



SCOTT MINNIX  
Director

County of Los Angeles  
**INTERNAL SERVICES DEPARTMENT**

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*"To enrich lives through effective and caring service"*

July 18, 2017

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

Dear Supervisors:

**AUTHORITY TO AMENDMENT CONTRACT NUMBER 77192 WITH  
CENTERRA INTEGRATED FLEET SERVICES, LLC FOR VEHICLE  
FLEET MAINTENANCE AND REPAIR SERVICES  
(ALL DISTRICTS – 3 VOTES)**

**SUBJECT**

Request delegated authority to extend a contract with Centerra Integrated Fleet Services, LLC (Centerra) to continue providing vehicle fleet maintenance and repair services to ISD and its client departments and remove the current expenditure cap.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Delegate authority to the Director of Internal Services Department (Director), or his designee, to execute Amendment No. 8 to Contract Number 77192 (Contract) with Centerra, to extend the contract for a one year period with six month-to-month extension options at the rates in Attachment I, and to remove the current annual contract expenditure cap of \$7.1 million.
2. Delegate authority to the Director, or his designee, to execute future amendments to the contract to exercise renewal options, add or delete facilities, approve necessary changes in scope, or effectuate amendments should the contracting entity merge, be acquired, or otherwise has a change of entity.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On November 15, 2016, your Board approved a motion instructing ISD, in collaboration with the Chief Executive Office and other relevant departments, to prepare a detailed assessment of the cost impact, feasibility and planning efforts required to replace all or a portion of ISD's contract for light and heavy-duty, on and off-road vehicle maintenance and repair services with County employees, and to submit the assessment report to the Board. The assessment was provided to your Board on April 13, 2017.

The current contract for vehicle maintenance and repair services will expire on July 31, 2017. An extension is necessary in order to maintain uninterrupted service requirements, until such time that a new contract can be solicited and awarded, or a determination made that the services would be provided by County employees.

The expenditure cap on the current contract was added via motion at the time that the contract was first approved by your Board. Since then, ISD has requested increases to the cap on two occasions. ISD is recommending removing the cap for the proposed extension period to allow departments to fully utilize the contracted services and provide the County with a more accurate estimate of the cost associated with providing the vehicle maintenance and repair services. ISD will, however, continue to provide quarterly reports to your Board on fleet expenditures.

Approval of the recommended actions will allow ISD to continue providing vehicle maintenance and repair services to County departments with the exception of Sheriff, Fire and Public Works departments.

## **Implementation of Strategic Plan Goals**

The recommended actions supports the County's Strategic Plan Goal III.3, Pursue Operational Effectiveness, Fiscal Responsibility and Accountability, by effectively managing County resources to enable ISD to continue providing the vehicle fleet maintenance and repair services to various County departments, and provide time to determine the future service model.

## **FISCAL IMPACT/FINANCING**

The Contractor is not guaranteed a fixed workload and will continue to be paid primarily on a fee-for-service basis with departments only charged for repair costs as they are incurred. The anticipated one year contract expenditures are approximately \$12.9 million; however, costs will fluctuate based on the actual use of the contracted services by County departments. The department conducted a cost analysis to ensure this contract is cost effective, a summary of which is attached (Attachment II). Pursuant to the Fiscal Manual, the Auditor-Controller reviewed the cost analysis for the contract amendment and approved the cost analysis that demonstrates that the contract is cost effective.

Funding is included in the Department's Fiscal Year 2017-18 Supplemental budget request for the anticipated level of service. Expenditures will be offset through billings to County departments.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On December 1, 2009, the Board awarded a contract to All Star Fleet Services, LLC (All Star) for vehicle fleet maintenance and repair services, effective February 1, 2010. The initial term of contract was for three years with two two-year renewal options and six month-to-month extensions. The final six month option period of the current contract term expires on July 31, 2017.

The County approved a name change to G4S Integrated Fleet Services, LLC (G4S) from All Star on November 9, 2011, and to Centerra Integrated Fleet Services, LLC from G4S effective February 1, 2015.

## **CONTRACTING PROCESS**

The current contract was competitively solicited via a Request for Proposals (RFP) in 2009. In order to provide ISD with the time necessary to conduct a competitive solicitation, this contract amendment is being recommended on a sole source basis.

The relevant labor unions are aware of the efforts being made by the County relative to the assessment of either re-soliciting or having the work performed by County employees. ISD consulted with representatives from AFSCME on June 13, 2017 and have not requested any follow up.

The CEO has approved the Sole Source Contract Checklist (Attachment III) and recommendations. In accordance with your Board's contract policy requirements for Sole Source Contracts, ISD notified your Board on June 6, 2017 of its intent to extend the contract with Centerra.

Except as expressly provided in the amendment, all other provisions and conditions of the contract will remain the same and in full force and effect. The recommended contract amendment will be executed after County Counsel review and approval as to form.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommended contract amendment is imperative to enable ISD to continue providing the vehicle fleet maintenance and repair services to various County departments, and provide time to determine the future service model.

