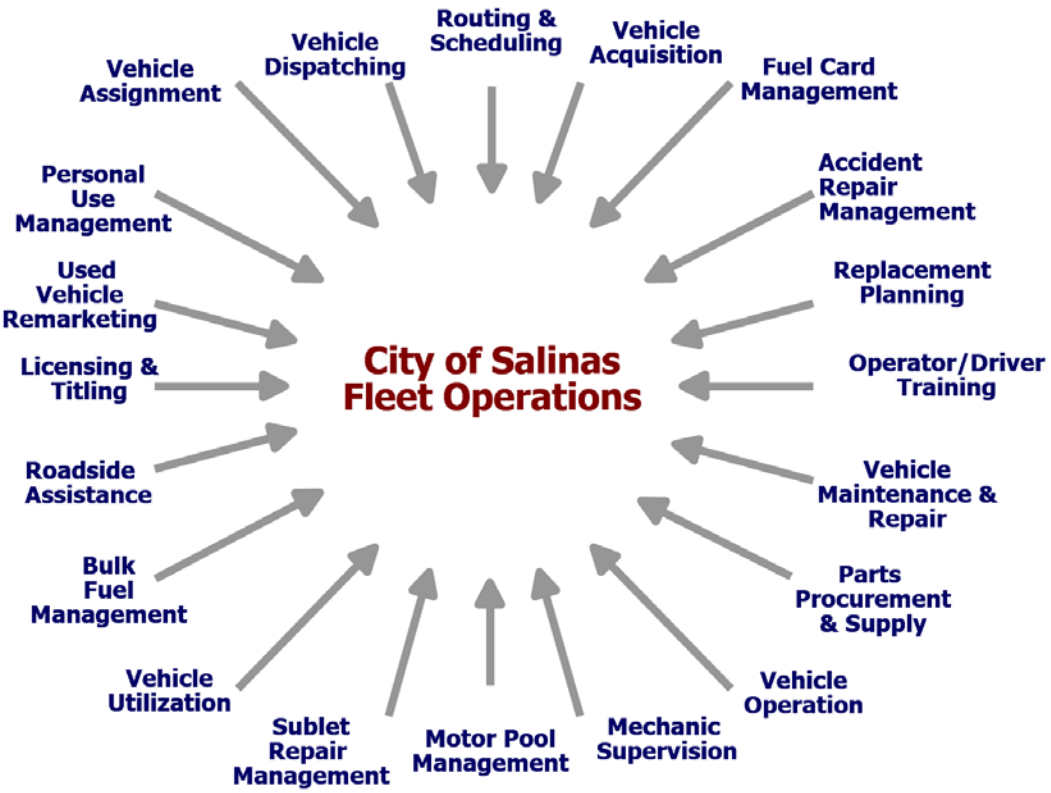
We estimate that the project initiation workshop will require one full day. The budget for this task is $4,800, which consists of 24 hours of professional services (i.e., three consultants x 8 hours).

Upon completing this task our consultants will initiate the following project tasks.

TASK 2.0 – FLEET INFORMATION SYSTEM IMPLEMENTATION ASSISTANCE

As part of any system implementation, there are significant resources, decisions, and tasks that the system end-user (e.g., City of Salinas) must bear as its responsibility. It is our experience that most organizations do not have staff with expertise in both fleet management best practices and FMIS solutions, which are essential skills needed to make informed decisions associated with setting up a new fleet system (e.g., system codification, chargeback cost recovery and billing, inventory stocking levels, interface specifications, and data cleanup and conversion). This is not to suggest that the City does not have staff with expertise in fleet or information technology, but rather highlighting the point that an FMIS is a purpose-built application designed to provide comprehensive features for managing a full-service fleet operation. In other words, an FMIS is a niche product with a suite of modules designed to support the managed functions a fleet operation is responsible for managing. Illustration 1 provides an example of some of the core functions performed by a full-service fleet operation, similar that of the City.

