



Legislation Text

File #: 18-227, **Version:** 2

TO: Mayor and Members of City Council

THRU: Dave Harvell, Consultant

FROM: Jay Reinstein, Assistant City Manager

DATE: June 4, 2018

RE:
Fleet Maintenance Process Update

COUNCIL DISTRICT(S):
All

Relationship To Strategic Plan:

Goal 5: Sustainable Organizational Capacity

Executive Summary:

A Fleet Maintenance Committee was established in July 2017 in response to a letter sent by former PWC Chairwoman Shaw to former Mayor Robertson on May 10, 2017 which informed the City of PWC's intent to terminate the existing fleet maintenance agreement effective 6/30/18.

On April 30, 2018, staff provided the Committee with a process update to include next steps, a vendor proposal matrix, and a detailed process timeline. Potential vendors were shortlisted from eight to three on the basis of proposals received and staff was directed to schedule interviews with the three selected vendors: Vector Fleet Management, Serco and First Vehicle Services. The interviews were conducted on May 22 and May 23. Staff will provide an update following those interviews and request direction for next steps.

Background:

The City of Fayetteville and PWC are currently operating under the original 2005 Fleet Services Agreement which is outdated and does not reflect how both parties currently operate and is not consistent with the requirements of the revised charter.

At the May 10, 2017 PWC Commission meeting, the Commissioners requested that City Council make a decision in regard to its intent to continue to participate in fleet maintenance services through PWC. Without a firm commitment from the City, PWC was unable to obligate resources for an

expansion of their maintenance facility. The Commissioners voted unanimously, pursuant to Section 4 of the May 31, 2005 Fleet Services Agreement between the City of Fayetteville and the Public Works Commission, to provide notice of their intent to terminate the agreement effective June 30, 2018. A letter from former PWC Chairwoman Shaw to former Mayor Nat Robertson was sent on May 10, 2017. The cancellation did not indicate PWC's unwillingness to continue to perform fleet services for the City; rather, it was to place a timeframe for the City and PWC to make decisions regarding the fleet maintenance arrangements.

In July 2017, the Fleet Maintenance Committee was established, with Council Member (CM) Arp serving as Chair, and including CM Crisp, CM Mohn, and PWC Commissioners Fowler and Rogers, along with staff members from the City Manager's Office, the PWC, Budget, Finance and Purchasing. The Committee was formed to discuss future options for fleet maintenance and to provide direction to staff for the development of an RFI and RFP. Four committee meetings have been held to date on July 27, 2017, October 2, 2017, November 27, 2017, and April 30, 2018.

Timeline of Key Events

- September 2017- RFI released and five submittals received
- October 2017- Information sessions held with five potential vendors
- January 2018- RFP advertised
- February 2018- Preproposal conference conducted
- March 2018- Eight proposals received as a result of the RFP (Vector, Serco, First Vehicle Services, AES, Amerit Fleet Systems, Harrell's Auto Service, H&H Auto Service and Penske)
- April 2018 - Fleet Maintenance Committee meeting to provide direction to staff to include interviewing Top 3 vendors on short list
- May 2018- Vendor interviews completed on 5/22 and 5/23

Issues/Analysis:

Based upon PWC's current costs, PWC management has concluded that they are currently providing fleet services to the City at or below the prevailing market rate.

However, PWC's current fleet facility is inadequate and needs a major upgrade and the costs of those upgrades would impact PWC's cost basis going forward. On the basis of the incremental capital investment required to serve the City fleet, PWC management has concluded that any plausible and reasonable future cost structure would not allow them to provide fleet services at or below the prevailing market rate. PWC reached that conclusion by using the three vendor proposals (Vector, First Fleet Services and Serco) in combination as a proxy for market rates. As such, PWC can no longer be considered an option to provide fleet services to the City of Fayetteville in the future provided that the proposals are deemed to be valid, in compliance with the RFP, and the City and the selected vendor can come to agreeable terms.

However, if during the City's further due diligence on those proposals or during any contract negotiations, the cost structure of the vendor(s) changes or other restrictions or changes come into play that the City feels alters the analysis completed by PWC, they are willing to reevaluate and include any additional parameters or information into their analysis.

Budget Impact:

To be determined

Options:

City Council accepts the Fleet Maintenance Update

City Council provides further direction to the City Manager

Recommended Action:

Consider further review and vetting of the following Fleet Maintenance and Management Companies:

1. **Vector Fleet Management-** A NC company, targeted fixed cost pricing based on fleet lifecycles, facility costs included in target pricing, availability guarantees
2. **First Vehicle Services** - Facility identified but not included in pricing and targeted fixed cost pricing based on fleet life-cycles.

Attachments:

Fleet Maintenance PowerPoint Presentation.

Proposal Evaluation Matrix