## **CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors return two stamped copies of the approved Board letter to the Director, ISD.

The Honorable Board of Supervisors

7/18/2017

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Respectfully submitted,

A handwritten signature in blue ink that reads "Scott Minnix". The signature is written in a cursive, flowing style.

SCOTT MINNIX

Director

SM:DC:JS:YY:ct

Enclosures

c: Executive Office, Board of Supervisors  
Chief Executive Officer  
Chief Operating Officer  
County Counsel

## PRICING SCHEDULE

	UNIT	PRICING
<b>SERVICES</b>		
Light	Hourly Rate	\$69.48
Heavy	Hourly Rate	\$75.75
Off-Road	Hourly Rate	\$80.13
Mobile	Hourly Rate	\$80.13
Body Collision & Refinishing	Hourly Rate	\$46.99
Tear down of vehicles (prior County Approval required)	Hourly Rate	\$46.99
Paint Supplies	Hourly Rate	\$35.87
Motor Pool Management	Flat rate per vehicle rental	\$28.79
Car Wash	Flat rate per vehicle	\$11.51
<b>HAZARDOUS WASTE DISPOSAL CHARGES</b>		
Actual cost of Hazardous Waste Disposal Charges are Pass Through Fees with no Administrative Processing Fees:		
Waste Oils, Filters	Flat Rate Each Applicable Work Order	\$6.00
Corrupted Fuel	Flat Rate Each 55 Gallon Drum Exchange	\$235.00
Tire Disposal - Passenger	Flat Rate Each Tire	\$1.10
Tire Disposal - Light Truck	Flat Rate Each Tire	\$1.10
Tire Disposal - Heavy Truck	Flat Rate Each Tire	\$1.10
<b>SUBCONTRACTED SERVICES</b>		
Services < \$500.00	Percentage over actual cost	10.00%
Services > \$500.00	Percentage over actual cost	10.00%
<b>PARTS</b>		
Over actual net part cost	Percentage	10.00%

INTERNAL SERVICES DEPARTMENT  
 VEHICLE FLEET MAINTENANCE AND REPAIR SERVICES - AMENDMENT  
 PROP A COST ANALYSIS - Centerra Integrated Fleet Services, LLC  
 FY 2016-17

ESTIMATED CONTRACTOR COSTS				ESTIMATED COUNTY COSTS							
MECHANICAL SERVICES	RATE/HOUR	PROJECTED ANNUAL HOURS	ANNUAL MECHANICAL SERVICE COST	ITEM NO	CLASSIFICATION	PROPOSED COUNTY STAFFING	MONTHLY SALARIES	ANNUAL SALARIES <sup>7</sup>	TOP STEP VARIANCE (a) x 95.2255%	EMPLOYEE BENEFITS (b) x 51.1%	TOTAL ANNUAL SALARIES AND EMPLOYEE BENEFITS (b) + (c)
Body Shop	\$46.99	4,721.82	\$221,878.32	1082	ADMINISTRATIVE MANAGER XIII,ISD	1.0	12,615.59	154,939.59	164,999.97	84,314.99	249,314.96
Light	\$69.48	57,202.22	\$3,974,409.97	2102	SENIOR SECRETARY III	1.0	5,385.73	66,135.66	62,978.01	32,181.76	95,159.78
Heavy	\$75.75	16,227.90	\$1,229,263.43	1078	ADMINISTRATIVE MANAGER X,ISD	1.0	10,325.45	126,804.72	120,750.43	61,703.47	182,453.90
Off-Hwy	\$80.13	16,222.39	\$1,299,899.95	7446	SHOP SUPT,PUBLIC WORKS	2.0	7,778.58	191,066.76	191,066.76	97,635.11	288,701.87
<b>Total</b>		<b>94,374.32</b>	<b>\$6,725,451.66</b>	0907	STAFF ASSISTANT I	1.0	4,520.73	55,516.18	52,865.56	27,014.30	79,879.86
				4231	SUPVGM CONTRACT PROGRAM MONITOR,ISD	1.0	7,795.82	95,736.34	91,165.41	46,585.52	137,750.93
<b>CAR WASH</b>	<b>RATE/WASH</b>	<b>PROJECTED ANNUAL CAR WASH</b>	<b>ANNUAL CAR WASH COST</b>	4229	CONTRACT PROGRAM MONITOR	4.0	6,993.82	343,553.36	327,150.40	167,173.86	494,324.26
Flat Wash Fee	\$11.51	382	\$4,396.82	7437	POWER EQUIP TECHNICIAN SUPERVISOR	4.0	6,134.24	301,352.96	301,352.96	153,991.36	455,344.32
				7436	POWER EQUIP TECHNICIAN WKG SUPVR	4.0	5,867.58	288,253.04	288,253.04	147,297.30	435,550.34
				7433	POWER EQUIPMENT TECHNICIAN	42.0	5,464.75	2,818,868.64	2,818,868.64	1,440,441.88	4,259,310.52
<b>RENTALS</b>	<b>RATE/RENTAL</b>	<b>PROJECTED ANNUAL RENTALS</b>	<b>ANNUAL RENTAL COST</b>	7465	BODY & FENDER MECHANIC WKG SUPVR	1.0	5,867.48	72,062.06	72,062.06	36,823.71	108,885.77
Motor Pool Management	\$28.79	2,545	\$73,276.31	7000	POWER EQUIPMENT PAINTER	1.0	5,330.64	65,468.78	65,468.78	33,454.55	98,923.33
				7461	BODY & FENDER MECHANIC	2.0	5,464.75	134,231.84	134,231.84	68,592.47	202,824.31
				7427	POWER EQUIP TECHNICIAN HELPER II	14.0	4,465.27	767,678.52	731,025.71	373,554.14	1,104,579.85
<b>PARTS &amp; SUBLETS</b>	<b>PROJECTED ANNUAL COSTS</b>	<b>CONTRACTOR MARK-UP (10%)</b>	<b>ANNUAL PARTS &amp; SUBLETS COST</b>	2216	SENIOR TYPIST-CLERK	2.0	3,938.82	96,724.40	92,106.29	47,066.32	139,172.61
Parts	\$3,839,598.00	\$383,959.80	\$4,223,557.80	2214	INTERMEDIATE TYPIST-CLERK	5.0	3,495.27	214,565.30	204,320.88	104,407.97	308,728.85
Sublets	\$1,665,983.09	\$166,598.31	\$1,832,581.39	2344	PROCUREMENT ASSISTANT I	1.0	4,377.91	53,763.44	51,196.50	26,161.41	77,357.92
<b>Total</b>	<b>\$5,505,581.09</b>	<b>\$550,558.11</b>	<b>\$6,056,139.19</b>	2346	PROCUREMENT ASSISTANT II	1.0	4,880.00	59,926.00	57,064.83	29,160.13	86,224.96
							<b>88.0</b>				
				<b>ANNUAL LABOR COSTS</b>							<b>\$8,804,488.34</b>
				<b>ANNUAL SERVICES &amp; SUPPLIES COSTS</b>							<b>\$ 146,778.48</b>
				<b>ANNUAL PARTS &amp; SUBLETS COSTS</b>							<b>\$5,505,581</b>
				<b>START-UP COSTS</b>							<b>\$ 1,566,458.88</b>
				<b>ANNUAL INDIRECT COSTS</b>							<b>\$ 89,340.00</b>
<b>TOTAL ESTIMATED CONTRACTOR COSTS</b>			<b>\$12,859,263.99</b>	<b>TOTAL ESTIMATED AVOIDABLE COSTS</b>							<b>\$ 16,112,646.79</b>