Illustration 1 – Core Fleet Management Functions



As previously noted, Mercury has significant experience with nearly all of the major fleet systems (including AssetWorks™ FleetFocus FA™/M4™/M5™, Chevin™'s FleetWave™, Faster Assets™' Faster Win™ and Web™, and Infor™'s Spear™), as well as most enterprise asset management systems (including Infor™'s Hansen™, IBM™'s Maximo™, Oracle™, and SAP™). Furthermore, we have performed over 200 fleet systems projects, including over 100 system implementations and more than 60 system fit-gap evaluations of FMIS – more than any other independent fleet consulting firm in the industry. Some of the public and private sector clients that we have served in this capacity include NASA, US Department of Homeland Security, US Department of Defense (DoD), US Department of State (DoS), General Services Administration (GSA), State of Florida, State of Michigan, City of Tacoma (WA), City of Charlotte (NC), City of New York (NY), Harris County (TX), Palm Beach Sheriff's Office (FL), City of Phoenix, Bell Canada, State Farm, Cox Enterprises, Hoosier Energy, Metropolitan St. Louis Sewer District (MO), and San Antonio Water System (TX) - just to name a few. Additionally, Mercury's team has served AssetWorks clients for more than 20 years providing implementation services, role-based user training, data remediation and normalization, upgrade and testing support, intranet KPI and dashboards, interface specifications and deployment, custom report develop, and system-use case assessments.

Additionally, for over 15 years Mercury has provided Cloud services (i.e. application hosting services) and administration services for over a dozen fleet solutions that are used by public and private organizations located throughout the world; including Fortune 500 companies; local, state and Federal governments;

military branches; aerospace agencies and corporations; public and private utilities, transportation and transit operations; non-profit organizations; correctional institutions; small business and large corporations; goods manufacturers and suppliers; mining and construction; and logistics and shipping operations. Our experience serving our Cloud customers gives our professionals continuous exposure to the latest versions of many of the leading fleet technologies in the market, as well as the limitations and issues associated with these products that are not common knowledge in the industry. Because of our decades of consulting experience and Cloud services, virtually no other consulting firm in the North America has as much "seat time behind the wheel" supporting and implementing tier-1 fleet technologies.

In this task we, Mercury's consultants, will assist the City with its implementation of the FleetFocus FA™ fleet management information system which was selected as previously outlined. The following narrative outlines the services that Mercury will provide to ensure that the City of Salinas achieves a successful migration to its new FMIS.

TASK 2.1 – FMIS IMPLEMENTATION MEETING

We will convene a separate FMIS implementation meeting with the City and AssetWorks to introduce project team members, discuss project roles, review the project tasks, and finalize a project timeline. Additionally, we will discuss how the application will be deployed, data migration requirements, interface specifications, and training approach. We anticipate that this meeting will be performed remotely between parties utilizing collaboration software, such as WebEx.

TASK 2.2 - DATA POPULATION AND CONVERSION

As part of deploying any fleet management information system, there are certain core data (e.g., fleet inventory and parts inventory) sets that are required to "turn on" in the application for productions use. In conjunction with our on-site project implementation workshop, we will discuss what data is required to pre-populate the system. In most implementation projects, we find that the organization has the core data in an electronic format (e.g., spreadsheet, database, or vendor system) that we can utilize to populate the new system. However, in circumstances where data is not available, we provide Excel templates that can be used by the organization to create the necessary data. Depending on the quality and quantity of available data, we can perform a basic master record conversion up to a detailed data conversion, which is a comprehensive migration of all master records and detailed transaction into the FMIS. The following narrative describes our data conversion approach.

Task 2.2.1 - Data Scrubbing and Normalization

During data conversion, we recommend cleaning up the existing information contained in the current database. It is very common (for example) to find variations in spelling of key pieces of information, such as vehicle make and model or vendor names. To address this issue, we will perform the necessary data scrubbing and normalization process to get the information in the best condition possible.

