



Item No. 21 Town of Atherton

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER

FROM: MICHAEL KASHIWAGI, PUBLIC WORKS DIRECTOR
STEVE TYLER, PUBLIC WORKS SUPERINTENDANT

DATE: JUNE 17, 2014

SUBJECT: 3-YEAR CONTRACT EXTENSION WITH MCE CORPORATION
TO PROVIDE PUBLIC WORKS MAINTENANCE AND
MAINTENANCE MANAGEMENT SERVICES

RECOMMENDATION

Authorize a 3-year contract extension with MCE Corporation for a not-to-exceed amount of \$527,052 for the continuation of Public Works Maintenance and Maintenance Management Services; direct the City Attorney to prepare the extension; and authorize the City Manager to execute the extension on behalf of the Town.

BACKGROUND

At the February 18, 2015 Atherton City Council meeting, the City Council directed staff to negotiate a three (3) year extension with the Town's maintenance service's provider, MCE Corporation, instead of re-opening the contract to the competitive bidding process.

MCE Corporation became the Town's provider of Public Works Maintenance and Maintenance Management services following a competitive process in September 2011. The process involved the evaluation of proposals from interested and capable companies. MCE Corporation provides the Town both routine and emergency services in most phases of public works maintenance services including street maintenance, park maintenance, facility maintenance and event staffing when required. MCE staff is also available for the Town's needs on an on-call basis.

During the past 3 years, the budgeted work plan for all maintenance and management services from MCE has been the following:

Fiscal Year	Work Plan Cost
FY 2011/12 (9 months only)	\$470,885

Fiscal Year	Work Plan Cost
FY 2012/13	\$465,792
FY 2013/14	\$465,792
FY 2014/15	\$542,945 (enhanced)

This contract is a task-oriented contract. Costs are based on a work-performed basis only.

ANALYSIS

On February 18, 2015, Atherton City Council requested Town staff to actively begin negotiations with MCE to extend their contract with the Town for a period of three (3) years.

The FY 2014/15 budget with MCE Corporation included changes to previous years' work plans. A summary of these changes included:

- Streets – the street maintenance activities has been increased to add an additional 20 hours of labor per week. The additional hours will improve the visual appeal of the street right-of-way by increasing work efforts related to the maintenance and replacement of concrete street markers, pruning of roadside vegetation, increased storm drain and channel cleaning efforts, improved signing and striping, shoulder maintenance and various other street maintenance activities. , The new contract also requires MCE to provide quarterly streetlight reviews and an annual sign reflectivity study.
- Parks – parks maintenance activities has been increased to add 20 hours of labor per week. The increase in park labor will increase staff coverage at the park to include weekends. This will provide additional resources to complete priority enhancement projects as well as providing necessary oversight and regulating the day use program recently reinstated by City Council. The “Head Gardener” will provide expertise to park staff including water needs, project identification, project implementation, pruning oversight, plant specific nutrient needs and other various horticultural needs. His time will average about 11 hours per week.
- Events – Events coverage at the park by MCE staff has been significantly reduced from the 2013-14 budgets. This is due to the fact that our Event Services are now being run by a contracted event staff. Budget savings resulting from this reduction will be reallocated to perform necessary meeting set-up activities for non-revenue generating Town supported meetings and events

Some notable changes in this contract budget compared to previous budgets:

1) Employee Wage Increases

This proposed contract extension includes a wage increase for MCE Atherton staff of approximately 5%. This will be the first increase in wages since the inception of the project nearly 4 years ago. It is important to note that MCE staff continues to perform at a high level. Staff believes this speaks directly to the dedication to MCE and the Town of Atherton.

2) **Hiring of a Park Specialist**

Since the inception of the contract in September 2011 and with the support of the City Council, maintenance of Holbrook-Palmer Park has continued to increase. The Town has expressed the desire to make the Park the centerpiece of the system. This has resulted in the need for an individual that has the knowledge and experience to continually improve and increase park maintenance levels.

In 2012, at the Town's request, MCE provided a highly qualified park specialist with experience in horticulture, integrated pest management, and experience in improving and increasing park maintenance activities on a part time basis. Since that time, the need for a full time staff person has become evident to continue the improvements desired by City Council. Since May 2015, a full time park specialist has been assigned to Holbrook Palmer.

3) **State-Mandated Prevailing Wage Adjustments**

In the budget and work program there are 6 activities that are infrequently performed that require MCE to use prevailing wage rates as required by the State of California. These rates are provided by the State Department of Industrial Relations based upon the certain trade collective bargaining agreements. The six activities are: Carpentry, Construction Laborer, Light Fixture Technician, Painter/Striper, Plumber and Traffic Sign Maintenance Laborer. These rates are adjusted annually on the State levels and MCE adjusts as required. MCE has not made an adjustment (to the Town) in these rates since the inception of the project.

