

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Authorize the City Manager to Execute an Agreement for Vehicle Repair and Maintenance Services with the City of Mountlake Terrace
DEPARTMENT:	Public Works Department
PRESENTED BY:	Mark Relph, Public Works Director Jesus Sanchez, Operations Manager

PROBLEM/ISSUE STATEMENT: Staff is requesting City Council to authorize the City Manager to approve a Vehicle and Equipment Repair and Maintenance Services Agreement between the Cities of Shoreline and Mountlake Terrace. The purpose of this agreement is to lower vehicle maintenance costs and maximize efficiency. The City of Mountlake Terrace provides in-house maintenance and repair services for their vehicles and equipment and has capacity to provide these services to the City of Shoreline.

ALTERNATIVES ANALYZED:

- A. Continue with current program of using existing auto dealers and local mechanic shops at current industry rates;
- B. Negotiate a contract with the City of Mountlake Terrace, at lower service hourly rates for fleet maintenance services.

Staff recommends alternative B entering into an agreement with the City of Mountlake Terrace for vehicle and equipment repair and maintenance services. While the City can continue to use private companies for specific immediate needs, Mountlake Terrace can provide thorough mechanical inspections and repairs of the City's vehicles and equipment.

FINANCIAL IMPACT: Staff conducted an industry hourly rate survey that reflected an hourly cost ranging from \$92.00 to \$97.00 for labor costs and additional charges for supplies. The City of Mountlake Terrace is offering a 2010 labor hourly rate of \$76.93, a 2011 hourly rate of \$76.84 and a 2012 hourly rate of \$78.73 per hour; about 18% lower than industry costs. In addition, Mountlake Terrace would charge 10% above wholesale prices for parts and supplies.

The City's 2010 Vehicle and Equipment Repair Budget totals \$163,000. This budget also includes fuel services for all vehicles in the City's fleet. The following table provides a summary of actual fuel and repair costs for 2007, 2008, and 2009; the table

reflects repair costs that have increased since 2007. In addition, as fuel costs increase (e.g., in 2008 fuel increased to \$4.00/gallon), less money is available for other repair needs. By contracting with Mountlake Terrace, Fleet Maintenance Services would be able to procure equal or higher level of service at a reduced cost within existing budget.

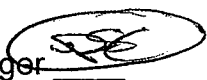
Year	Fuel	Repairs	Total
2007	\$68,984	\$61,503	\$130,487
2008	\$82,478	\$44,360	\$126,383
2009	\$54,517	\$118,400	\$172,917

The agreement (Attachment A) includes a maximum term of three years. The agreement shall commence upon execution and shall terminate on December 31, 2010, provided that the City of Shoreline may, at its sole option, extend this Agreement for two additional one-year terms upon thirty (30) days notice to Mountlake Terrace.

RECOMMENDATION

Staff recommends Alternative B - Authorize the City Manager to Execute a Vehicle and Equipment Repair and Maintenance Services Agreement with the City of Mountlake Terrace with the terms detailed in the staff report and Attachment A.

Approved By: City Manager



City Attorney



INTRODUCTION

The City's Fleet Vehicle Maintenance program has provided maintenance services to the City fleet through a number of service contracts. Absent a full service maintenance repair shop within the Fleet Services Division, the City has contracted with dealers and other vehicle repair shops ranging from motor vehicle repair, tune-ups, transmission service, auto body work and, at times, metal fabrication for specialized street maintenance vehicles.

While this approach is not uncommon among smaller cities, finding new ways to efficiently and cost effectively continue these services becomes even more critical during these economic times. During the last four years costs have increased, thus creating a greater need to look at more creative methods to sustain the same level of services within existing budgets. Many cities have begun to explore inter-local agreements (ILA) with other governmental and quasi-governmental agencies (e.g. school districts, utilities) for the purpose of reducing costs or, at best, contain costs within budget allocations.

