



**CITY OF SALINAS  
COUNCIL STAFF REPORT**

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**DATE:**                    **SEPTEMBER 19, 2017**  
**DEPARTMENT:**       **PUBLIC WORKS**  
**FROM:**                   **LARRY ODA, MAINTENANCE SUPERINTENDENT**  
**TITLE:**                   **AGREEMENT FOR FLEET MANAGEMENT SERVICES**

RECOMMENDED MOTION:

A motion to adopt a Resolution approving a Professional Services Agreement in the amount of \$259,180 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 operations best management practices under a centralized fleet management operation.

EXECUTIVE SUMMARY:

In 2015, the City of Salinas retained the services of Mercury Associates, a U.S. Government General Services Agency Pre-Bid Contractor to assess the feasibility of centralizing fleet operation and to develop on long-term fleet replacement plan. The City owns a diverse fleet with around 500 pieces of rolling stock and 300 miscellaneous pieces such as trailers and small landscape equipment. The City spent around \$2.3 million last year to maintain and fuel the fleet.

Four departments currently have involvement with fleet operations: Purchasing keeps a master asset list and coordinates replacement activities; Public Works operates the City's main garage and provides some fleet management services to other departments; the Fire Department handles its own fleet maintenance inside Fire Station #1, contracts through vendors for some work and uses Public Works for specialized services, such as emissions testing; the Police Department uses a combination of Public Works and outside vendors to maintain and repair their vehicles.

Mercury also stated that in the current system, there are no clear lines of responsibility between departments, a lack of readily available cost and operational data, and no clear strategy to optimize fleet performance.

Mercury found that the City's current decentralized approach is not optimal and is unusual for an organization of its size. Their experience finds that autonomous fleet operations are inherently inefficient because they produce duplication of effort and fail to capture economies of scale. Centralizing fleet operations in the City would lower costs and improve service levels as consistent management practices are applied across four organizations; Police, Fire, Public Works and Finance.

Additionally, Public Works staff want to establish a robust safety program for fleet operations. To roll this out, Mercury will develop a best practices program that include policies and procedures for fleet operations and equipment operators, routine comprehensive asset inspections by fleet technicians, pre- and post-trip equipment inspections by operators, and inspection management and compliance tracking through a fleet management information system. Mercury will also assist staff with contracting a third party driver safety training service that best meets the needs of maintenance and public safety staff.

Mercury recommends that all fleet management and maintenance functions be centralized within Public Works and that the City make investments in its fleet program, as follows: 1) Public Works create three new positions--a Fleet Manager, Data Analyst and a Parts Specialist; 2) acquire a new, up to date fleet management information system (see the September 19, 2017 staff report for the proposed Fleet Management Information Software); and 3) combine the current budgets and positions from Police and Fire with Public Works.

Mercury will assist City staff with implementing the fleet management information system, including data transfer, fleet policy and system integration, and software implementation; with the ultimate goal of staff taking it over.

#### 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 Professional Services Agreement for Fleet Management is for \$259,180.00. 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—i.e., \$24.6 million dollars. The consultant will help staff set up a replacement program and financing strategy that will help the city eliminate the backlog of vehicle replacements over several years and get on track to replace vehicles 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