

Meeting Agendas/Info

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

01-330

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

AGENDA:

JUNE 18, 2001

SUBJECT:

**EXTENSION OF
FLEET
MANAGEMENT
MAINTENANCE
CONTRACT**

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

SUBMITTED BY:

**WILLIAM STOWE
PUBLIC WORKS
DIRECTOR**

SYNOPSIS -

On June 16, 1997, by Roll Call No. 97-2139, the City Council approved a fleet management and maintenance contract with Baker Support Services, Inc., now referred to as SKE Support Services, Inc. (Robert Unger, President). SKE's headquarters is 4801 Spring Valley Road, Suite 125B, Dallas, Texas 75244.

The base four-year contract will expire on June 30, 2001. As originally bid, the contract provides for two 3-year extension periods that may be exercised at the discretion of the City. Prior to committing to a full 3-year extension, staff is recommending a 90-day extension to allow adequate time to review the City's fleet management systems.

On May 30, 2001, SKE proposed a target bid of \$3,613,377.85 for a one-year extension. SKE now concurs with the 90-day extension proposed by staff, during which it would receive three monthly installments totaling \$301,114.82. Staff recommends approval of the 90-day extension at a cost of \$903,344.46.

FISCAL IMPACT -

Based on the target bid submitted by SKE, the cost for the 90-day extension would be \$903,344.46. The expenditure is funded from the Equipment Maintenance Center Internal Service Fund. The overall increase in contractual costs reflect a three percent labor/wage related increase and a 3.14 percent CPI increase on all remaining items.

RECOMMENDATION -

Approval.

BACKGROUND -

Fleet Management and Maintenance Contract Performance Report
SKE has maintained substantial compliance with the provisions of the contract. However, prior to exercising the first 3-year extension of the original contract, staff is recommending a detailed review of the City's fleet management systems including cost accounting, fleet size, life cycle costing, the use of take-home vehicles, and fuel consumption. Additionally, staff will be establishing specific benchmarks for future evaluation of the City's fleet maintenance contractor's performance.

Insurance Requirements

The fleet management and maintenance contract originally approved by Council calls for a certificate of liability insurance and a performance bond, both of which have now been provided by SKE. SKE is currently in negotiations with the International Union of Operating Engineers on a collective bargaining agreement to be effective July 1, 2001. Although those negotiations continue at this time, no interruption of service is anticipated.

Summary

To date, SKE the City's fleet management and maintenance contractor has performed in a manner substantially compliant with provisions of the contract. Prior to implementing the first 3-year contract extension of the original contract as provided for in the original agreement, staff is recommending an assessment of the City's fleet maintenance systems. Therefore, a 90-day extension is recommended.