BACKGROUND

Since incorporation, the City's Fleet Vehicle Maintenance program has provided maintenance services to City fleet through a number of small works contracts. Typically, newly acquired vehicles were maintained through the warranty period with the dealer of record. However, after the warranty period expired vehicle maintenance services were procured through the small service contract agreements, since dealer costs seemed to run higher after warranty periods. In some instances, when a specialized or unique piece of equipment was procured the City would be required to have that piece of rolling stock maintained through the agency from which it was purchased. One such instance is the regenerative air street sweeper. The warranty requirements were only certified shops trained in regenerative sweeper repair were allowed to work on these units to sustain the warranties and guarantees. As such, the nearest shop was located in Auburn, Washington. This required staff time to deliver the sweeper and to return it, not to mention high labor costs.

DISCUSSION

The City is faced with ever-increasing costs of services with a need to find a more cost effective and efficient system for fleet maintenance. Fuel increases, labor and materials cost increases as well as staff time have created a large impact on the fleet maintenance budget. With the opportunity to establish an ILA with another neighboring governmental agency the City would benefit in the reductions of staff time, costs associated with labor and materials and perhaps increase the quality of level service and responsiveness. The ILA would provide an opportunity to procure such services for our entire fleets including tune-ups, transmission work, brake repair, tire rotations and replacement and specialized equipment maintenance. We would still require the procurement of other services such as auto-body repair and some metal fabrication

from other local businesses. The timing of this agreement is also important since staff sees distinct advantages with the ILA going into the fall and winter seasons.

Although staff is recommending support for an ILA with the City of Mountlake Terrace, staff is also in discussions with the Shoreline Fire District for a similar agreement. The idea behind having two agencies is that it could allow for flexibility, immediate response capacity and provides another lower cost avenue for fleet maintenance. Having two such ILAs could also help balance the workload for those two entities as they encounter their own immediate or urgent repair needs. Staff anticipates working through the Fire District ILA by the first quarter of January 2011.

RECOMMENDATION

Staff recommends Alternative B - Authorize the City Manager to Execute a Vehicle and Equipment Repair and Maintenance Services Agreement with the City of Mountlake Terrace with the terms detailed in the staff report and Attachment A.

ATTACHMENTS

Attachment A: Agreement for Vehicle Maintenance and Repair Services between the Cities of Shoreline and Mountlake Terrace



ATTACHMENT A

Contract No. _____

AGREEMENT FOR VEHICLE MAINTENANCE AND REPAIR SERVICES BETWEEN THE CITIES OF SHORELINE AND MOUNTLAKE TERRACE

This Agreement is entered into by and between the City of Shoreline of Shoreline, Washington, a municipal corporation hereinafter referred to as "Shoreline," and City of Mountlake Terrace, a municipal corporation hereinafter referred to as "Mountlake Terrace," collectively referred to as the "Parties" and individually as "Party."

WHEREAS, Shoreline desires to retain the services of a Mountlake Terrace for vehicle repair and maintenance;

WHEREAS, Mountlake Terrace has the necessary personnel and equipment and is willing to provide said vehicle repair and maintenance work as described in this Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, it is mutually agreed as follows:

1. Scope of Services to be Performed by the Mountlake Terrace.

Mountlake Terrace shall perform the services outlined in Exhibit A, which is attached hereto and incorporated by reference. In performing these services, Mountlake Terrace shall at all times comply with all federal, state and local statutes, rules and ordinances applicable to the performance of such services. In addition, these services and all duties incidental or necessary therefore, shall be performed diligently and completely and in accordance with professional standards of conduct and performance.

