



Item No. 17 Town of Atherton

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

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

**FROM: ROBERT OVADIA, PUBLIC WORKS DIRECTOR
DAVID HUYNH, PW MAINTENANCE MANAGER**

DATE: JUNE 20, 2018

**SUBJECT: 3-YEAR CONTRACT EXTENSION PLUS WITH A 2-YEAR
OPTION WITH MCE CORPORATION TO PROVIDE PUBLIC
WORKS MAINTENANCE AND MAINTENANCE MANAGEMENT
SERVICES**

RECOMMENDATION

Authorize a 3-year contract extension with a 2-year option with MCE Corporation for the continuation of Public Works Maintenance and Maintenance Management Services with not-to-exceed amount of \$574,565.85 for Fiscal Year 2018-19; direct the City Attorney to prepare the extension; and authorize the City Manager to execute the extension on behalf of the Town.

BACKGROUND

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.

This contract is a task-oriented contract and actual costs are based on a work-performed basis only.

ANALYSIS

In May 2018, Town staff actively began negotiations with MCE to extend their existing services contract with the Town for a period of three (3) years plus a two (2) year option for renewal.

The proposed contract extension with MCE Corporation includes several changes from the previous years' work plans. A summary of these changes include:

1) Staffing

Though the current contract provides for five (5) MCE personnel based in Atherton, current staffing has been limited to four (4) regular full-time employees, with additional support provided on an as-needed basis. These personnel have been allocated as follows: Streets – 2.5 and Parks – 1.5.

With the proposed contract extension, MCE will provide the budgeted 5th person with the following allocation: Streets – 3.0 and Parks – 2.0. The increase in allocated resources will provide additional resources to maintain the Town's assets. Staff has been working with MCE to provide more focus on Park maintenance obligations and has explored the use of outside contracting services for portions of the Park. MCE also provides an on-call landscape specialist to assist with task direction and follow-up. Staff believes that adding the additional person in the Park and more regular use of the landscape specialist will enhance the Park maintenance standards. Staff recommends that the contract be evaluated at the 3-year renewal mark to ensure that this focus is achieving the results desired by the Town for overall Park maintenance enhancement.

2) Employee Wage Increases

This proposed contract extension includes a wage increase for MCE Atherton staff for cost of living adjustments. This will be reflected by increase in hourly rate charges since the last contract update nearly 3 years ago. It is important to note that MCE staff continues to perform at a high level. Staff believes this speaks directly to their dedication to MCE and the Town of Atherton.

3) State-Mandated Prevailing Wage Adjustments

There are 6 activities in the budget and work program that are infrequently performed by MCE that require the use of prevailing wage rates as mandated by the State of California. These wage rates are set 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 will adjust annually in our contract with MCE to correspond with the State levels. MCE has not made an adjustment (to the Town) in these rates since the last contract renewal.

The prevailing wage work is budgeted at approximately 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 budget this year.

4) Cost of Living Adjustments (COLA) for Years 2-5

MCE has requested a 2.5% Cost of Living Adjustment for Years 2-5 of the contract. The COLA would become effective on July 1st of each calendar year. The contract COLA will

be based on the US Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI), April Release for the San Francisco-Oakland-Hayward Area, with an adjustment not to exceed 2.5% annually.

5) Community Gift

MCE has agreed to increase its Community Gift from ½% to 1% with no expense labor.

During negotiations with MCE, staff discussed certain strategies to provide the Town with additional benefits as part of the contract extension. 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 their top level staff, and an upgrade to day-to-day park staff at a reduced budget cost from the prior year.

The various contract 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.

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 discussion should focus on the 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 (6.75 years).

FISCAL IMPACT

The proposed Fiscal Year 2018/19 operating budget has sufficient funds to pay for these services out of the General Fund and revenue/special funds as described below:

Budget Area	Amount
Streets	\$286,280
Park (includes park facilities)	\$205,469
Town Facilities	\$46,999
Library (buildings & grounds)	\$22,227
Tennis (routine maintenance)	\$10,117
Event Services	\$3,474
Total	\$574,566

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) and the

agreed upon CPI adjustments. 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 2018/19 budget has an emergency contingency of 7.33% or \$42,091 on top of MCE's budget of \$574,566 for a total budget line item of \$616,657.

