County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169

JIM McDONNELL, SHERIFF

A Tradition of Service

March 31, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

APPROVE AMENDMENT NUMBER FIVE TO AGREEMENT NUMBER 76056 WITH PENSKE TRUCK LEASING COMPANY, L.P., FOR AUTOMOTIVE FLEET MANAGEMENT AND MAINTENANCE SERVICES (ALL DISTRICTS) (3 VOTES)

SUBJECT

The Los Angeles County (County) Sheriff's Department (Department) is seeking the Board's approval and execution of Amendment Number Five (Amendment) to Agreement Number 76056 (Agreement) with Penske Truck Leasing Company, L.P., (Penske), which will extend the term of the current Agreement for automotive fleet management and maintenance services (Services) for one year plus two additional six-month option periods, and increase the rates for Services. This extension period is required to allow for the completion of the solicitation process for a new Service Agreement.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Mayor of the Board to sign the attached Amendment to the Agreement with Penske to continue providing Services. The Agreement will (1) extend the term of the Agreement for one year, from May 1, 2015, through April 30, 2016, plus two additional six-month option periods for a total option term not to exceed one year; (2) increase the annual fixed price portion for Services by $507,982; (3) increase the fee for service Hourly Labor Rates; and (4) revise the County-mandated provision regarding consideration of hiring GAIN/GROW participants.

2. Delegate authority to the Sheriff to execute an Amendment to the Agreement that exercises the extension options if it is in the best interest of the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will allow the Department to continue to engage Penske to perform the Services necessary to maintain the Department's fleet of approximately 6,195 vehicles, including any future additions to the fleet. The Amendment will enable the Department to continue providing around the clock service to the residents of the County by ensuring that the Department's automotive fleet is maintained and operational.

The proposed Amendment will also allow the Department to complete the solicitation process for a new service agreement. As requested by the Board on January 27, 2015, the Department reported back on the status of the solicitation and advised the Board that the Department's Contracts Unit manager continues to be engaged in a significant review and update of the Statement of Work (SOW), and would be requesting another extension to the Agreement. The Department's Contracts Unit expects to complete its revisions to the SOW by June 1, 2015, afterwhich the Request for Proposals (RFP) document will be assembled.

Implementation of Strategic Plan Goals

The Services provided under the proposed Amendment support the County's Strategic Plan, Goal 1, Operational Effectiveness/Fiscal Sustainability, by enabling the Department to provide well-maintained vehicles to its deputies, thereby enabling them to perform their duties in a reliable and secure manner.

FISCAL IMPACT/FINANCING

Funding is included in the Department's Fiscal Year (FY) 2014-15 budget for the anticipated level of service. The Department will continue to allocate the funds required to continue the Services throughout the duration of the Agreement as extended by the proposed Amendment.

Effective May 1, 2015, the negotiated increase to the Agreement is as follows: (1) $507,982 to the Fixed Price for services that includes $255,100 for the 2 percent Cost-of-Living Adjustment (COLA), and $252,882 for additional cost increases for tires, oil, parts, and other services and supplies; and (2) 2 percent COLA increase to the fee for service Hourly Labor Rates as specified in the revised Exhibit C, Pricing Sheet, of the Agreement, which cost is estimated to be $56,018 annually. Based on the above increased costs, the estimated cost for continued vehicle maintenance is $43,372,118 for the additional one year, plus the two six-month option periods, if exercised.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On March 13, 2007, the Board approved the Agreement with Penske to provide the aforementioned Services. On July 6, 2010, Amendment Number One was approved by the Board, adding specific labor rates for Specialized Conversion Outfitting Services, to convert the Department's Mobile Data Terminal equipped vehicles to Mobile Data Computer equipped vehicles. Amendment Number One increased the contract sum by approximately $3,011,310.

On October 2, 2012, Amendment Number Two was approved by the Board extending the Agreement for an additional 12 months with a 6-month option and increased the fixed price portion of the Agreement by $565,675. On August 28, 2013, Amendment Number Three was executed to extend the Agreement for its final six-month option through April 30, 2014.