2. Compensation.

- A. Services will be paid at the rate set forth in Exhibit A for calendar year 2010. Shoreline requests for services, including costs for parts, materials and supplies, shall not exceed a maximum value of \$75,000 in any calendar year. Rates set forth in Exhibit A may be increased by providing Shoreline with 60 days' advance written notice of the actual increase in labor costs for Mountlake Terrace personnel providing the services.
- B. Shoreline shall pay the Mountlake Terrace for services rendered after receipt of a billing voucher in the form set forth on Exhibit B, which is attached hereto and incorporated by reference. **NO PAYMENT WILL BE ISSUED WITHOUT A BILLING VOUCHER.** Payments will be processed within 30 (thirty) days from receipt of billing voucher. Mountlake Terrace shall complete and return Exhibit C, Taxpayer Identification Number, to Shoreline prior to or along with the first billing voucher. No payment will be issued without a Taxpayer Identification Number on file. Mail all billing vouchers to: City of Shoreline, Attention Accounts Payable, and 17500 Midvale Avenue North, Shoreline, Washington 98133-4921.

2. Term.

This Agreement shall commence upon execution and shall terminate on December 31, 2010; provided that Shoreline may, at its sole option, extend this Agreement for two additional one-year terms upon thirty (30) days notice to Mountlake Terrace.

3. Termination.

- A. Shoreline reserves the right to terminate or suspend this Agreement at any time, with or without cause, by giving thirty (30) days notice to Mountlake Terrace in writing. In the event of such termination or suspension, all finished or unfinished documents, data, studies, worksheets, models and reports, or other material prepared by the Mountlake Terrace pursuant to this Agreement shall be submitted to Shoreline.
- B. In the event this Agreement is terminated by Shoreline, Mountlake Terrace shall be entitled to payment for all hours worked and reimbursable expenses incurred to the effective date of termination, less all payments previously made. This provision shall not prevent Shoreline from seeking any legal remedies it may have for the violation or nonperformance of any of the provisions of this Agreement and any such charges due Shoreline shall be deducted from the final payment due Mountlake Terrace. No payment shall be made by Shoreline for any expenses incurred or work done following the effective date of termination unless authorized in advance in writing by Shoreline.
- C. Mountlake Terrace reserves the right to terminate this Agreement with not less than thirty (30) days written notice.
- D. If Mountlake Terrace is unavailable to perform the scope of services, Shoreline may, at its option, cancel this Agreement immediately.

4. Ownership of Documents.

All documents, data, drawings, specifications, software applications and other products or materials produced by Mountlake Terrace in connection with the services rendered under this Agreement shall be the property of Shoreline whether the project for which they are made is executed or not. All such documents, products and materials shall be forwarded to Shoreline at its request and may be used by Shoreline as it sees fit. Shoreline agrees that if the documents, products and materials prepared by Mountlake Terrace are used for purposes other than those intended by the Agreement, Shoreline does so at its sole risk and agrees to hold Mountlake Terrace harmless for such use. All or portions of materials, products and documents produced under this Agreement may be used by Mountlake Terrace upon confirmation from the Shoreline that they are subject to disclosure under the Public Disclosure Act.

5. Independent Contractor Relationship.

- A. Mountlake Terrace is retained by Shoreline only for the purposes and to the extent set forth in this Agreement. The nature of the relationship between Mountlake Terrace and Shoreline during the period of the services shall be that of an independent contractor, not employee. Mountlake Terrace, not Shoreline, shall have the power to control and direct the details, manner or means of services. Specifically, but not by means of limitation, Mountlake Terrace shall have no obligation to work any particular hours or particular schedule and shall retain the right to designate the means of performing the services covered by this Agreement, and Mountlake Terrace shall be entitled to employ other workers at such compensation and on such other conditions as it may deem proper, provided, however, that any contract so made by Mountlake Terrace is to be paid by it alone, and that employing such workers, it is acting individually and not as an agent for Shoreline.
- B. Shoreline shall not be responsible for withholding or otherwise deducting federal income tax or Social Security or contributing to the State Industrial Insurance Program, or otherwise assuming the duties of an employer with respect to Mountlake Terrace or any employee of Mountlake Terrace.