We will begin this process by extracting data from the current SQL database into MS Excel spreadsheets using queries to help identify records that require attention. We will then perform the tasks necessary to normalize the data (i.e. data consistency). We will also purge any incomplete or invalid records that have been created as part of any system

testing or previous user errors. We will work in conjunction with system users to create a complete dataset for import into the new FMIS.

Our initial assumption in this project is that we will extract master records (equipment, parts, vendors, and technicians) at a minimum. We also understand there may be limited transactional data (work orders, parts orders, and parts receipts and issuance) in the existing data from the current fleet system.

Note: prior to the production export / import task we will perform a final data analysis to address any recent data issues that may exist.

Task 2.2.2 - Data Extraction

Once the information from the current fleet system has been normalized, we will begin formatting the data through export scripts and manual manipulation to comply with the required data templates and formats for import in the new FMIS. It is imperative during this development process that we properly map the data fields from the export files into the FMIS database structure. This is a time-consuming process because a relational database like the one used in modern FMIS applications are complex and requires that the imported data be linked properly to the master tables and other supporting tables within the system.

Task 2.2.3 - Production Data Conversion

Prior to entering the production phase of this project, we will require that the client cease making changes to the spreadsheets and other data sources in order to ensure that all records are migrated into the production database instance. The client will be required to keep paper records of any transactions created after we create the final data extract as part of our final, production data conversion. These paper transactions can be manually entered into the fleet information system after entering into production use of the application (i.e., typically 2 – 3 days between final data extract and go-live use of the system in production).

TASK 2.3 - INTERFACE DEVELOPMENT

In this task, we will finalize the development of the specifications for any integrations or interfaces that have been previously identified in the needs analysis. Examples of these interfaces are typically fuel transaction imports and/or chargeback billing integrations. The specifications include data handling and validation rules required to import/export accurate transactions. Once the integration development has been completed by the vendor, we will collaborate with the client's project team to test its functionality. We will document any issues found during testing, facilitate corrections, and then retest functionality. Once the interfaces have been successfully tested, the final version will be migrated to the production environment.

TASK 2.4 - SYSTEM DESIGN AND LAYOUT MODIFICATIONS

It is our experience that clients often require cosmetic screen changes, custom reports, or other minor system modifications. These changes are usually required to accommodate the unique workflow processes of the organization. If modifications are requested by the client, we will discuss alternative approaches and industry best practices prior to making these changes. If these

alternative approaches do not fit the client's needs, we will document the necessary modifications and work with the FMIS vendor and/or other appropriate application developers to develop a formal change order for development.

TASK 2.5 - SYSTEM SETUP AND PROCESS CONFIGURATION

In this task, we will assist the City with configuring the FMIS in a workshop setting. The users included in this session should be decision-makers and key personnel that have a direct impact on "how business is done" as it relates to the fleet operation, reporting, and administration information requirements. The purpose of this task is to instruct users on the configuration procedures and codification that is necessary to capture data and produce information in ways that suits its established business procedures.

While the software vendor will be providing detailed instruction on how to configure the system during this task, we will provide guidance and recommendations based on industry best-practices on how the system should be configured to meet client needs.

TASK 2.6 - KEY PERFORMANCE INDICATORS

Typically, FMIS systems will natively have the ability to visualize data to some degree in charts and lists that can be presented on a home page dashboard, or start page. The dashboard and other metrics allow users to logically click-and-find the information they need. These items are generally customizable to include user prompts for search criteria, drill-down capabilities, graphing, and report export and print features. We will identify an appropriate suite of tools to benefit the major operational roles for the organization and assist in configuration and setup of these items.