The prevailing wage work is budgeted at 13% of total budget hours. MCE is able to manage the amount of this work that takes place and year over year it has gotten smaller. This is a trend MCE will work to continue and contributes greatly to the overall reduced budget this year.

In negotiations with MCE, staff discussed certain strategies to provide the Town with benefits in exchange for the 3-year extension. Activity capping was discussed at length as well as other areas of benefit. These additions would be in addition to the strategies already in place (Community Gift of 0.5 % with no expense labor; service response time limits; and penalties for excessive water use).

During negotiations, staff and MCE agreed to all prior year enhancements (to include a park specialist and enhanced hours), service response requirements, and penalties for water usage, as well as the retaining of their top level staff, and an upgrade to day-to-day park staff at a reduced budget cost from the prior year. This budget encapsulates ALL the major items and contract enhancements at an overall **2.93% reduction** to the Town for FY 2015/16 as compared to FY 2014/15.

The cost savings are attributed to MCE’s experience performing the duties in Town and working with town staff to “sharpen the pencil” to refine and improve service delivery methods that are more economically provided to the Town. Some examples include:

- Sub-contracting out some larger scale prevailing wage work instead of having it accomplished by MCE daily staff.
- Internally getting better at equipment management to reduce fleet costs.
- Reduction in the “head gardener” hours with an upgraded park lead reduces overall labor costs. The head gardener hours will be shaved to about 12 hours per month from about 48.

Town management staff and MCE management continue to meet on a regular basis to refine and improve the management and cost effective deployment of contract maintenance staff to ensure the Town is getting maximum value

POLICY FOCUS

The City Council discussed extension of the contract with our current provider versus a competitive rebid and felt that the current contract arrangement has been beneficial to the Town practically and economically. The Town has contracted for Public Works Maintenance and Management Services since September 2011 (3.5 years).

FISCAL IMPACT

The Town has sufficient funds to pay for these services out of the General Fund or revenue/special funds as described below:

Budget Area	Amount
Streets	\$253,939
Park (includes park facilities)	\$192,915
Town Facilities	\$52,099
Library (buildings & grounds)	\$18,399
Tennis (routine maintenance)	\$5,700
Event Services	\$4,000
Total	\$527,052

MCE has agreed to lock the budget for the 3-year term of this contract extension with the exception of items requiring State-mandated prevailing wage work (about 13% of the contract total). The prevailing wage index will be looked at annually and adjustment will be requested (increases or decreases) to comply with any changes. Staff does not see significant financial exposure in this area.

The FY 2015/16 budget has placed an emergency contingency of 10.07% or \$53,081 on top of MCE’s budget of \$527,052 for a total budget of \$580,133.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders – to include, but be not limited to, media outlets, school districts, Menlo Park Fire District, service providers (water, power, and sewer), and regional elected officials.