6. Hold Harmless.

Each Party agrees to be responsible and assume liability for its own wrongful and negligent acts or omissions, and/or those of its officers, agents, or employees to the fullest extent allowed by law and agrees to save, indemnify, defend and hold harmless the other Party from any such liability. In the

case of negligence of more than one Party, any damages allowed shall be levied in proportion to the percentage of negligence attributable to each Party; and each Party shall have the right to seek contribution from the other Party in proportion to the percentage of negligence attributable to the that Party.

7. Insurance.

Mountlake Terrace shall obtain insurance of the types described below during the term of this Agreement and extensions or renewals thereof, or provide proof of equivalent self-insurance or risk pool coverage. These policies or coverage are to contain, or be endorsed to contain, provisions that 1) Mountlake Terrace's insurance coverage shall be primary insurance with insurance or insurance pool coverage maintained by Shoreline as excess of Mountlake Terrace's insurance (except for professional liability insurance); and 2) Mountlake Terrace's insurance coverage shall not be cancelled, except after thirty (30) days prior written notice to Shoreline.

- A. Commercial General Liability insurance covering premises, operations, independent contractors liability and damages for personal injury and property damage with combined single limits not less than \$1,000,000. Mountlake Terrace shall submit to Shoreline a copy of the insurance policy declaration page as evidence of insurance coverage acceptable to Shoreline.
- B. Automobile Liability insurance with combined single limits of liability not less than \$1,000,000 for bodily injury, including personal injury or death and property damage.

8. Delays.

- A. Mountlake Terrace shall perform services to the extent of its available excess capacity and subject to Mountlake Terrace priorities as required to maintain Mountlake Terrace's own vehicles and subject to the priority for repair outlined in Exhibit A. In the event Mountlake Terrace determines it is not able to timely complete the requested work, due to work load, capacity and/or complexity of the anticipated work, Mountlake Terrace will notify Shoreline accordingly.
- B. Mountlake Terrace is not responsible for delays or failure in performance caused by factors that are beyond Mountlake Terrace's reasonable control. When such delays beyond Mountlake Terrace's reasonable control occur, Shoreline agrees Mountlake Terrace shall not be liable or responsible for any loss or damages, neither shall Mountlake Terrace be deemed to be in breach or default of the Agreement.

9. Successors and Assigns.

Neither Shoreline nor Mountlake Terrace shall assign, transfer or encumber any rights, duties or interests accruing from this Agreement without the written consent of the other; provided, however, nothing in this Agreement shall restrict or limit Mountlake Terrace, in its sole discretion, from having diagnostic, repair and/or maintenance work performed by subcontractors. Mountlake Terrace may also perform diagnostic, repair and maintenance work in accordance with services outlined in Exhibit A at any location determined by Mountlake Terrace, in its sole discretion, to be most efficient and practical.

10. Nondiscrimination.

In hiring or employment made possible by or resulting from this Agreement, there shall be no unlawful discrimination against any employee or applicant for employment because of sex, age, race, color, creed, national origin, marital status or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: employment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. No person shall be denied or subjected to discrimination in receipt or the benefit of any services or activities made possible by or resulting from this Agreement on the grounds of sex, race, color, creed, national origin,

age except minimum age and retirement provisions, marital status, or in the presence of any sensory, mental or physical handicap.

11. Notices.

Any notice required under this Agreement will be in writing, addressed to the appropriate Party at the address which appears below (as may be modified in writing from time to time by such Party), and given personally, by registered or certified mail, return receipt requested, by facsimile or by a nationally recognized overnight courier service. All notices shall be effective upon the date of receipt.

City of Shoreline:
Phil Ramon
17500 Midvale Avenue N.
Shoreline, WA 98133-4905
(206) 801-2411

Mountlake Terrace Name:
Curt Brees
P.O. Box 72
Mountlake Terrace, WA 98043
(425) 744-6293

12. Governing Law and Venue.

This Agreement shall be construed and enforced in accordance with the laws of the State of Washington. Venue of any suit between the Parties arising out of this Agreement shall be Snohomish County Superior Court.

