



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: OCTOBER 10, 2017
DEPARTMENT: PUBLIC WORKS
FROM: GARY PETERSEN, DIRECTOR OF PUBLIC WORKS
TITLE: AGREEMENT FOR FLEET MANAGEMENT SERVICES

RECOMMENDED MOTION:

A motion to approve a Resolution regarding a Professional Services Agreement in the amount of \$169,460 (inclusive of travel costs) between the City of Salinas and Mercury Associates, Inc. to manage the consolidation of the Public Works, Police, and Fire fleets and to transfer \$54,028.51 from CIP 9525 to fund this agreement.

RECOMMENDATION:

The recommendation is to retain the services of a professional fleet management consultant to provide augmented staff to oversee the installation and implementation of a new fleet management information systems software, and to institute fleet consolidation under a centralized fleet management operation.

BACKGROUND:

In 2015, the City of Salinas retained the services of Mercury Associates, to assess the status of the City of Salinas Fleet and to develop a long-term fleet replacement plan. The central finding in this study is that 86 percent of all the vehicles in the City's fleet have met or exceeded recommended replacement cycles. The estimated replacement cost of replacing these vehicles is \$24.6 million (just over \$2 million annually for ten years).

This situation is a result of the recession when deep cuts were made in fleet management and maintenance. Currently there is no plan to address this situation and no matter how well we maintain these vehicles replacement is the only option for much of the fleet.

Additionally, there is an estimated \$2.5 million spent annually across four departments just to operate the fleet and keep what exists on the street. Consolidating these four departments into a centralized fleet management system will allow the City to reduce the employee costs of managing the fleet by eliminating staff redundancies through the centralization of fleet services in Public Works.

The process of fleet management and centralization is not a vehicle maintenance or mechanical issue. It is an administrative and management process designed to maximize resources to produce a well-managed and safely maintained fleet. The agreement with the consultant is written to provide training to those staff that are interested, moving them from maintenance to management of the fleet. This is an opportunity for existing staff to learn new skills and advance their employment within the City. If employees are not interested in this opportunity consultants can be retained to complete this work.

The skills and understanding required to complete this essential realignment are highly specialized and do not exist in our organization as it is now structured. It is possible to create new positions and recruit new employees to fill these positions, however staff does not recommend this given the tenuous nature of city finances.

Not addressing fleet centralization or realignment will result in more and more vehicles exceeding life cycles creating a greater level of risk for the users of this equipment.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities, which have the potential for causing a significant effect on the environment.

STRATEGIC PLAN INITIATIVE:

This item aligns with Strategic Plan Initiative IV: Well Planned City and Excellent Infrastructure. Safe and efficient government services is consistent with Council priorities. The scientific management of all assets begins with their maintenance.

FISCAL AND SUSTAINABILITY IMPACT:

The original Professional Services Agreement for Fleet Management was for \$259,180.00 in negotiations with the consultant this amount has been reduced to \$169,460. To adequately fund this agreement, an additional \$54,028.51 must be transferred from CIP 9525 Fleet Replacement to Capital Improvement Project, #9226, Fleet Consolidation and Replacement. These are both funded by Measure G.

The City has developed a large backlog in fleet asset replacements of \$24.6 million dollars. The centralization of our fleet will result in a replacement program and financing strategy that eliminate the backlog of vehicle replacements and creates a process that will result in vehicles being replaced within industry standard-of-practice timeframes (i.e., an average replacement criteria of 9 years instead of the current 15.4 years).

ATTACHMENTS:

1. Professional Services Agreement between the City of Salinas and Mercury Associates
2. Proposal to Provide Fleet Management Consulting Services to the City of Salinas
3. Resolution
4. Executive Summary-Fleet Centralization Report