On April 22, 2014, Amendment Number Four was approved by the Board, extending the term of the Agreement for an additional 12 months from May 1, 2014, through April 30, 2015, and increased the fixed price for services and the fee for service Hourly Labor Rates, as well as adding the County-mandated provision regarding Time Off for Voting. The Board also requested the Department to report back quarterly on the status of the development of a RFP for a successor agreement to replace the Department's current Agreement with Penske.

On June 24, 2014, the Chief Executive Office (CEO) announced that the general salary adjustments in the County's Memoranda of Understanding applicable to FY 2013-14 is approximately 2 percent; therefore, COLA taking effect in FY 2014-15 will be capped at 2 percent.

A Proposition A cost analysis has been conducted, and the Agreement, together with Amendment Number Five, continues to meet Proposition A cost effectiveness criteria.

Penske is in compliance with all Board, CEO, and Living Wage Program (County Code Chapter 2.201) requirements.

County Counsel has reviewed and approved the Amendment as to form.

Except as expressly provided in the Amendment, all other provisions and conditions of the Agreement will remain the same and in full force and effect.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

If the Amendment is not approved, the Department will not have vehicle maintenance Services beyond April 30, 2015. This will have an immediate and direct negative impact on the Department's ability to provide adequate services to the community.

CONCLUSION

Upon Board approval, please return two adopted copies of this Board letter and two original executed copies of the Amendment to the Department's Contracts Unit.

Sincerely,

JIM McDONNELL
Sheriff

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Enclosures

AMENDMENT NUMBER FIVE
TO
AGREEMENT NUMBER 76056
FOR AUTOMOTIVE FLEET MANAGEMENT AND MAINTENANCE SERVICES

This Amendment Number Five to Agreement Number 76056 (hereinafter "Agreement") is entered into by and between the County of Los Angeles (hereinafter "County") and Penske Truck Leasing Co., L.P., a Limited Partnership organized under the laws of Delaware (hereinafter "Contractor"), effective upon execution by the County Board of Supervisors.

A. WHEREAS, on March 13, 2007, County and Contractor entered into the Agreement with a Commencement Date of May 1, 2007 to provide Automotive Fleet Management and Maintenance Services for the Los Angeles County Sheriff's Department (hereinafter "Department"); and

B. WHEREAS, on July 6, 2010, County and Contractor entered into Amendment Number One to the Agreement to require Specialized Conversion Outfitting Services and to provide specific labor rates for the Specialized Conversion Outfitting services related to the conversion of MDT equipped vehicles to MDC equipped vehicles; and

C. WHEREAS, on October 2, 2012, County and Contractor entered into Amendment Number Two to the Agreement to extend the Agreement for an additional 12 months with a six-month option (hereinafter "Option Term"), and increase the Fixed-Price portion of the Agreement; and

D. WHEREAS, on August 28, 2013, County and Contractor entered into Amendment Number Three to the Agreement to extend the Agreement for its final six-month option; and

E. WHEREAS, on April 22, 2014, County and Contractor entered into Amendment Number Four to the Agreement to extend the Agreement for an additional 12 months, increase the Fixed-Price portion of the Agreement, and increase the Fee-For-Service hourly labor rates, and

F. WHEREAS, the Agreement currently expires on April 30, 2015; and

G. WHEREAS, County and Contractor agree to (1) extend the term of the Agreement for an additional one (1) year period from May 1, 2015, through and including April 30, 2016, plus two additional six-month option periods, (2) increase the annual Fixed-Price portion of the Agreement, (3) increase the Fee-For-Service hourly labor rates, and (4) revise County mandated provision regarding Consideration of Hiring GAIN/GROW Participants.

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NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, County and Contractor hereby agree as follows:

1. Paragraph 7 (Term) of the Agreement is deleted in its entirety and replaced as follows to extend the Term of the Agreement through April 30, 2016:

    7.1 The Term of the Agreement shall be from March 13, 2007 through April 30, 2016, unless sooner terminated or extended, in whole or in part, as provided herein.

    7.2 County shall have the sole option to extend the Term of this Agreement for two (2) six-month option periods (each an "Option Term"), for a total extension not to exceed twelve (12) months. Any such extension shall be in the form of a written Amendment to this Agreement executed by both Sheriff and Contractor. As used herein, the "Term" shall mean the initial term and, if extended, each Option Term, as the case may be.