ATTACHMENTS

Budget Comparison
Rate Sheet

Town of Atherton
Year over Year Budget Comparison
May 12, 2015

LOCATION	Budget 2011-2012	Actual 2011-2012	Budget 2012-2013	Actual 2012-2013	Budget 2013-2014	Actual 2013-2014	Budget 2014-2015	Projected 2014-2015	Proposed 2015-2016	% Change 14-15 to 15-16
Facilities										
B01 Council Chambers	\$ 7,278	\$ 2,891	\$ 11,409	\$ 5,812	\$ 11,409	\$ 5,065	\$ 7,897	\$ 4,290	\$ 6,316	-20.02%
B02 Town Admin/PD	\$ 32,908	\$ 14,875	\$ 20,605	\$ 14,142	\$ 20,605	\$ 9,796	\$ 12,873	\$ 10,029	\$ 14,599	13.41%
B03 Permit Office	\$ 8,749	\$ 3,592	\$ 10,324	\$ 3,833	\$ 10,324	\$ 5,516	\$ 9,147	\$ 4,138	\$ 6,535	-28.56%
B04 Corp. Yard/Trailers	\$ 5,309	\$ 3,681	\$ 6,097	\$ 10,284	\$ 6,097	\$ 6,780	\$ 5,970	\$ 9,707	\$ 10,221	71.21%
B05A Main House Off	\$ 3,494	\$ 3,318	\$ 7,014	\$ 1,600	\$ 7,014	\$ 3,205	\$ 5,412	\$ 2,266	\$ 5,385	-0.50%
B05B Knox Pre-School	\$ 4,770	\$ 5,896	\$ 11,489	\$ 9,970	\$ 11,489	\$ 10,272	\$ 9,264	\$ 9,806	\$ 9,264	0.00%
B05C Jenning Pavilion	\$ 8,645	\$ 4,264	\$ 11,509	\$ 3,358	\$ 11,510	\$ 8,798	\$ 8,398	\$ 2,031	\$ 8,607	2.49%
Carriage House/Tower	\$ 2,829	\$ 2,221	\$ 4,283	\$ 5,201	\$ 4,283	\$ 3,983	\$ 3,264	\$ 6,050	\$ 4,919	50.70%
B05E City Mgrs. House	\$ 3,312	\$ 1,766	\$ 6,001	\$ 1,061	\$ 6,001	\$ 1,640	\$ 3,589	\$ 2,553	\$ 4,028	12.23%
B05F H-P Park CY	\$ 895	\$ 195	\$ 4,130	\$ 316	\$ 4,130	\$ 636	\$ 1,465	\$ 606	\$ 1,723	17.61%
B06 Library Building	\$ 7,278	\$ 3,581	\$ 13,630	\$ 5,650	\$ 13,630	\$ 8,479	\$ 6,210	\$ 6,945	\$ 8,096	30.37%
Street & ROW L/S										
D01 Streets	\$ 168,020	\$ 103,480	\$ 108,389	\$ 93,441	\$ 108,389	\$ 179,317	\$ 139,840	\$ 167,639	\$ 161,090	15.20%
D11 Drainage	\$ 63,100	\$ 23,430	\$ 40,944	\$ 53,855	\$ 40,944	\$ 44,324	\$ 60,866	\$ 51,241	\$ 51,884	-14.76%
L01 R-O-W Landscaping	\$ 36,362	\$ 44,283	\$ 56,166	\$ 75,864	\$ 56,166	\$ 46,719	\$ 49,306	\$ 33,894	\$ 46,662	-5.36%
Parks/Facility Grounds										
P01 Council Grounds	\$ 8,714	\$ 2,904	\$ 9,564	\$ 1,738	\$ 9,564	\$ 3,609	\$ 5,737	\$ 2,447	\$ 6,189	7.88%
P02 Town Admin/PD Gr	\$ 16,588	\$ 2,201	\$ 5,773	\$ 4,118	\$ 5,773	\$ 4,482	\$ 6,705	\$ 10,513	\$ 9,824	46.52%
P03 Permit Office Grn	\$ 1,797	\$ 1,007	\$ 2,349	\$ 2,158	\$ 2,349	\$ 1,660	\$ 2,678	\$ 2,312	\$ 2,418	-9.71%
P04 C.M. House Grn	\$ 3,589	\$ 1,470	\$ 3,576	\$ 1,434	\$ 3,576	\$ 977	\$ 2,704	\$ 541	\$ 1,227	-54.62%
P05 H-P Park	\$ 76,202	\$ 121,803	\$ 124,498	\$ 159,744	\$ 124,498	\$ 149,080	\$ 192,550	\$ 146,331	\$ 157,762	-18.07%
P06 Library Grounds	\$ 11,046	\$ 1,974	\$ 8,042	\$ 3,763	\$ 8,042	\$ 9,302	\$ 9,070	\$ 10,865	\$ 10,303	13.59%
TOTAL	\$ 470,885	\$ 348,832	\$ 465,792	\$ 457,342	\$ 465,793	\$ 503,640	\$ 542,945	\$ 484,204	\$ 527,052	-2.93%

Difference =====

\$ 122,053
Under
Budget

\$ 8,450
Under
Budget

\$ (37,847)
Over
Budget

\$ 58,741
Under
Budget

**MCE CORPORATION
TOWN OF ATHERTON LABOR and EQUIPMENT RATES
FY 2015 - 2016**

FY 14-15	FY 15-16	FY 15-16	FY 15-16	Percent
Regular	Regular	Overtime	Sun. / Hol.	Change**
Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	14-15 / 15-16

MCE MAINTENANCE CREW

Maintenance Supervisor	\$ 50.18	\$ 60.18	\$ 90.27	\$ 120.36	19.93%
Foreman - LLF	\$ 48.62	\$ 50.75	\$ 76.13	\$ 101.50	5.40%
Park Maintenance Specialist	\$ -	\$ 45.00	\$ 67.50	\$ 90.00	0%
Landscape Laborer I - LL1	\$ 33.69	\$ 35.05	\$ 52.58	\$ 70.10	4.90%
Landscape Laborer II - LL2	\$ 28.70	\$ 30.00	\$ 45.00	\$ 60.00	5.30%
Landscape Laborer III - LL3	\$ 23.71	\$ 24.75	\$ 37.13	\$ 49.50	5.20%
** Regular time only					

