



Agenda Report

Fullerton City Council

MEETING DATE: JUNE 18, 2019

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: MEG McWADE, PUBLIC WORKS DIRECTOR
NADIA COOK, SENIOR ADMINISTRATIVE ANALYST

SUBJECT: CONTRACT STREET SWEEPING SERVICES

SUMMARY

This item proposes to award a contract for citywide street sweeping services to CleanStreet, Inc.

RECOMMENDATION

1. Authorize the Public Works Director to enter into an Agreement with CleanStreet, Inc. (Attachment 1) for street sweeping services in a form approved by the City Attorney.

2. Adopt Resolution No. 2019-XX.

RESOLUTION NO. 2019-XX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, ESTABLISHING A SEVERANCE PAY PROGRAM FOR DESIGNATED CLASSIFICATIONS

3. Adopt Resolution No. 2019-XX.

RESOLUTION NO. 2019-XX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, REVISING AND ADOPTING APPENDIX A OF RESOLUTION NO. 2015-52 (FULLERTON MUNICIPAL EMPLOYEES FEDERATION)

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement:

- Infrastructure and City Assets.

FISCAL IMPACT

The base contract fee for the first year of the Agreement is \$732,890, with a not-to-exceed limit of \$750,000 for any additional sweeping services (special events, standby, etc.). The Agreement term is for five years, with an option to extend for up to two additional one-year periods. With agreement from the City, the Contractor may increase its fees each year, provided that no increase shall exceed the Consumer Price Index.

The Street Cleaning Division will continue to fund street sweeping operations with Sanitation Funds (Fund 23). The Fiscal Year 2019-20 budget reflects a budget of \$1,009,448 for continued in-house street sweeping services. If the recommended street sweeping contract is approved, Staff is requesting: 1) \$750,000 of the \$1,009,448 be transferred to the professional services line item within the FY 2019-20 Street Cleaning Division budget to cover the cost of the contract 2) the expense required to administer the contract (approximately \$105,000) be allocated to the appropriate line items within the salary and benefit portion of the Street Cleaning Division's 2019-20 budget and 3) the remaining amount in the 2019-20 Street Cleaning budget (approximately \$154,450) be transferred to the Sanitation Fund Balance.

DISCUSSION

Background

The City of Fullerton's street sweeping program has been sweeping Fullerton's streets for over 40 years. The current street sweeping program includes four full-time Motor Sweeper Operators (MSO), a portion of the Street Superintendent and Street Supervisor's time and is backed up by Public Works Streets Division Staff. Fullerton MSOs sweep residential and arterial streets on a weekly basis, totaling over 36,000 curb miles per year.

The City is divided into five street sweeping districts with four routes in each district (see Attachment 2). Each MSO is assigned a route within each district, each day of the week. All of the routes might not be the same size, but all require the same amount of work and take about the same length of time to complete.

The street sweeping program has five dedicated street sweepers. Four sweepers are used on a regular basis, and the fifth sweeper serves as a spare for emergencies or when one of the others is undergoing routine preventative maintenance.

Since the 1990's, City staff has monitored the program to ensure it is more cost effective compared to contract services. Every few years, Staff would compare the in-house program's curb mile rate to a contractor's quoted curb mile rate for Fullerton. Up until around 2017, the in-house program's curb mile rates were consistently lower than contract rates.

Joint RFP

In late 2017, the City of Brea approached the Cities of Placentia and Fullerton in an effort to develop a joint Request for Proposals (RFP) for contract street sweeping services. Fullerton was open to exploring the possibility of contracting out street

sweeping services to see if long-term savings could be achieved. Placentia already outsourced its sweeping services and was also open to participating in the joint RFP. All three cities agreed to develop an RFP with Brea as the lead City.

Brea issued the RFP in May 2018. The RFP was designed so that any combination of cities could award the contract to any contractor that best meets its needs, regardless of whether any other city selected that same contractor. Independently, each city could make its own silo contract award at the time it desired or cities could make a joint award through a single contract.

Brea received bids from two companies, CleanStreet and Dickson. Both bid proposals included costs for weekly and bi-weekly sweeping scenarios for each city. Fullerton's Best-and-Final-Offer (BAFO) bid results from Dickson and CleanStreet are below with the lowest bid item in bold.

Table 1: Bid Results

Item	CleanStreet	Dickson
Weekly Sweeps	\$732,890	\$853,200
Bi-weekly Sweeps	\$432,630	\$385,360

Cost Comparisons

Fullerton reviewed the proposals and analyzed costs for weekly and bi-weekly sweeping scenarios. The following tables highlight the cost comparison between the FY 2019-20 in-house street sweeping budget of \$1,009,448 and the proposed cost if City staff outsourced either weekly or bi-weekly sweeping or adopted a bi-weekly in-house program:

Table 2: Contract and Weekly In-House Sweeping Cost Comparison

	Contract Base Fee	Additional Services*	Contract Overhead**	Total First-Year Cost	Weekly In-House Program 19-20 Budget	Savings FY19-20	Five-Year Savings (2019-20 / 2023-24)
CleanStreet Weekly	\$732,890	\$16,945	\$102,567	<u>\$852,402</u>	<u>\$1,009,448</u>	<u>\$157,046</u>	\$885,973
Dickson Weekly	\$853,200	\$23,407	\$102,567	<u>\$979,174</u>	<u>\$1,009,448</u>	<u>\$30,274</u>	\$226,244
CleanStreet Bi-Weekly	\$432,630	\$9,065	\$102,567	<u>\$569,048***</u>	<u>\$1,009,448</u>	<u>\$440,400</u>	\$2,464,760
Dickson Bi-Weekly	\$385,360	\$12,360	\$102,567	<u>\$525,073***</u>	<u>\$1,009,448</u>	<u>\$484,375</u>	\$2,693,605

* Includes cost of additional services (e.g. special event standby, construction clean-up, etc.)

** Includes contract management salaries, benefits, etc.

***Includes one-time signage replacement costs (\$24,786)

Table 3: Bi-weekly In-House and Weekly In-House Sweeping Cost Comparison

	Total First-Year Cost	Weekly In-House 19-20 Budget	Savings FY19-20	Five-Year Savings (2019-20 / 2023-24)
In-House Bi-Weekly	\$590,404*	<u>\$1,009,448</u>	<u>\$ 419,044</u>	\$2,308,686

*Includes one-time cost for switching out signage

Weekly Sweeping Scenario

CleanStreet's proposed base contract fee of \$732,890 for weekly sweeping, combined with contract overhead and additional services, results in a projected 16% savings, or an estimated first-year savings of \$157,046 to the Sanitation Fund and an estimated five-year savings of \$885,973 to the Sanitation Fund by 2024.

Dickson's proposed base contract fee of \$853,200 for weekly sweeping, combined with contract overhead and additional services, results in a projected 3% savings or an estimated first-year savings of \$30,274 to the Sanitation Fund and an estimated five-year savings of \$226,244 to the Sanitation Fund by 2024.

Bi-Weekly Sweeping Scenario

Staff also priced out bi-weekly street sweeping scenarios for Dickson, CleanStreet and an in-house program. It is important to note, a bi-weekly sweeping schedule would require Fullerton to switch out its existing weekly street sweeping "No-Parking" signage to reflect bi-weekly services. Approximately five percent of the City is currently signed for weekly street sweeping "No-Parking". To accurately reflect the cost of switching to a bi-weekly schedule, a one-time cost of \$24,790 for signage replacement is applied to Dickson's and CleanStreet's bi-weekly scenario "Total First Year Cost" (Table 2) and the in-house program's bi-weekly scenario "Total First Year Cost" (Table 3). The signage replacement expense includes materials (hardware, poles, signage), labor and equipment.

CleanStreet's proposed base contract fee of \$432,630 for bi-weekly sweeping, combined with contract overhead and additional services, results in a projected 44% savings or an estimated first-year savings of \$440,400 to the Sanitation Fund and an estimated five-year savings of \$2,464,760 to the Sanitation Fund by 2024.

Dickson's proposed base contract fee of \$385,360 for bi-weekly sweeping, combined with contract overhead and additional services, results in a projected 48% savings or an estimated first-year savings of \$484,375 to the Sanitation Fund and an estimated five-year savings of \$2,693,605 to the Sanitation Fund by 2024.

Brea RFP Withdrawal

In December 2018, Brea sent a notice to Fullerton and Placentia letting both cities know its City Council decided to trial an in-house, bi-weekly street sweeping program for one year. In the notice to affected bidders of the decision to withdraw from the RFP, Brea stated it would not cancel the Procurement, as it needed to remain in effect for Fullerton

and Placentia to make possible contract awards. The Bid remained active and Fullerton and Placentia continued with the award process.

With Brea's withdrawal, CleanStreet was still required to honor its pricing for Fullerton since its BAFO was not contingent on multiple awards. However, Dickson would only have to honor its original pricing, since its BAFO pricing was contingent on two or more cities entering into contract with the company. Due to these factors, Staff used CleanStreet's BAFO pricing, Dickson's original weekly pricing (confirmed as Dickson's weekly pricing Final Offer) and Dickson's BAFO bi-weekly pricing in its cost analyses.

Staff Recommendation

Staff recommends City Council continue with a weekly street sweeping schedule. Weekly sweeping helps ensure City streets are clean and free of debris and also contributes to the City's compliance with federally-mandated National Pollutant Discharge Elimination System requirements. The Street Cleaning Program protects rivers, streams, ponds and, ultimately, the ocean from being polluted by collecting accumulated roadway debris before they can enter the storm drain system and flow to the ocean. In the last year, the sweepers picked up more than 10,000 cubic yards of debris from City streets.

Based on the proposal reviews, financial information and the recommendation to maintain current service levels, Staff recommends City Council award the street sweeping contract to CleanStreet, Inc.