    7.3 County shall provide Contractor with a written notice of its election to extend or not to extend the Term of the Agreement at least ninety (90) calendar days prior to the end of the then-current period.

    7.4 County maintains databases that track/monitor contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether County will exercise an Option Term extension of the Agreement.

    7.5 Contractor shall notify the County Project Manager and County Project Director when this Agreement is within six (6) months from the expiration of the Term of this Agreement as provided for hereinabove.

2. Paragraph 27.0 (Consideration of GAIN/GROW Program Participants for Employment) of Exhibit A (Additional Terms and Conditions) of the Agreement is deleted in its entirety and replaced as follows to update the County-mandated provision:

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27.0 CONSIDERATION OF HIRING GAIN/GROW PARTICIPANTS

27.1 Should the Contractor require additional or replacement personnel after the effective date of this Agreement the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor. Contractors shall report all job openings with job requirements to: GAINGROW@dpss.lacounty.gov to obtain a list of qualified GAIN/GROW job candidates.

27.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

3. Exhibit C (Pricing Sheet) of the Agreement is deleted in its entirety and replaced with the attached revised Exhibit C (Pricing Sheet), effective May 1, 2015, to (a) increase the annual Fixed-Price portion of the Agreement by $507,982, which includes a two percent (2%) cost of living adjustment (COLA), and (b) increase the Fee-For-Service hourly labor rates by two percent (2%) COLA, except for the Specialized Conversion Outfitting Hourly Rates which will remain at $95.00, as stated in the revised Exhibit C (Pricing Sheet).

4. Contractor represents and warrants that the person executing this Amendment Number Five for Contractor is an authorized agent who has actual authority to bind Contractor to each and every item, condition, and obligation of the Amendment and that all requirements of Contractor have been fulfilled to provide such actual authority.

5. Except as expressly provided in this Amendment Number Five, all other provisions, terms, and conditions of the Agreement will remain the same and in full force and effect.

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IN WITNESS WHEREOF, the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment Number Five to be executed on its behalf by the Mayor of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, and Contractor has executed this Amendment Number Five, or caused it to be duly executed by its duly authorized officer.

COUNTY OF LOS ANGELES

By: _____
Mayor, Board of Supervisors

ATTEST:

PATRICK OGAWA
Acting Executive Officer
of the Board of Supervisors

By: _____
Deputy

PENSKE TRUCK LEASING CO., L.P.

Signed: Arthur L Narmi II

Printed: ARTHUR L NARMI II

Title: AREA VICE PRESIDENT

APPROVED AS TO FORM:

MARK J. SALADINO
County Counsel

By: _____
Michele Jackson
Principal Deputy County Counsel

EXHIBIT C

PRICING SHEET

Amended and Restated Under Amendment Number Five

A. FIXED-PRICE FOR FLEET MAINTENANCE

Effective May 01, 2015, the Contractor's annual price for Fixed-Price services is **$14,712,879** for the Adjusted Fleet size of **4,860** units, refer to Table A.2 of this section for the adjusted quantities for Groups 1, 2, and 3.

Contractor shall invoice County one-twelfth of the annual Fixed Price portion of the Agreement in arrears on a monthly basis, beginning thirty (30) days after the commencement date. This base price, per unit increases and/or decreases, and Fee-for-Service labor rates may be adjusted as described in the Agreement, Paragraph 8, Prices and Fees.

Effective May 1, 2015
Contractor's annual price for Fixed-Price services beginning May 01, 2015, as per Amendment Number Five, of the Agreement is **$13,261,738.** The amount of **$13,261,738** is for the **Fixed-Price Base Fleet size of 4,216 units**, in the quantities specified below for Groups 1, 2, and 3. This will remain as the set price and set fleet size from which all **future** Fixed-Price adjustments will be made.

The extension Option Term will be at the price of the Agreement at the time the extension is exercised.

