

TO: JAMES L. APP, CITY MANAGER

FROM: JOHN R. McCARTHY, DIRECTOR OF PUBLIC WORKS

SUBJECT: CONTRACTOR REQUEST FOR RATE INCREASE - STREET SWEEPING SERVICES

DATE: JANUARY 5, 1999

Needs: For the City Council to consider a request from California Street Maintenance for an increase to the current contract amount for street sweeping services.

- Facts:**
1. On October 20, 1998, the City received a request from California Street Maintenance, the contractor for street sweeping operations, to increase the current contract price from \$7,380.00 per month to \$7,571.88 per month. An increase of \$191.88 per month or \$2,302.56 per year. (See attached letter.)
 2. The current contract was for an initial term of two (2) years (which expired on April 30, 1998) with an option to renew for an additional three (3) years.
 3. The option period was exercised and the contract was extended on April 7, 1998, upon the adoption of Resolution No. 98-57, which states that the City Council authorized a three year extension "only on the same terms, conditions, and prices as stated in the April 1, 1996, contract and that these shall remain the same during the term of this three year extension."
 4. The contract does not provide a mechanism for rate increases, stating only that "The contractor may not charge more than the amount shown in Exhibit "B" without prior written approval of the City's Contract Manager."
 5. The current adopted budget for street sweeping services was predicated upon the \$7,380.00 per month contract price and an additional appropriation will need to be made if an increase is granted.

**Analysis
and**

Conclusion: In April of 1996, the City entered into a contract for street sweeping services with California Street Maintenance. This contract was for an initial term of two (2) years with an option to renew for three (3) years. The contract price was set for \$7,380.00 per month. Providing a significant savings to the City over providing its own sweeping services.

The option was exercised on April 7, 1998, by the City Council with the adoption of Resolution No. 98-57. Section 1 of this resolution states that the contract would be renewed for an additional three (3) years ...only on the same terms, conditions, and prices as stated in the April 1, 1996, contract and that these shall remain the same during the term of this three year extension."

The contract does not provide a mechanism for increases to the agreed upon price. Section 3 does state that the contractor cannot charge more than the contract price unless written approval is given by the City's contract manager.

The following tables show estimated costs and savings to date for street sweeping operations.

Contracted Service:	*Costs	Costs	Costs	Estimated	Estimated
	FY 95-96	FY 96-97	FY 97-98	FY 98-99	W/ Increase
Personnel Costs	39,419.00	3,250.00	2,900.00	0.00	0.00
Maintenance & Operations	57,717.00	97,236.00	98,079.00	92,720.00	95,022.00
Total:	97,136.00	100,486.00	100,979.00	92,720.00	95,022.00

*Contracted service for partial year

Provided by City:	Est. Costs	Est. Costs	Est. Costs	Estimated	Estimated
	FY 95-96	FY 96-97	FY 97-98	FY 98-99	W/ Increase
Personnel Costs	43,440.00	44,309.00	44,752.00	45,195.00	45,195.00
Maintenance & Operations	82,700.00	82,700.00	82,700.00	82,700.00	82,700.00
New Sweeper Unit	30,400.00	30,400.00	30,400.00	30,400.00	30,400.00
Total:	156,540.00	157,409.00	157,852.00	158,295.00	158,295.00

Savings to City:	59,404.00	56,923.00	56,873.00	65,575.00	63,273.00
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If an increase should be granted, additional funding will need to be appropriated for the maintenance and operations budget as the current amount budgeted was based upon the contract price of \$7,380.00 per month.

Policy

Reference: None.

Fiscal

Impact: If an increase is granted, the contract will cost an additional \$2,302.56 per year. An appropriation would need to be made from Landfill Enterprise fund reserves to cover any additional costs regarding this contract.

- Options:**
- A. For the City Council to consider a request from California Street Maintenance to increase the contract price for street sweeping services in the City of Paso Robles.
 - B. Amend, modify, or reject the above options.

Attachments: (2)
1) Request
2) Resolution No. 98-57



California
Street
Maintenance

cc

October 20, 1998

Ms. Laurie Colombo
CITY OF PASO ROBLES
1000 Spring Street
Paso Robles, CA 93446

Re: CPI Increase, Street Sweeping Services Contract

Dear Ms. Colombo:

Per our contract we are requesting an increase adjustment to the contract rate due to increases in the following operating costs since April, 1996:

- Labor costs
- Debris costs
- Insurance costs
- Sweeper repair costs
- Fuel costs

Since San Louis Obispo does not belong to any CPI census, we used the Los Angeles area CPI for the period April, 1996, to July, 1998, of 2.8%. For the San Francisco area the increase for the same period is 7.6%; the U.S. city average for the same period is 4.4%. The increase of 2.8% (\$191.88 per month) we feel is extremely modest and fair due to increases in our operating costs.

Hopefully this will meet the Council's approval for our increase.

Sincerely,

Kien Sien, Accounting Manager
California Street Maintenance, Inc.

RESOLUTION No. 98-57

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF PASO ROBLES
AUTHORIZING A THREE YEAR EXTENTION
TO CURRENT STREET SWEEPING CONTRACT WITH
CALIFORNIA STREET MAINTENANCE

WHEREAS, The City currently has a two year contract for street sweeping services with California Street Maintenance that will expire on April 30, 1998; and

WHEREAS, This contract provides for the option to extend for an additional three years upon written request from the contractor; and

WHEREAS, The contractor, California Street Maintenance has submitted a written request to extend the contract for an additional three years; and

WHEREAS, The contractor has performed satisfactorily under the terms and conditions of the current contract.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. That the City Council of the City of Paso Robles does hereby authorize a three year extension to the contract dated April 1, 1996, for street sweeping services between the City of Paso Robles and California Street Maintenance only on the same terms, conditions, and prices as stated in the April 1, 1996, contract and that these shall remain the same during the term of this three year extension. *

Section 2. That the City Council of the City of Paso Robles does hereby authorize the new expiration date for the April 1, 1996, contract for street sweeping services between the City of Paso Robles and California Street Maintenance to be April 30, 2001.

PASSED AND ADOPTED by the City Council of the City of Paso Robles, this 7th day of April, 1998, on the following vote:

AYES: Baron, Iversen, Macklin, Swanson, and Picanco
NOES: None
ABSENT: None
ABSTAIN: None



Duane Picanco, Mayor

ATTEST:



Madelyn Paasch, City Clerk