



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 15, 2012

ITEM NUMBER: **NB-5**

SUBJECT: STREET SWEEPING SERVICES

DATE: MAY 7, 2012

FROM: PUBLIC SERVICES DEPARTMENT

**PRESENTATION BY: ERNESTO MUNOZ, PUBLIC SERVICES DIRECTOR
BOBBY YOUNG, FINANCE/IT DIRECTOR
KIMBERLY HALL BARLOW, SPECIAL COUNSEL**

**FOR FURTHER INFORMATION CONTACT: ERNESTO MUNOZ, PUBLIC SERVICES
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RECOMMENDATION:

It is recommended that the City Council:

1. Approve the attached contract (Attachment 1) for Street Sweeping Services with Athens Services, pending the resolution of the City's outsourcing constraints;
2. Authorize the CEO to execute the attached contract only after the resolution of the City's outsourcing constraints; and
3. Once the contract is executed, authorize the CEO to administratively implement a transition plan for impacted employees.

BACKGROUND:

In accordance with Council Policy 100-6, a Street Sweeping Services Contracting Committee was formed to evaluate the potential for contracting of on-going City services. On September 13, 2011, the committee met to discuss the duties and responsibilities of the Street Sweeping Services program and to determine "available alternatives for service delivery." Based on the detailed review of all alternatives, it was concluded that the most viable alternatives are to retain the existing service level but at a lower cost through reorganization or contracting with either a public entity or a private company for services. In order to evaluate the privatization option, the Public Services Department prepared a draft Request for Proposals (RFP), which was reviewed and finalized by the Contracting Committee.

At the regular City Council meeting on October 5, 2011, the various alternatives for Street Sweeping Services were presented to the City Council with the staff recommendation for releasing the RFP for Street Sweeping Services to private contractors (see Attachment 1). The City Council directed staff to release the RFP based on staff and community input.

The RFP for Street Sweeping Services was released with the following schedule:

- Release of RFP November 9, 2011
- Deadline for Written Questions November 23, 2011
- Responses to Questions Posted on Web December 1, 2011
- Proposals Due December 9, 2011

ANALYSIS:

In response to the City's RFP, the following proposals were received from six (6) vendors and one (1) agency:

- Athens Services
- Cleanstreet
- Costa Mesa Sanitary District
- CR&R
- R. F. Dickson Co., Inc.
- Sunset Property
- Venco Power Sweeping, Inc.

Proposals were independently reviewed by an Evaluation Committee consisting of City staff as well as an outside agency staff member (see Attachment 2). The proposals were reviewed using the following criteria:

- Qualifications of the entity and key personnel;
- Approach to providing the requested services;
- Price proposal; and
- Innovative and/or creative approaches.

A proposal was received from the Costa Mesa Sanitary District. However, the proposal was for management of street sweeping services and not for providing Street Sweeping Services, as requested in the RFP.

Staff from the City's Street Sweeping section also provided a proposal after the evaluation committee had concluded their review of the outside proposals. However, the proposal from the City's Street Sweeping section was also considered in making the recommendations in this report.

In the analysis of the proposals to the RFP for Street Sweeping services, City management considered the information from the Public Services staff which provided greater depth of knowledge about the street sweeping operation.

The Evaluation Committee met on February 7, 2012, to review all proposals. References were checked to verify the quality of services provided to agencies serviced by respective vendors. Based on the review of each committee member ranking as well as references and financial information, four (4) vendors were selected for further consideration and the interview process.

Interviews were held on February 23, 2012, with the four short-listed vendors, to provide further clarification on their proposals and determine how they would serve the City of Costa Mesa. A list of questions that was addressed by the vendors during the interview is included in Attachment 2. Following the completion of the interview process, the Evaluation Committee reviewed the rankings of the four finalists and determined that Athens Services met all required qualifications to provide high quality Street Sweeping services to the City of Costa Mesa.

Athens Services is a family-owned business that has been providing street sweeping services for over 25 years. They service many cities throughout Southern California. The Orange County cities that have contracted with Athens Services for street sweeping include Newport Beach, Mission Viejo, Lake Forest, Placentia, and Villa Park. Athens Services emphasized customer service as a key value for their services and were reviewed favorably by their agency representatives. Their cost for services in accordance with the requirements for the RFP is approximately \$479,000 for administration and assumption of the entire service, and is the lowest among the responders. Further review of the costs is provided in the Fiscal Review section. Athens has listed a number of innovative ideas to providing services, including the use of technology such as Global Positioning System (GPS) devices and the possibility of implementing on-board camera enforcement on their vehicles.