A.1 FIXED-PRICE BASE FLEET

FIXED-PRICE BASE FLEET SIZE	NUMBER OF UNITS
1 - Non-emergency sedans, trucks, vans, and other vehicles/equipment with a GVW rating of 10,000 lbs. or less, and all on-road trailers	**2,300**
2 - Emergency Patrol/Rescue Sedans, trucks, and vans with a GVW rating of 10,000 lbs. or less, and On-road motorcycles, Off-road motorcycles, and ATV's,	**1,677**
3 - Trucks, buses, and other vehicles/equipment with a GVW rating of 10,001 lbs. or higher	**239**
TOTAL	**4,216**

A.2 ADJUSTED FLEET SIZE FROM TABLE A.1 – FIXED-PRICE BASE FLEET (EFFECTIVE 5/01/15)

ADJUSTED FLEET SIZE	CHANGE MADE	ADJUSTED NUMBER OF UNITS
Group 1 - Non-emergency sedans, trucks, vans, and other vehicles/equipment with a GVW rating of 10,000 lbs. or less and all on-road trailers	**+344**	**2,644**
Group 2 - Emergency Patrol/Rescue Sedans, trucks, and vans with a GVW rating of 10,000 lbs. Or less, and On-road motorcycles, Off-road motorcycles, and ATV's	**+217**	**1,894**
Group 3 - Trucks, buses, and other vehicles/equipment with a GVW rating of 10,001 lbs or higher	**+83**	**322**
	TOTAL	**4,860**

B. ADJUSTMENTS TO BASE FLEET FIXED-PRICE AMOUNT

B.1 CHANGE IN FLEET SIZE (ADJUSTED BY THE COLA INCREASE OF 2 PERCENT)

PRICE COMPONENT	PER UNIT PRICE
1 - Non-emergency sedans, trucks, vans, and other vehicles/equipment with a GVW rating of 10,000 lbs. or less, and all on-road trailers	**$1,189**
2 - Emergency Patrol/Rescue Sedans, trucks, and vans with a GVW rating of 10,000 lbs. or less, and On-road motorcycles, Off-road motorcycles, and ATV's	**$2,486**
3 - Trucks, buses, and other vehicles/equipment with a GVW rating of 10,001 lbs. or higher	**$5,405**

The current equipment type numbers of vehicles/equipment assigned to each group are as follows:

Group 1: 4, 7, 10, 13, 25, 39, 40, 43, 46, 47, 48, 49, 50, 52, 55, 58, 61, 64, 67, 70, 71, 73, 80, 91, 92, 93, 94, 95, 96, and 98

Group 2: 1, 2, 15,16,19, 20, 22, 23, 28, and 97

Group 3: 3, 5, 6, 29, 30, 31, 34, 37, 66, 68, 69, 72, 74, 75, 76, 79, 82, 85, 86, 87, 88 and 90

The description of each of the equipment type numbers is shown in Exhibit B, Statement of Work, Attachment 7. Additional equipment type numbers may be added during the course of this Agreement by the County Project Manager or his/her designee, as needed, and in accordance with the Price Component descriptions for Groups 1, 2, and 3 listed above.

The per unit prices for Group 1, Group 2, and Group 3 units are applicable for each vehicle or piece of equipment added to or deleted from the Fixed-Price fleet, regardless of where the unit is allocated or assigned. The adjustment amount for the increases or decreases to the Fleet Base Price, which was confirmed at Agreement signing, shall be calculated based on per unit prices and shall be added to the annual fixed price in the manner set forth below. An initial Fixed-Price fleet size adjustment from the **Base Fleet Size of 4,216 units** will be made within the first (5) business days of Agreement start, and will be effective as of the first day of the Agreement. Additionally, Fixed Price fleet size adjustments shall be made semi-annually, effective the first of the month every six (6) months thereafter. Interim Fixed-Price fleet size adjustments may be made, when requested in writing by Contractor or by County, when increases or decreases equating to $60,000 annually occur within a semi-annual period. The interim price adjustment shall become effective for the first whole month following the date the increase/decrease is approved by the County Project Manager or his/her designee, and shall remain effective until the next adjustment is made. Changes in the CPI and/or the average salary movement granted to County employees will be applied to these Change in Fleet Size rates as specified in the Agreement, Paragraph 8, Prices and Fees.

Any vehicle or piece of equipment found, during a fleet inventory review, to be an exception to its group assignment by equipment type, i.e. incorrectly assigned, or any vehicle and/or piece of equipment/attached refrigeration units, will be assigned to the correct group at that time. The fleet size adjustment price for any unit, when removed, corrected, and/or added to the fleet, will be according to its correct group assignment, and shall become effective for the first whole month following the date the adjustment is approved. Any and all fleet size adjustments, corrections, and/or additions must be approved by the County Project Manager or his/her designee.