TASK 2.7 - BUSINESS PROCESSES RE-ENGINEERING AND TRAINING

Although the selected vendor will provide detailed training on how to use the features and functions of their system, this training is rather mechanical in nature and does not attempt to improve business processes. In this task, we will provide an educational workshop that addresses fleet management business practices, including establishing an in-depth understanding of fleet management's workflow and operations, what KPIs, reports and information each role in the organization should review, interpreting and effectively managing operations with reports and KPIs. Our proposed training will cover the following functional area within Fleet Management:

- Fleet Financial Management (cost management, billing)
- Parts Management
- Short-term Rental – Motor Pool Management
- Shop Scheduling and Operations Management
- Vehicle Acquisition and Disposal
- Preventive maintenance scheduling
- Vehicle Fueling
- Vehicle Maintenance and Repair
- Vendor Management

This workshop will help professionally develop county staff and facilitate their understanding of how to leverage information to manage the operation. It will also solidify the staff's understanding of how to utilize the new FMIS to effectively manage the operation.

TASK 2.8 - USER TRAINING

Although the software vendor will provide a trainer(s) to instruct the client on the use of the system, we will collaborate to develop training scripts or guides for the software vendor. The purpose of the script is to ensure that the training provided by the software vendor is closely aligned with client business practices and compliments the focus and procedures identified in previous tasks.

It is our experience that the most effective training occurs in small groups that cover materials relevant to the trainees' daily job. Moreover, the training sessions should be short and focused – no longer than two hours per session. Some groups may require multiple training sessions in order to address all of the user questions and features of the application. Training will generally be conducted in several phases which may include all or some of the following sessions:

- Key user training
- Pre-production training
- Production training
- Post-production training

TASK 2.9 - PRODUCTION SUPPORT

In this task, we will provide a consultant on site for the first week of production to answer any user questions and address technical issues with the system. This support resource is very effective in relieving anxieties and streamlining the transition into the "new way of doing things." It is our experience that new users typically have a series of "how do I" questions and minor technical issues that are easily addressed by a knowledgeable consultant.

TASK 3.0 – CONSULTING SERVICES

In this project task, we are proposing to provide the City with consulting services to assist the City with its fleet consolidation initiative. The process of consolidating a number of independent fleet operations under one control is lengthy and requires careful attention to details. Each fleet operation has, over time, developed their methods of operation, priorities and networks (parts and sublets) to manage their needs. Each operation needs to be fully considered and a foundation of common operations needs to be laid to gain the confidence and support necessary for success of the new structure.

The skills and experience required to successfully navigate the intricacies of a large-scale fleet consolidation project, like the one contemplated by the City requires a fleet professional with specialized expertise; such as, contracting, organization, restructuring, recruitment, charge-back rate development, policy and procedure development, issue resolution, and definition of reporting standards – just to name a few. The City does not currently have a person on staff with the requisite comprehensive set of skills needed to ensure its success in transforming and consolidating its fleet operations. Moreover, the know-how required to manage the multitude of topics, issues, document modification and development,

analysis, research, and communication associated with a change of this nature are far beyond the typical fleet manager's, which is why organizations frequently contract with consultants to manage this process.

The tasks that we will perform shall include the following:

- **Develop fleet consolidation implementation plan** - A detailed implementation plan to accomplish centralization of the City's fleet program, including a comprehensive list of tasks will be developed along with responsibilities, funding and resource requirements, timelines, and critical paths. The plan will be developed in concert with primary stakeholders so that all departments have input to the future fleet program and the steps required to make this happen. Each department will be interviewed and consulted as to their views. The completed plan will be presented to all stakeholders to ensure that plan is accurate, responsibilities are clear, and timelines are achievable.

- **Manage consolidation effort and address key issues –** The contract fleet manager will administer the effort of executing the City's approved fleet consolidation implementation plan.
    - Define fleet organization structure
    - Define service locations and address maintenance facility issues
    - Define fleet services performed by consolidated fleet organization
    - Define any increases in staffing required to support a consolidated fleet operation
    - Manage consolidation of fleet service and materials contracts
    - Manage fleet assets and parts inventory
    - Develop Service Level Agreements (SLAs) – A formal agreement between Fleet Management and Customers describing responsibilities, services, timelines, fees, and standards for all fleet activities. This document is used by Fleet and Customers to ensure a common understanding of duties and responsibilities.
    - Establish a unified preventive maintenance program for each application and type of equipment in the City's fleet
    - Establish a fleet safety program to include, but not limited to, development of policies and procedures; initial and reoccurring comprehensive asset inspections by fleet technicians; define pre and post trip inspections by equipment operators; collaborate with FMIS administrator to load FMIS inspection schedules into FMIS; and assistance with contracting 3rd party driver training service provider. Currently the City has no such program
    - Work closely with FMIS implementation team to review and test system and coordinate training for staff and others
    - Produce management reports on activities and challenges
    - Manage project tasks and assign duties to project team members