CleanStreet

CleanStreet is a full service, municipal street sweeping company that has been in business since 1973. Street sweeping is the core of their operation. Currently CleanStreet provides contract street sweeping services to over fifty municipalities. CleanStreet has listed a number of innovative ideas in providing services, including the use of Global Positioning System (GPS) technology to monitor the sweeping service by route and the actual sweeper speed to ensure thorough sweeping of all streets. CleanStreet has indicated this "real time" GPS information will be made available to the City to confirm sweeper locations and speeds.

CleanStreet has expressed their willingness to emulate Fullerton's existing street sweeping routes and schedule. CleanStreet will also assist the City with special event sweeping and unforeseen circumstances, such as responding to accident area cleanup or inclement weather sweeping. Most specialty sweeping is already included in the proposed contract and price.

Implementation

If City Council authorizes the contract with CleanStreet, the company will begin service as of August 5, 2019 and provide citywide street sweeping on a weekly basis. CleanStreet will have two trained dispatchers to respond to street sweeping issues or questions, either from the public or from City Staff. Contract administration will be provided by existing City supervisory staff.

The City currently has four front line street sweepers and one backup sweeper. CleanStreet currently has two new, AQMD compliant sweepers powered by clean-

burning natural gas ready for Fullerton operations. CleanStreet has asked to lease two of the City's existing sweepers for an approximate three-month period until it can complete the purchase of the remaining two new sweepers for Fullerton. Should the contract be authorized, Staff will administratively negotiate and implement an appropriate lease agreement. Within approximately three months of the contract start date, CleanStreet will have all new sweepers for Fullerton's contract street sweeping operations. After all new sweepers are in place, the City's existing street sweepers will either be purchased by CleanStreet or sold to auction. All CleanStreet sweepers will be equipped with GPS technology that will allow City staff and CleanStreet supervisors to monitor operations (drivers' speed, time, location and whether sweeper brooms are down longer than a half-hour) in "real time".

Current Staffing

Currently, the City's street sweeping services are provided by four full-time employees and a portion of the Street Supervisor's and Superintendent's time. The action to contract out the street sweeping operation will necessitate the layoff of these four employees serving in the classification of Motor Sweeper Operator. In accordance with City Personnel Rules, these employees will be offered bumping rights to other positions or, in the absence of bumping rights, opportunities to transition to vacant positions for which the employees have the necessary qualifications and experience. Following impacts negotiations with the Fullerton Municipal Employees Federation, Staff proposes a remedy for the impacts that includes two options for impacted employees – either acceptance of a bumping rights position or other vacant position offered with pay being frozen at the employee's current salary (Y-rating) or acceptance of the layoff and a severance amount.

The Y-rating requires amendment to the salary schedules, as specified in Attachment 4, reflecting addition of Y-rate steps for the classifications to which the impacted employees may be moved (either Equipment Operator or Senior Maintenance Worker I). With the approval of the revised salary steps, the City Council will authorize assignment of these employees at the Y-rate until such time as the salary of the classification meets or exceeds the Y-rate or the employee moves to a different, higher paying classification.

The proposed severance program (Attachment 3) is based on the following criteria:

- a. Employee is a regular employee with the City, having completed his / her initial probation period.
- b. Employee has received a notice of lay off from a designated classification.
- c. Employee's employment with the City is terminated either because he/she:
 - i. Has no bumping rights to or has received no offer of employment in alternate classification or
 - ii. Has submitted a written rejection of an offer of employment by the City in an alternate classification within the time period specified in the offer of employment.

The maximum exposure of the Y-rating option is \$31,000 per year. The maximum exposure of the severance program is a one-time cost of \$71,700. Staff projects the two most likely outcomes would result in either a one-time cost of \$44,300, first year

costs of \$7,550 and ongoing annual costs of \$5,050 or a one-time cost \$23,300, first year costs of \$16,600 and ongoing annual costs of \$12,750. Overall, even with costs related to Y-rating or severance, the City will experience a savings from the contracting out of services and reduce its long-term pension liability due to the reduce employee count.

CleanStreet is also extending full-time employment to any or all of the displaced Motor Sweeper Operators. Any of the employees accepting a position with CleanStreet will be assigned the same route and schedule as assigned in Fullerton for at least the first year of employment. CleanStreet Motor Sweeper Operator salaries and benefits are outlined in the attached Agreement (Attachment 1).

Final Recommendation

Staff believes the most fiscally and environmentally responsible and least disruptive option is to award a contract for weekly street sweeping services to CleanStreet, Inc. and adopt the Severance Pay Program via Resolution No. 2019-XX and the Amended Salary Schedule via Resolution 2019-XX. A contract with CleanStreet will allow for the most savings in a weekly sweeping scenario, maintain current levels of debris removal from City streets and have the least impact on resident street sweeping schedules.

Attachments:

- Attachment 1 - Fullerton Agreement with CleanStreet
- Attachment 2 - Street Sweeping Map
- Attachment 3 - Severance Pay Program Resolution 2019-XX
- Attachment 4 - Amended Salary Schedule Resolution 2019-XX