Historical costs for services under the MCE Contract have been as follows:

Contract Year	Budget	Actual
FY 2011/12		\$340,661
FY 2012/13		\$447,930
FY 2013/14	\$547,913	\$486,872
FY 2014/15	\$581,240	\$485,506
FY 2015/16	\$561,133	\$456,120
FY 2016/17	\$561,133	\$498,138
FY 2017/18	\$561,133	

The MCE Contract is task-oriented. While the budget amount is representative of workload potential throughout the fiscal year, specific tasks and workloads vary based on actual field needs. Staff and MCE work together to keep the budget and work efficient and cost effective.

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.

COMMISSION/COMMITTEE FEEDBACK/REFERRAL

This item ___ has or X has not been before a Town Committee or Commission.

- Audit/Finance Committee (meets every other month)
- Bicycle/Pedestrian Committee (meets as needed)
- Civic Center Advisory Committee (meets as needed)
- Environmental Programs Committee (meets every other month)
- Park and Recreation Committee (meets each month)
- Planning Commission (meets each month)
- Rail Committee (meets every other month)
- Transportation Committee (meets every other month)

ATTACHMENTS

Attachment 1 – Budget Proposal Letter
Attachment 2 – 2018/19 Rate sheet

David Huynh
Town of Atherton
91 Ashfield Lane
Atherton, CA 94549

May 25, 2018

RE: Contract Renewal

Dear David:

Thank you for the opportunity to continue our relationship with the Town of Atherton. We very much appreciate the confidence that the Town has shown in us to continue our partnership. That stated, please find below our agreement on topics we had discussed on May 11, 2018.

In addressing the Towns needs, MCE agrees to the following;

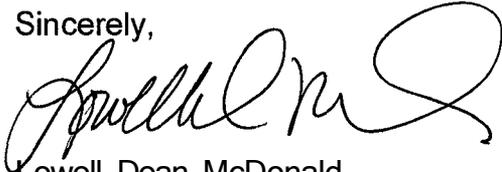
- Provide 1 additional full-time employee to supplement current staff at Holbrook-Palmer Park. This will allow for 2 FTE's to stay on top issues at Holbrook-Palmer Park and be proactive in addressing maintenance concerns.
- Increase MCE's Community Gift to the Town from ½ of 1 % to a full 1%. Based on FY 18-19 numbers this will be near \$5800.00 annually for the Town to use as it wishes.

MCE has no plans to increase equipment rates to the Town and will also keep in place current subcontractor and materials mark up percentages (10% and 8% respectively). MCE does request 2.5 % annually (on labor only) to allow our employees an annual cost of living adjustment. This would affect only years 2-5.

The Town of Atherton work program is based on a time and materials format as opposed to a monthly "lump sum" situation. While each format has its advantages and disadvantages, we believe T&M formats allow a client to be confident in the fact that they only pay for work that is performed. Our local projects in the cities of Lafayette and Dublin (longtime clients) are also T&M projects. I have attached a summary of our annual work program. This document shows inventory, annual service levels, total cost per inventory unit and total annual cost. This program is prepared and adjusted annually based upon historic production levels and specifics unique to the Towns' features and needs. This is just an example of the transparency a T&M format can provide a client.

Please do not hesitate to contact me should you have any questions or concerns regarding this document or any other part of this process. Thanks you once again for the opportunity to continue our relationship with the Town of Atherton.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lowell McDonald', with a large, stylized flourish at the end.