Proposed Prevailing Wage Rates (see attached)

Traffic Sign Maint. Laborer	\$ 54.45	\$ 55.63	\$ 83.45	\$ 111.26	2.17%
Carpenter	\$ 68.67	\$ 80.10	\$ 120.15	\$ 160.20	16.64%
Painter; Striping/Brush	\$ 57.78	\$ 66.23	\$ 99.35	\$ 132.46	14.62%
Plumber	\$ 54.09	\$ 98.60	\$ 147.90	\$ 197.20	82.29%
Construction Laborer 1	\$ 58.95	\$ 56.93	\$ 85.40	\$ 113.86	-3.43%
Light Fixture Technician	\$ 42.36	\$ 41.48	\$ 62.22	\$ 82.96	-2.08%

MAINTENANCE CREW EQUIPMENT

<u>Description</u>	<u>Current</u>		<u>Location</u>		
	<u>Rate/HR</u>				
Pick Up	\$ 7.00	Atherton	\$ 7.14	2%	
Utility Bed	\$ 7.15	Atherton	\$ 7.29	2%	
Flat Bed	\$ 8.25	Atherton	\$ 8.42	2%	
60" mower	\$ 25.00	Atherton	\$ 25.50	2%	
21" Mower	\$ 6.50	Atherton	\$ 6.63	2%	
Trailer	\$ 3.15	Atherton	\$ 3.21	2%	
Backpack Blower	\$ 1.50	Atherton	\$ 1.53	2%	
Weed Eater	\$ 1.75	Atherton	\$ 1.79	2%	
Hedge Trimmer	\$ 4.25	Atherton	\$ 4.34	2%	
Chain Saw	\$ 5.00	Atherton	\$ 5.10	2%	

NO CHANGE

<u>CONSTRUCTION CREW PREVAILING WAGES</u>	<u>Reg. Time</u>	<u>OT</u>	<u>Sun/Hol</u>
Equipment Foreperson	\$ 84.15	\$ 111.60	\$ 139.05
Loader/Backhoe Operator	\$ 83.25	\$ 110.25	\$ 137.16
Asphalt Paver Operator	\$ 83.25	\$ 110.25	\$ 137.16
Roller Operator-Asphalt	\$ 83.25	\$ 110.25	\$ 137.16
Asphalt Paver Screed Man	\$ 80.91	\$ 106.83	\$ 132.57
Truck Driver 8-12 CY	\$ 69.66	\$ 91.08	\$ 112.59
Truck Driver 4-6 CY	\$ 68.76	\$ 89.55	\$ 110.52
Driver 3 CY Transit	\$ 65.79	\$ 85.86	\$ 105.84
Cement Mason	\$ 65.79	\$ 86.76	\$ 107.73
Laborer Foreperson	\$ 60.66	\$ 81.27	\$ 101.79
Asphalt Raker	\$ 60.21	\$ 80.46	\$ 100.80
Laborer 1	\$ 58.95	\$ 78.66	\$ 98.19
Laborer 2	\$ 58.77	\$ 78.12	\$ 97.65
Laborer 3	\$ 58.50	\$ 77.94	\$ 97.38

NO CHANGE

CONSTRUCTION CREW EQUIPMENT

<u>Description</u>	<u>Rate/HR</u>	<u>Location</u>	
Gilcrest Asphalt Paver	\$ 139.70	Dublin	
Blaw Knox Asphalt Paver	\$ 83.10	Dublin	
Backhoe	\$ 55.30	Dublin	
Loader	\$ 51.50	Dublin	
Roller-Vibratory 5-8 Ton	\$ 47.50	Dublin	
Roller-Vibratory 3-5 Ton	\$ 47.50	Dublin	
Dump Truck 8-12 CY	\$ 51.50	Dublin	
Dump Truck 4-6 CY	\$ 47.50	Dublin	
Transit Truck 3 CY	\$ 47.50	Dublin	
Saw Truck	\$ 39.60	Dublin	
Pickup	\$ 15.40	Dublin	
Concrete Saw-Self Propelled	\$ 38.80	Dublin	
Concrete Saw - Small	\$ 7.40	Dublin	
Air Compressor	\$ 22.20	Dublin	
Bitumal Pot	\$ 20.70	Dublin	
Vibra Plate	\$ 11.60	Dublin	
Wacker	\$ 11.60	Dublin	
Power Berm Machine	\$ 22.20	Dublin	
Arrow Board	\$ 16.60	Dublin	
Paint Striping Machine	\$ 16.60	Dublin	

