

COUNCIL ITEM 13B
DATE 9/12/11
PORT ST. LUCIE CITY COUNCIL
AGENDA ITEM REQUEST

RECEIVED

AUG 23 2011

FINANCE DEPT.

Meeting Date: September 8, 2011

Public Hearing ___ Ordinance ___ Resolution ___ Motion X

Item: #20040059, Amendment #2 Fleet Maintenance

Recommended Action:

Approval to amend the scope of work continuing contract with **First Vehicle Services** and to approve the annual fee FY'12 for a total expenditure of **\$1,723,100.00**. Future renewal years have a not to exceed 5.1% Consumer Price Index limitation.

Exhibits: Department memo attached [] yes [X] no

First Vehicle Services Letter, dated August 22, 2011
Amendment #2 Document

Summary Explanation/Background Information: First Vehicle Services provides all the maintenance and repairs on the City's fleet of vehicles. To maintain current contract price the City has agreed to a decrease of service from four (4) "A" PMs to three (3) "A" PMs per year. This is in accordance with the new vehicle manufacturers recommendation. This should save staff and result in a faster turn around for vehicle repairs.

Purchase is not a replacement Purchase was budgeted.

Current Year Expense: \$1,723,100.00 and renewal years as per budget.

Department requests expenditure from the following:

Fund	001	General Fund Departments
Cost Center	Various	
Object Code	5340	Other Contractual Services
Project	00000	

Director of OMB concurs with award: DKP City Manager concurs with award: JAB

Department requests minutes to make a presentation.

Submitted by: Marcia Dedert Marcia Dedert

Title: Finance Director's Assistant

Date Submitted: 08/22/2011

RECEIVED
AUG 25 2011
City Manager's Office

RECEIVED
AUG 24 2011
Office of Mgmt. & Budget

First Vehicle Services

First Vehicle Services
6671 Indiantown Rd, Suite 56433
Jupiter, FL 33458
Phone: 561-578-0306
Fax: 561-404-4886

August 22, 2011

Marcia L. Dedert
Finance Director/Treasurer
City of Port St. Lucie
Port St. Lucie, FL 34984

Dear Ms. Dedert:

I would like to thank your team for our meeting. I feel we have accomplished all our goals so far this contract year as set forth in our prior meetings. It is our intention to continue providing a high level of service to The City of Port St. Lucie as we strengthen our partnership going forward. Enclosed is our 2011/2012 contract year budget request.

There are several factors that attributed to the budget request and they are listed below:

1. There was an increase in the cost of parts due to the inflationary factors of manufacturing and the continued weak economy in general. The current C.P.I.-Index for Motor Vehicle Maintenance and Repair is 2.0%. I have included the information for your review.
2. There was an increase in the cost of labor. The current C.P.I.-W Index for Urban Wage Earners 4.1%. I have included the information for your review.
3. There was an increase in the cost of parts. The current C.P.I. Index for Motor Vehicle Parts and Equipment 5.3%. I have included the information for your review.
4. As agreed to during 2008 contract year discussions, FVS held off in requesting the 5% unit increase amount afforded in the contract as an effort to assist the City with annual budget.
5. As agreed to during the 2009 contract year discussion, FVS did not ask for a rate increase as requested by the City.
6. As agreed to during the 2010 contract year discussion, FVS did not ask for a rate increase as requested by the City.
7. There has been a significant increase in healthcare and benefit costs to employers. It has been announced there will be a 6% increase in healthcare for 2012.

Currently, with the reductions the City has made in the fleet we are still above the 2008 fleet level. Additionally, we are not asking for an increase in our non-contract labor rate. At our current non-contract rate of \$20/hour we are under our actual average rate cost by \$14/hour. We feel the best approach for both parties in this long-standing relationship is to work diligently to insure operating costs do not exceed the current CPI-Index(s) indicated above. As discussed in our negotiation meeting the City has agreed to modify the Preventive Maintenance (PM) schedules by reducing one "A" PM per year. Additionally, we will be switching the City fleet to semi-synthetic oil which will provide extended oil life as well as better lubrication for the internal components.