Athens has expressed an interest in renting both parking/storage space at fair market value for up to ten sweepers and trucks, and office space at the City Yard. This could bring in revenue in the range of \$10,000 to \$20,000 annually which would effectively lower the total cost of providing street sweeping services to the community. Staff is recommending that any such rental be provided under a separate agreement which would be brought forward for Council review and approval when and if a contract is executed between the City and Athens.

Currently there are 25 cities in Orange County providing street sweeping services to their communities via contracted services. These cities are listed on Attachment 3.

Review of Proposed Services:

Staff reviewed the level of service provided by our current street sweepers and how this may be impacted by contracted services. The City's service is provided by four (4) employees and a part-time supervisor. When fully staffed, the City's service was at a high level, and there were no significant issues with the quality of service. However, during the past few years, there have been reductions in staffing which have resulted in most of the street sweeping services being provided by part-time employees. This has led to some challenges in adequately meeting the City's needs.

In the issued RFP, the vendors were provided with all City street sweeping route information and the expectations of the City. Athens Services demonstrated their ability and commitment to meet City's expectations with their written proposal as well as during the interview process. Athens Services' proposal also addresses unforeseen circumstances such as responding to accident area cleanup or inclement weather sweeping. Athens Services would staff the City with an adequate number of sweepers and a supervisor on all working days. The City will be reimbursing Athens Services according to the miles swept. Consequently, there would be no compensation provided on days of rain or holidays, except where Athens' personnel are called upon to assist

City staff in handling inclement weather issues, such as picking up fallen tree limbs, clearing storm drains, etc.

City staff provides a high level of customer service and addresses complaints efficiently. This same level of commitment would be expected from a private contractor. Athens Services will respond to sweeping issues by same day re-sweeping of complaint areas and responding to customer issues within 24 hours.

Staff Transition Plan:

Currently, the street sweeping operations are conducted by two (2) full-time employees borrowed from other sections within the Maintenance Services Division and two (2) retired part-time employees. This is because of staff retirements in the Street Sweeping section over the past two years. The full-time assigned employees will transition back to their respective sections in "Signs and Markings" and "Parks" and the part-time retired employees will have the option of being recruited by Athens Services, pending their review of applications. Athens Services' proposal includes a detailed transition plan that includes meetings with the street sweeping supervisor and employees, so that there are no disruptions or issues with the contracted services.

Street Sweeping Equipment:

The City has four (4) sweepers and one (1) backup sweeper. The age of equipment varies from eight to fifteen years. Athens would provide latest model sweepers for the City meeting all air quality regulations. In addition, the sweepers are equipped with Global Positioning System (GPS) devices that can be accessed by City staff and Athens Services' supervisors. This technology is currently being used by Athens Services in the cities of Pomona, Newport Beach, Placentia, Lake Forest, Mission Viejo, Hermosa Beach, and Rosemead to name a few. The City will explore the possibility to add the capability in the future for the public to access real-time sweeping data from the City's website. In case of any complaints of non-performance, this can be reviewed by staff and Athens Services to take corrective action. Athens has indicated that it would be interested in purchasing the City's newest sweeper, but the others may not be sold by the City for in-state use. Staff will bring forward a separate agreement regarding the purchase of one of the City's sweepers by Athens and the sale of the others at a later time.

The City is also considering on-board cameras for enforcement of parking violations on streets with parking restrictions for street sweeping. The City Attorney's office is reviewing this option and how it could be added at a later time, perhaps through a pilot program. However, at this time, it is not part of the proposed contract. Staff understands that this feature is an important efficiency/innovation measure for our City and will make this review a priority.

Additional Services:

Additional services that would be provided by Athens Services include education and outreach to residents about their programs, community involvement, and emergency response. Athens Services would provide the City a detailed transition plan and employ interested City employees meeting their employment requisites. Athens Services has

indicated their willingness to be an integral part of the City's Maintenance Services team and also to promote and participate actively in community events.

