TO: CITY COUNCIL

VIA: CITY ADMINISTRATOR

FROM: DIRECTOR OF PUBLIC WORKS

DATE: JULY 23, 2019

SUBJECT: AMENDMENT NO. 1 TO MAINTENANCE SERVICES AGREEMENT WITH BEAR ELECTRICAL SOLUTIONS, INC. FOR TRAFFIC SIGNAL MAINTENANCE SERVICES

FISCAL IMPACT: EXPENSE: $350,000 TOTAL COST FOR SERVICES

BUDGETED: $110,000 FISCAL YEAR 2018-19 OPERATING BUDGET

$120,000 FISCAL YEAR 2019-20 OPERATING BUDGET

$120,000 ESTIMATED FOR FISCAL YEAR 2020-21 OPERATING BUDGET

SUMMARY:

In July 2018, the City entered into a Maintenance Services Agreement with Bear Electrical Solutions, Inc. ("Bear") for traffic signal maintenance and repair services for an amount not-to-exceed $75,470 per year for an initial three-year contract term for a cumulative three-year not-to-exceed contract amount of $226,410, with the option to extend for one (1) additional two-year term based upon contractor performance and at the discretion of the City. Recently, Staff and the City Attorney’s Office conducted a standard review of the City’s existing service contracts and, based on that review, Staff is presenting this agreement amendment for City Council consideration to increase the contract not-to-exceed amount to cover extraordinary repairs to the City’s traffic signal system, as well as future changes to contract language and not-to-exceed amounts.

RECOMMENDATION:

It is recommended that the City Council take the following actions:

1. Approve Amendment No. 1 to the Maintenance Services Agreement with Bear Electrical Solutions, Inc. for provision of Traffic Signal Maintenance Services, increasing the contract not-to-exceed amount by $123,590; and

2. Authorize the City Administrator to approve contract change orders up to 10% of the initial three-year contract amount, or $35,000; and

3. Authorize the City Administrator to execute the necessary documents, in a form approved by the City Attorney.
DISCUSSION:

The City currently utilizes a single contractor to provide preventative maintenance services as well as extraordinary repairs and emergency response for the City’s traffic signal system, which includes 63 signalized traffic signals throughout the City. In 2018, the City underwent a competitive bid process and awarded a maintenance services agreement to Bear to provide these services for an amount not-to-exceed $75,470 per year for an initial three-year contract term and a cumulative three-year not-to-exceed contract amount of $226,410. The contract scope of work for these services provides for monthly, quarterly, bi-annual and annual preventative maintenance services to maintain traffic signal equipment, intersection safety lights, flashing beacons and speed feedback signs. The scope of work also provides for extraordinary repairs as well as 24-hour emergency response.

Recently, Staff and the City Attorney’s Office conducted a routine evaluation of the City’s contract language for professional and maintenance services and ongoing contractual expenditures for various services. Based on that review, Staff and the City Attorney’s Office determined that the City’s standard contract language for multi-year maintenance agreements should be updated to allow for contractual spending authority for extraordinary repairs.

The City maintains fourteen (14) separate maintenance contracts that provide for routine, preventative maintenance work as well as for extraordinary work. There is typically set unit bid pricing for the routine maintenance work and extraordinary repairs are typically paid for on a time and materials basis based upon set contractor hourly rates. The contracts are set up this way so that the City already has a contractor under contract to make necessary repairs above and beyond routine maintenance, without having to solicit separate bids for each and every repair needed for City-owned property and infrastructure.

The current language in the agreement with Bear as well as additional maintenance contracts does not allow for sufficient contractual spending authority on an annual basis for extraordinary repairs which will vary from year to year based upon any number of factors. For example, throughout the year the City often performs unexpected traffic signal repairs due to traffic accidents, traffic signal malfunctions, or other technical issues. While some contractual spending authority is available within the contract not-to-exceed amount, a single large repair could max out that cap and require Staff to return to the City Council to request an increase to the spending cap for potential future repairs. As a result of its review with the City Attorney’s Office, Staff is recommending Amendment No. 1 to the maintenance services agreement with Bear to increase the contract not-to-exceed amount by an additional $123,590 to cover several traffic signal repairs already completed as well as provide sufficient contractual spending authority for the balance of the initial three-year contract term with Bear. In addition, the proposed amendment also authorizes the City Administrator to approve any contract change orders up to 10% of the three-year contract not-to-exceed amount, or $35,000. No other terms of the original agreement or compensation have been changed.
Staff is continuing to evaluate with the City Attorney's Office the balance of the City's maintenance services contracts and anticipates presenting additional contract amendments to the City Council for its consideration in September.

**FISCAL IMPACT:**

The amendment with Bear is to increase the contract not-to-exceed amount by $123,590, for a cumulative three-year contract not-to-exceed amount of $350,000, or an annual average expenditure of $110,000 for Fiscal Year (FY) 2018-19 and $120,000 for FY 2019-20 and 2020-21. The cost for these services was included in the FY 2019-20 Operating Budget.

Prepared by:
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Reviewed and approved:
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Director of Public Works

Reviewed and approved:
Kim Krause
Director of Finance

Reviewed and approved:
Damien R. Arrula
City Administrator

Attachments:
1. Amendment No. 1 to Maintenance Services Agreement with Bear Electrical Solutions, Inc.