First Vehicle Services

Contract Term

City of Port St. Lucie Annual Budget 2011/2012 10/1/11 - 9/30/12

	<u>BUDGET</u> <u>2009/2010</u>		<u>BUDGET</u> <u>2010/2011</u>
Fleet Budget Count	923		904
PARTS	\$ 695,679	0.00%	\$ 695,679
LABOR	\$ 820,129	0.00%	\$ 820,129
OVERHEAD EXPENSE	\$ 77,881	0.00%	\$ 77,881
ADMINISTRATIVE EXPENSE	\$ 57,517	0.00%	\$ 57,517
MANAGEMENT FEE	\$ 71,894	0.00%	\$ 71,894
TOTAL	\$ 1,723,100	0.00%	\$ 1,723,100
Non-Contract Labor Rate	\$ 20.00		\$ 20.00

Note: 2008 Unit count was 896

Note: 2009 Unit count was 922

Effective Oct 1, 2011

CPI May 2011 Motor Vehicle Maintenance and Repair = 2.0%

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2001	3.4	3.6	3.4	3.4	3.5	3.3	3.5	3.3	3.6	3.7	3.6	3.6	3.5		
2002	3.6	3.6	3.7	3.9	4.1	4	3.5	3.8	3.4	3.1	3.4	3.7	3.7		
2003	3.5	3.5	3.1	3	2.6	2.7	3.3	2.5	2.5	2.7	2.3	2.4	2.8		
2004	2.3	1.9	2.2	2.1	2.1	2.4	2.2	2.6	2.3	2.4	2.9	2.7	2.4		
2005	2.9	2.9	3.1	3.2	3.3	3.2	3.2	3.2	4	4	3.7	3.6	3.3		
2006	3.5	4.4	4.3	4.3	4.5	4.6	4.8	4.3	4	4.1	3.8	3.8	4.2		
2007	3.8	3.6	3.6	3.6	3.3	3.3	3.1	3.6	3.4	2.9	3.3	3.3	3.4		
2008	3.9	3.7	3.9	4.1	4.4	4.8	5.1	5.4	5.7	5.9	5.9	5.9	4.9		
2009	5.9	5.7	5.4	5.3	4.6	4.1	3.5	3.1	3.1	3	2.7	2.5	4.1		
2010	1.9	1.8	1.9	1.9	2	2	1.9	2	1.9	1.8	1.8	1.9	1.9		
2011	2.1	2	1.7	1.7	2										

12-Month Percent Change

Series Id: CUUR0000SETD,CUUS0000SETD
 Not Seasonally Adjusted
 Area: U.S. city average
 Item: Motor vehicle maintenance and repair
 Base Period: 1982-84=100

CPI-W May 2011 All Urban Wage Earners and Clerical Workers = 4.1%

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2001	3.7	3.5	2.8	3.3	3.7	3.2	2.6	2.7	2.6	2	1.6	1.3	2.7	3.3	2.1
2002	0.9	0.8	1.2	1.3	0.8	0.7	1.3	1.6	1.3	1.9	2.1	2.4	1.4	1	1.8
2003	2.6	3.2	3.2	2.3	2	2.1	2	2.1	2.3	1.9	1.6	1.6	2.2	2.5	1.9
2004	1.8	1.5	1.4	2.1	3	3.2	3	2.6	2.4	3.2	3.7	3.4	2.6	2.2	3.1
2005	3	3	3.1	3.7	2.9	2.6	3.3	3.8	5.2	4.7	3.5	3.5	3.5	3.1	4
2006	4.1	3.7	3.6	3.7	4.3	4.5	4.3	3.9	1.7	0.9	1.8	2.4	3.2	4	2.5
2007	1.8	2.2	2.7	2.5	2.8	2.7	2.3	1.8	2.8	3.7	4.6	4.3	2.9	2.4	3.3
2008	4.6	4.4	4.3	4.2	4.5	5.6	6.2	5.9	5.4	3.8	0.7	-0.5	4.1	4.6	3.6
2009	-0.5	-0.3	-0.9	-1.3	-1.9	-2	-2.7	-1.9	-1.7	-0.3	2.3	3.4	-0.7	-1.2	-0.2
2010	3.3	2.8	3	2.9	2.6	1.4	1.6	1.4	1.4	1.5	1.3	1.7	2.1	2.7	1.5
2011	1.8	2.3	3	3.6	4.1										

12-Month Percent Change

Series Id: CWUR0000SA0,CWUS0000SA0
 Not Seasonally Adjusted
 Area: U.S. city average
 Item: All items
 Base Period: 1982-84=100