13. General Administration and Management.

Shoreline's contract manager shall be Phil Ramon.

14. No Third-Party Beneficiary.

It is the specific intent of the Parties, and all Parties agree, that this Agreement shall not confer third-party beneficiary status on any non-party.

15. No Joint Venture.

This Agreement does not create a partnership or joint venture, and in carrying out this Agreement, the Parties shall act in their individual capacities and not as agents, employees, or partners of one another.

16. Attorneys' Fees.

In the event either Party brings a lawsuit to enforce the terms of this Agreement, or arising from a breach of this Agreement, the prevailing Party shall be entitled to its costs and attorneys' fees for bringing or defending against the action.

17. Severability.

Any provision or part of the Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken and all remaining provisions shall continue to be valid and binding upon Shoreline and Mountlake Terrace, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

18. Entire Agreement.

This Agreement contains the entire Agreement between the Parties hereto and no other agreements, oral or otherwise, regarding the subject matter of this Agreement, shall be deemed to exist or bind any of the Parties hereto. Either Party may request changes in the agreement. Proposed changes which are mutually agreed upon shall be incorporated by written amendment to this Agreement.

This Agreement is executed by

CITY OF SHORELINE

By: _____
Robert Olander, City Manager

Date: _____

Approved as to form:

By: _____
Ian Sievers, Shoreline Attorney

Attachments: Exhibits A, B, C

CITY OF MOUNTLAKE TERRACE

By: _____
John J. Caulfield, City Manager

Date: _____

By: _____
Greg Schrag, Mountlake Terrace City Attorney

Exhibit A

Scope of Services and Limited Warranty

The scope of services includes vehicle repair and maintenance services for the City of Shoreline by the City of Mountlake Terrace. Shoreline vehicles identified for repair or maintenance service will be delivered to the City of Mountlake Terrace Maintenance Shop, 6204 215th ST SW, Mountlake Terrace, WA 98043.

1. **Rates, Charges, and Payment.** Mountlake Terrace shall charge and Shoreline shall pay Mountlake Terrace for the services rendered pursuant to this Agreement as follows:
 - A. Labor. Labor will be charged at the hourly rate in half hour increments as follows:
 - i. \$76.93/hour for calendar year 2010
 - ii. \$76.84/hour for calendar year 2011
 - iii. \$78.73/hour for calendar year 2012
 - B. Parts and Materials. Parts, materials and supplies used in connection with the services rendered pursuant to this Agreement shall be charged at Mountlake Terrace's invoice costs plus ten percent (10%).
 - C. Sales/Use Tax: Washington State Sale or Use Tax shall be applied as applicable.
2. **Priorities for Repair.** The repair and maintenance services provided by Mountlake Terrace shall be performed to vehicles or equipment in substantially the order of priorities for repair as follows:
 - A. Mountlake Terrace emergency vehicle or critical vehicle repairs
 - B. Shoreline emergency vehicle or critical vehicle repairs
 - C. Other Mountlake Terrace vehicle repairs
 - D. Other Shoreline vehicle repairs

Mountlake Terrace will provide a good faith estimate of time to complete work upon a request for services under this contract.

3. **Limited Warranty.** Mountlake Terrace will repair or replace, at its option, any new part(s) installed and/or provide labor for service due to defects in part(s) or labor if notified within ninety (90) days from the date of the repair or maintenance or 3,000 miles after the date of repair and/or maintenance or at the expiration of the factory warranty pertaining to the respective part, whichever occurs first.

This warranty does not cover loss of time, use, inconvenience, normal wear, abuse, misuse, used parts or other matters not specified and there shall be no liability for consequential, incidental, or commercial damages.

Mountlake Terrace disclaims any implied warranty of merchantability and fitness for a particular purpose, and neither assumes nor authorizes any other person to assume for it any liability in connection with the repair and/or maintenance work.

No warranty, whether expressed or implied, extends beyond ninety (90) days from the date of repair and/or maintenance.