B.2 FIXED-PRICE CHANGE FOR MINIMUM STAFFING INCREASE/DECREASE (ADJUSTED BY THE COLA INCREASE OF 2 PERCENT)

The Contractor's price for Fixed-Price services shall be adjusted for increases or decreases in the Agreement mandated Minimum Staffing level, when required by County. This shall be accomplished through the Change Order process, as specified in Section 6.0 of the Agreement. An addition or reduction of journeyman vehicle, equipment, body/fender mechanics, or automotive painters, above or below the total minimum staffing requirement

of ninety-eight (98) personnel in these job classifications, as specified in Exhibit B, Attachment 3, Repair Locations/Minimum Staffing, shall increase or decrease the Contractor's Base Price for Fixed-Price services by **$54,048** annually, **effective May 1, 2015**, per minimum staff employee. One example would be if the Department should open a new repair facility, and the County Project Manager determines that this requires an additional minimum staff mechanic, and not just the transfer of existing personnel. This would require an increase in the Contractor's Base Price for Fixed-Price services. Conversely, should the Department close a repair facility or require less minimum staff due to fewer contract cities, etc., and the County Project Manager determines that this requires a reduction of minimum staff mechanics, this would require a decrease in the Contractor's Base Price for Fixed-Price services. Change in the CPI and/or the average salary movement granted to County employees will also be applied to this rate, in accordance with the Agreement, Paragraph 8. Prices and Fees.

C. FEE-FOR-SERVICE HOURLY LABOR RATES (ADJUSTED BY THE COLA INCREASE OF 2 PERCENT, EXCEPT SPECIALIZED CONVERSION OUTFITTING HOURLY LABOR RATES WHICH WILL NOT CHANGE)

The following hourly labor rates shall apply to Fee-for-Service charges, in accordance with Section VV of Exhibit B, Statement of Work. Increases in the CPI or the average salary movement granted to County employees as specified in the Agreement, Paragraph 8, Prices and Fees, will be applied to these rates in accordance with the same schedule of rate increases.

CATEGORY	HOURLY LABOR RATE	OVERTIME HOURLY LABOR RATE
Light and Medium vehicle, trailer, and Boat Mechanical Repair, Outfitting, and Preparation for Disposal	**$ 48.31**	**$ 60.39**
Heavy Vehicle Mechanical Repair, Outfitting, and Preparation for Disposal	**$ 53.02**	**$ 66.27**
Mechanical Repair and Body Repair/Painting of Off Highway and Auxiliary Equipment	**$ 53.02**	**$ 66.27**
Mechanical Repair and Body Repair/Painting of On-road motorcycles, Off-road motorcycles, and ATV's	**$ 49.49**	**$ 61.87**
Body Repair/Painting Light and Medium vehicles and Boats	**$ 49.49**	**$ 61.87**
Body Repair/Painting Heavy Vehicle, Semi-Trailer and Bus	**$ 53.02**	**$ 66.27**

Specialized Conversion Outfitting for Light, Medium, and Heavy Vehicles, Semi-Trailers, and Buses * Specifically for converting Mobile Data Terminal equipped vehicles to Mobile Data Computer equipped vehicles and updating all associated equipment (refer to Section **V V.1.p)**	**$ 95.00**	**$ 95.00**

D. FEE-FOR-SERVICE PAINT MATERIAL COSTS (ADJUSTED BY THE COLA INCREASE OF 2 PERCENT)

The following price per estimated paint hour rates shall apply to accident repair Fee-for Service charges, in accordance with Section V V of Exhibit B, Statement of Work. Increases in the CPI or the average salary movement granted to County employees as specified in the Agreement Paragraph 8, Prices and Fees, will be applied to these rates in accordance with the same schedule of rate increases. Inordinate changes in auto and truck paint material costs, due to environmental and/or market price mandates, may justify interim rate changes, when documented by Contractor, and approved by the County Project Manager and described in Paragraph 8 of the agreement.

CATEGORY	COST PER ESTIMATED PAINT HOUR
Single Stage Paint Rate	**$ 25.94**
Multiple Stage Paint Rate	**$ 44.82**