FISCAL REVIEW:

The City's preliminary Fiscal Year 2012-13 cost related to in-house weekly street sweeping is **\$566,507**. The City's projected cost includes salary and benefits for three (3) full-time Senior Maintenance Worker positions, 25% of a Senior Maintenance Worker position, and 25% of a Maintenance Supervisor position. It also includes \$50,000 for waste disposal, \$18,000 for street sweeper brooms, and approximately \$140,000 for fuel and service of the current street sweepers.

The proposed cost of weekly street sweeping services provided by Athens Services is **\$478,800 – a savings of \$87,707**. This equals a savings of approximately 18%. Over a five-year period, the savings is estimated to be \$438,535. The \$438,535 calculation excludes potential cost-of-living increases for the contract and excludes potential increases in costs related to PERS or other City-employee cost increases. These cost savings do not include the cost of a Maintenance Supervisor position to manage the street sweeping contract. It is staff's estimate that the City would need between 10% and 25% of the time to manage the contract, which would cost between \$12,000 and \$30,000. Even with these costs, it appears the City could realize a savings.

Another cost included in the City's preliminary FY 2012-13 budget is \$79,700 for replacement of the current street sweepers. It should be noted that if the City continues to provide in-house Street Sweeping services, it will eventually be required to replace its current sweepers with alternative fuel sweepers that meet all current air-quality standards. The City has set aside money in the Equipment Replacement Fund for this purpose. The cost of a new alternative fuel sweeper is approximately \$265,000. Therefore, the City would eventually have to pay approximately \$1,060,000 to replace four (4) of the City's current sweepers that are not air-quality compliant. However, should the City choose to contract this service with a private vendor, the City would not be required to replace these vehicles and the money set a side in the Equipment Replacement Fund could be used to replace other vehicles as necessary, and potentially reduce internal rent costs to the General Fund.

Also, as mentioned in the staff report, there may be an opportunity for the City to generate revenue and reduce costs related to contracting with Athens Services. Athens Services may request to lease available space for storage of street sweeping vehicles during off hours and may be interested in buying one (1) of the City's current air-quality compliant street sweepers to add to their fleet. Per the current proposal, the City would also not be required to pay Athens Services during periods of inclement weather. Each of these may offset the current proposed contract price by Athens Services thereby further reducing costs to the City.

ALTERNATIVES CONSIDERED:

The City Council may select another consultant to provide the required services. This will require staff to return to City Council following review of the cost proposal and services provided. Another alternative for City Council is to maintain street sweeping services provided by City staff. If this alternative is selected, City staff will continue to

provide services with a recommendation to fill the currently vacant positions in the Street Sweeping section.

LEGAL REVIEW:

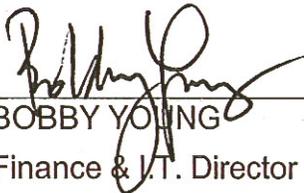
The City is under a preliminary injunction, which prevents the City from contracting out services currently being performed by members of the Costa Mesa City Employees' Association. Because a contract with Athens Services may fall within the scope of this injunction, the City, in an abundance of caution, should withhold formal authorization to execute such a contract at the present time. The Council may approve the contract and authorize the Chief Executive Officer to execute the contract in the future, when and if the injunction against the City is lifted or determined not to apply.

CONCLUSION:

The City of Costa Mesa City Council directed staff to evaluate various options for providing Street Sweeping services, including contracting with private vendors. Following established procedures for procuring vendor proposals, including formation of a contracting committee and development of a detailed scope of services, a total of six (6) vendors and one (1) agency submitted proposals for Street Sweeping services. City Street Sweeping section staff also provided an analysis of keeping the services in-house. Based on a thorough evaluation of all proposals and review of the cost for services for maintaining in-house Street Sweeping, it was determined that the proposal submitted by Athens Services represents the best value to the City. The overall cost for services as proposed by Athens Services is \$478,800; which represents a savings of approximately \$87,707 per year when compared to maintaining the services in-house. Staff requests approval of the attached contract for Street Sweeping services pending resolution of outsourcing issues.



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- ATTACHMENTS:
- 1 Street Sweeping Contract with Athens Services
 - 2 Street Sweeping RFP Determination Book
 - 3 Street Sweeping Services Survey