CPI May 2011 Motor Vehicle Parts and Equipment = 5.3%

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2001	2.8	3.1	3.3	3.2	3.3	3.2	3.5	3.3	3.4	3.7	3.2	2.6	3.3		
2002	2.5	2	1.7	2.5	2.3	2.2	2.2	2.7	2.1	1.3	1.3	1.1	2		
2003	1.5	2	1.3	0.8	0.9	0.9	0.2	0.2	0.3	0.9	0.7	0.7	0.8		
2004	0.2	-0.2	-0.1	0.2	0.1	0.5	1.1	1	1.5	1.5	1.9	2	0.8		
2005	2.4	2.7	2.9	2.7	2.9	2.8	2.8	3.1	3.1	3.2	3.4	3.7	2.9		
2006	3.4	3.6	4.1	4.5	5.4	5.2	5.4	5.2	5.3	5.2	5.2	4.8	4.8		
2007	4.7	4.6	4.4	4.2	3.4	3.3	3.1	3	3	3.5	3.3	3.7	3.7		
2008	3.8	4.2	4.8	4.4	4.8	5.7	6.3	7.1	7.2	7.2	7.7	7.4	5.9		
2009	7.3	7.1	6.5	6.8	5.9	5	3.6	2.5	1.8	1.3	1	1.3	4.1		
2010	1.4	1.1	0.8	0.8	1.3	1.8	2.6	3.1	3.3	3.5	3.4	3.3	2.2		
2011	3.9	3.9	3.8	4.3	5.3										

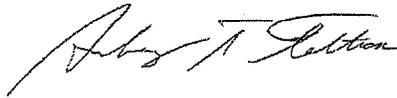
12-Month Percent Change

Series Id: CUUR0000SETC
 Not Seasonally Adjusted
 Area: U.S. city average
 Item: Motor vehicle parts and equipment
 Base Period: 1982-84=100

We hope you will agree, this request more than fairly addresses the needs of the City.

Feel free to call or e-mail me directly with any questions you may have. I look forward to our meeting later this month.

Regards,

A handwritten signature in cursive script, appearing to read "Aubrey T. Felton".

Aubrey Felton
Regional Vice President
First Vehicle Services
6671 W. Indiantown Rd, Suite 56-433
Jupiter, Florida 33458

Contract Amendment

Contract # 20040059

Amendment # 2

Date: August 18, 2011

Contract Title: Fleet Maintenance and Management Services

Contractor's Name: First Vehicle Services

With Contract Renewal, Current Expiration: 09/30/2012

The following modifications to the Terms and Conditions contained in Contract/Agreement #20040059 between First Vehicle Services dated October 1, 2004 and the City of Port St. Lucie are hereby incorporated and made a part of that Contract/Agreement.

1. **SECTION 3 – COSTING METHODOLOGY - Adjustments to the Approved Budget - are amended as follows:**

(a) **Annual Adjustments** - The Approved Budget, including Contractor's fee, shall be adjusted each year of the Contract to take into account changes in the cost of doing business. Each year, the Approved Budget may be increased, in accordance with the Consumer Price Index (CPI-U), not seasonally adjusted, US City Average, Transportation Maintenance and Repair Category, not to exceed 5.1% as published in the U.S. Dept of Labor, Bureau of Labor Statistics –March results, prior to the contract anniversary date. Negotiations for each year's contract renewal will start in April preceding the contract expiration date. Either party has the right to issue a written notice of termination, following a non-resolution of contract negotiations. The Contract will remain in place for one hundred eighty (180) days from receipt of said written notice.

(b) **Changes in the Size or Mix of the Fleet** - The Approved Budget shall be adjusted to correspond to increases or decreases in the fleet size or the type of equipment in each class if such changes are at least five percent (5%) on a prorated unit cost basis. Once there are a cumulative number of increases or decreases in fleet size or type of equipment, adjustments shall be made at the next annual contract renewal. Attachment "A" lists all vehicles in fleet.

ADD:

(d) **Fleet** – If the City increases or decreases its fleet and equipment by 5% or more, then the parties agreed to negotiate adjustments to the Operating Target.

2. The non-contract repair rate is hereby continues at \$20.00/hour.

3. FY'12 City of Port St Lucie's First Vehicle Services annual budget will remain at a total of **\$1,723,100.00**. The City fleet Preventative Maintenance schedule will be reduced by (1) per year and First Vehicle Services will be changing to semi-synthetic oil, which will provide extended oil life to the City's fleet.

4. All other terms and conditions of the original contract and/or Addenda apply.

IN WITNESS WHEREOF, the parties have executed this contract at Port St. Lucie Florida, the day and year first above written.

CITY OF PORT ST. LUCIE FLORIDA

By: _____
Jerry A. Bentrott, City Manager

ATTEST:

By: _____
Karen A. Phillips, City Clerk

By: _____
Authorized Representative of **First Vehicle Services**

State of: _____

County of: _____

Before me personally appeared: _____
(please print)

Personally known _____

or Produced Identification: _____
(type of identification)

Identification No. _____

known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that _____ executed said instrument for the purposes therein expressed.
(he/she)

WITNESS my hand and official seal, this ____ day of _____, 2011.

Notary Signature

Notary Public-State of _____ at Large

My Commission Expires: _____.

(seal)