- **Develop Cost Charge-back System and Rates -** Calculate an accurate set of charge-back rates that equitably allocate costs to fleet users. Our methodology will be fully compliant with federal costing standards as outlined in Circular OMB A-87. Basic principles articulated in this circular require that charge-back-funded organizations (they need not be classified as internal service funds) operate on a break-even basis; recover only allowable costs from federally funded customer organizations; make adjustments for under and over recovery of costs (preferably through adjustments to future billing rates); bill all users at the same rate for similar services;

utilize billing units which represent services provided or benefits received; and not improperly utilize revenues generated by one type of service to finance the delivery of another type of service (e.g. capital charge-back rate revenue does not subsidize operating costs, or visa-versa) .

Calculation of cost charge-back rates involves several steps, with analyses of total costs joining information gathered on service operations to create a rate structure that provides insight on the total costs of an organization's specific activities. The following steps are normally included in calculation of cost charge-back rates:

- Identify costs to be recovered;
- Define the services provided by the fleet organization;
- Allocate costs to cost pools that correspond to the services provided;
- Define the rate structure;
- Determine billable units of service; and
- Calculate rates.

- **Modify Fleet Policies and Procedures -** Review policies and procedures and update or initiate new as needed to accommodate the centralization. The framework of the policy and procedures will incorporate the following components.
  - A comprehensive fleet policies and procedures manual that follows the Table of Contents (TOC) agreed between Mercury's Fleet Manager and the City. The purpose of this document is to lay out the fleet management practices of the organization and it will be most frequently referred to by Fleet Services and Senior Managers.
  - A Driver handbook that lays out the responsibilities of the driver, including vehicle receipt, pre and post trip inspections, preventive maintenance, licensing, crash reporting, etc. This Handbook will be kept with the vehicle at all times and serve as a reference for operators.
  - A baseline SLA between Fleet Management and customers describing responsibilities, services, timelines, fees, and standards for all fleet activities. This document is used by Fleet and Customers to ensure a common understanding of duties and responsibilities.

PROJECT TEAM

Mercury's proposed team for this project consists of some of the most skilled and seasoned professionals in the fleet industry. Moreover, the professional resources assigned to this project have nearly 20 years or more experience as fleet managers, consultants, and technologists. We are confident that our team for this project are exceptionally qualified to successfully perform the body of work we have proposed. Below are profiles of our named project team members with copies of their full resumes provided in Appendix A.

Brad Kelley, Project Manager

Mr. Kelley is a Senior Vice President and the Chief Information Officer of Mercury Associates with 20 years of experience in the fleet management profession. He is the director of Mercury's Houston, TX-based application hosting and information technology consulting services. Mr. Kelley has assisted a number of prominent organizations with information technology projects, as well as operational transformation and consolidation projects. Before co-founding Mercury Associates, Mr. Kelley was a Manager in the Maximus,

Inc.'s Fleet Group. Prior to this, he was Assistant Director of Sarasota County, Florida's Fleet Management Department.

Ralph Filicko, Manager

Mr. Filicko is a Manager with Mercury Associates. He has 20 year of experience in computing and networked environments, fleet system's implementation services and application support and is involved in the day-to-day support and management of Mercury's enterprise data centers located in Houston, Texas and Seattle, Washington. He provides direct support, administration and management of hosted fleet applications. Mr. Filicko specializes in the evaluation, development, implementation and administration of fleet management information systems, data verification, analysis and validation, and supporting technologies. Mr. Filicko's understanding of best practices in the fleet industry allows him to provide guidance in configuring fleet systems to meet each client's unique operational requirements.