Lowell Dean McDonald

Vice President-Maintenance Division

Office Phone: 925-452-2726

Cell: 925-765-0045

dmcDonald@mce-corp.com

**17-905 - TOWN OF ATHERTON - 2022
Proposed Budget Comparison Report Summary By Short Code**

05/15/18

Code	Activity Name	City Acct'g Code	New Budget							Current Budget					Budget Projections				
			Inven. Qty.	Inven. Unit	Level of Service	LOS Unit	Annual Qty.	Annual Unit	Total Hours	Total Cost	Inven. Qty.	LOS Qty.	Ann. Work Qty.	Total Hours	Total Cost	Ann. Work Qty.	Ann. Work Hours	Total Cost	
A01	STREETS	101-53-52031-053	5554.09	VALVES	5331.60	VALVES	17842.94	VALVES	4975.39	286279.72	5554.09	5241.30	17999.21	5011.22	261423.57	10985.25	3309.15	177943.96	
A02	PARKS (GROUNDS)	101-57-52031-057	15818.2	VALVES	2885.58	VALVES	5735.15	VALVES	3324.55	205468.11	15817.2	3298.46	5639.35	3311.38	182557.21	5626.58	2258.95	154210.98	
A03	OTHER FACILITIES	101-59-52031-059	431.03	VALVES	2537.74	VALVES	1338.14	VALVES	760.85	46999.58	431.03	2966.94	1635.98	641.35	40795.98	6256.75	806.59	48609.19	
A04	LIBRARY	213-30-52031-000	444.51	VALVES	682.35	VALVES	600.84	VALVES	322.30	22227.68	444.51	620.11	692.88	388.90	24621.78	219.80	190.45	11089.10	
A05	TENNIS	105-58-52031-000	6.00	EA	14.00	HR	84.00	HR	84.00	10116.96	6.00	14.00	84.00	84.00	9888.48	117.00	117.00	4698.26	
E06	EVENT SERVICES	101-SS-52031-058	1.00	SYSTEM	110.00	HR	110.00	HR	110.00	3473.80	1.00	265.00	265.00	265.00	7787.07	45.50	45.50	1343.97	
Grand Totals:									9577.09	574565.85						9701.85	527074.09	6727.64	397895.46

**MCE CORPORATION
TOWN OF ATHERTON LABOR and EQUIPMENT RATES
FY 2018 - 2019**

FY 17-18	FY 18-19	FY 18-19	FY 18-19	Percent
Regular	Regular	Overtime	Sun. / Hol.	Change**
Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	14-15 / 15-16

MCE MAINTENANCE CREW

Maintenance Supervisor	\$ 60.18	\$ 60.18	\$ 90.27	\$ 120.36	0.00%
Foreman - LLF	\$ 50.75	\$ 54.81	\$ 82.22	\$ 109.62	8.00%
Park Maintenance Specialist	\$ 45.00	\$ 48.60	\$ 72.90	\$ 97.20	8.00%
Landscape Laborer I - LL1	\$ 35.05	\$ 37.85	\$ 56.78	\$ 75.70	7.99%
Landscape Laborer II - LL2	\$ 30.00	\$ 32.40	\$ 48.60	\$ 64.80	8.00%
Landscape Laborer III - LL3	\$ 24.75	\$ 26.73	\$ 40.10	\$ 53.46	8.00%
** Regular time only					

Proposed Prevailing Wage Rates (see attached)

Traffic Sign Maint. Laborer	\$ 55.63	\$ 55.63	\$ 83.45	\$ 111.26	0.00%
Carpenter	\$ 80.10	\$ 80.10	\$ 120.15	\$ 160.20	0.00%
Painter; Striping/Brush	\$ 66.23	\$ 66.23	\$ 99.35	\$ 132.46	0.00%
Plumber	\$ 98.60	\$ 98.60	\$ 147.90	\$ 197.20	0.00%
Construction Laborer 1	\$ 56.93	\$ 56.93	\$ 85.40	\$ 113.86	0.00%
Light Fixture Technician	\$ 41.48	\$ 41.48	\$ 62.22	\$ 82.96	0.00%

MAINTENANCE CREW EQUIPMENT

<u>Description</u>	<u>Current</u>		<u>Location</u>		
	<u>Rate/HR</u>				
Pick Up	\$ 7.14		Atherton	\$ 7.14	0%
Utility Bed	\$ 7.29		Atherton	\$ 7.29	0%
Flat Bed	\$ 8.42		Atherton	\$ 8.42	0%
60" mower	\$ 25.50		Atherton	\$ 25.50	0%
21" Mower	\$ 6.63		Atherton	\$ 6.63	0%
Trailer	\$ 3.21		Atherton	\$ 3.21	0%
Backpack Blower	\$ 1.53		Atherton	\$ 1.53	0%
Weed Eater	\$ 1.79		Atherton	\$ 1.79	0%
Hedge Trimmer	\$ 4.34		Atherton	\$ 4.34	0%
Chain Saw	\$ 5.10		Atherton	\$ 5.10	0%

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

Material Mark Up = 8% (no change)

Subcontractor Mark Up = 10% (no change)