<b>TOTAL ESTIMATED AVOIDABLE COSTS:</b>	<b>\$ 16,112,646.79</b>
<b>TOTAL ESTIMATED CONTRACT COSTS:</b>	<b>\$ 12,859,263.99</b>
<b>ESTIMATED CONTRACT MONITORING COSTS:</b>	<b>\$ 732,276.13</b>
<b>ESTIMATED SAVINGS FROM CONTRACTING:</b>	<b>\$ 2,521,106.67</b>
<b>ESTIMATED SAVINGS PERCENTAGE:</b>	<b>15.6%</b>

## SOLE SOURCE CHECKLIST

### JUSTIFICATION FOR SOLE SOURCE CONTRACTS

Identify applicable justification and provide documentation for each checked item:

- Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. Monopoly is an "Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist."
- Compliance with applicable statutory and/or regulatory provisions.
- Compliance with State and/or federal programmatic requirements.
- Services provided by other public or County-related entities.

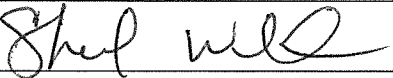
- Services are needed to address an emergent or related time-sensitive need.

ISD currently contracts with Centerra Integrated Fleet Services, LLC (Centerra) for vehicle fleet maintenance and repair services to all County departments with the exception of Sheriff, Fire, and Public Works departments. The current contract does not guarantee Centerra a fixed workload. Centerra is paid on a fee-for-service basis and departments are only charged for repair costs as they are incurred.

On November 15, 2016, the Board approved a motion instructing ISD, in collaboration with the Chief Executive Office and other relevant departments, to prepare a detailed assessment of the cost impact, feasibility and planning efforts required to replace all or a portion of ISD's contract for light and heavy-duty, on and off-road vehicle maintenance and repair services with County employees, and to submit the assessment report to the Board. The report was submitted to the Board on April 13, 2017.

Because the current contract for the required services will be expiring on July 31, 2017, an extension of the current contract is required to provide the County with time to determine whether a new contract will be solicited and awarded or if the services will be provided by County employees. Additionally, the extension of the current contract is imperative to enable ISD to continue providing vehicle fleet maintenance and repair services to various County departments, and provide time to determine the future service model.

- The service provider(s) is required under the provisions of a grant or regulatory requirement.
- Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
- Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
- It is more cost-effective to obtain services by exercising an option under an existing contract.
- It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.

CHIEF EXECUTIVE OFFICE 	DATE <u>6/15/17</u>
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