Kent Carneal, Sr. Consultant

Mr. Carneal is a Senior Consultant with Mercury Associates. Mr. Carneal possesses broad technical, supervisory and management experience in the fleet and automotive industries having successfully navigated the transition from wrench turner to fleet manager. His experience includes asset, budget and fund management, business process development, contract management, and over twenty years of fleet management information system administration including software implementation and data management with an emphasis on data analysis and custom reporting.

Carl Bowker, Sr. Consultant

Mr. Bowker is a Sr. Consultant with Mercury Associates. He possesses nearly 40 years of professional fleet management and consulting experience. His experience includes business process reengineering, operation consolidation, fleet replacement modeling, policy procedure development, staffing level assessment, defining maintenance facility infrastructure requirements, equipment specifications, vendor negotiations, change management, and inventory management. Moreover, he has extensive experience supporting diverse fleets with equipment ranging from light-duty equipment (e.g., sedan, pickup trucks, trailers, mowing equipment, and tractors) to heavy equipment (e.g., construction equipment, emergency response, and material handling equipment).

PROJECT TIMELINE

We currently estimate an 9-month project timeline for the proposed scope of work, which will start on the Task 1.0 – Project Initiation Workshop date. Illustration 2 provides a detailed timeline of the proposed project. We anticipate that Task 2 – FMIS Implementation Assistance and Task 3 – Consulting Services work will occur in parallel so as to accelerate the City's fleet transformation process.

During any project of this nature, it may be necessary to adjust one or more project tasks' allocated time budget to accommodate unforeseen activities. Mercury reserves the sole right during the project to adjust time allocations to achieve a successful implementation, as long as we do not exceed the total project budget. Rest assured that we will do everything possible to maintain our proposed allocations, since we believe this to be the optimal project plan.

	Project Timeline								
Project Tasks	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
Task 1.0 – Project Initiation Workshop									
Task 2.0 – Fleet Information System Implementation Assistance									
Task 2.1 – FMIS Implementation Meeting									
Task 2.2 - Data Population and Conversion									
Task 2.2.1 - Data Scrubbing and Normalization									
Task 2.2.2 - Data Extraction									
Task 2.2.3 - Production Data Conversion									
Task 2.3 - Interface Development									
Task 2.4 - System Design and Layout Modifications									
Task 2.5 - System Setup And Process Configuration									
Task 2.6 - Key Performance Indicators									
Task 2.7 - Business Processes Re-engineering and Training									
Task 2.8 - User Training									
Task 2.9 - Production Support									
Task 3.0 - Consulting Services									

PROJECT BUDGET

The budget for the proposed scope of work is 916 hours for a total of $169,460 for professional services, which is inclusive of travel. A detailed breakdown of our proposed budget can be found in the Illustration 3 table below. All onsite services will be provided at facilities within the City of Salinas, California.

Our proposed project budget is contingent upon the availability the client resources (e.g. staff, key personnel, access to facilities, computer hardware and software, and Internet connectivity) during the agreed upon time by both parties (i.e. Mercury and the client). Failure on the client's part to make any resources required by Mercury prior to the execution of a task may result in an increase in the project budget at Mercury's discretion. It's not our intention to suggest that the project budget will grow, but rather to highlight that our budget assumes that the client will collaborate and be responsive throughout the project.

Illustration 3 – Project Budget

Project Tasks	Service Hours	Service Fees
Task 1.0 – Project Initiation Workshop	24	$4,440
Task 2.0 – Fleet Information System Implementation Assistance	267	$49,395
Task 3.0 - Consulting Services	625	$115,625
Total	**916**	**$169,460**

We will invoice monthly under NET 30 Terms. Support services will be invoiced monthly based on percentage of task completion.