LOS ANGELES COUNTY ISD INTERNAL SERVICES

Tom Tindall
Director

COUNTY OF LOS ANGELES
Internal Services Department
1100 North Eastern Avenue
Los Angeles, California 90063

To enrich lives through effective and caring service.

Telephone: (323) 267-2101
FAX: (323) 264-7135

December 16, 2008

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

Dear Supervisors:

REQUEST FOR APPROVAL TO EXTEND VEHICLE FLEET MAINTENANCE AND REPAIR SERVICES CONTRACT NUMBER 74512 WITH JOHNSON CONTROLS, INC.
(ALL DISTRICTS - 3 VOTES)

SUBJECT

Approve and authorize the Director of Internal Services Department or his designee to execute an amendment with Johnson Controls, Inc., to continue providing vehicle fleet maintenance and repair services for six months, with one six-month option and two three-month options and to approve new rates for the six month extension and option periods.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve an amendment to Vehicle Fleet Maintenance and Repair Services contract with Johnson Controls, Inc. to extend the term of the contract for six months, effective February 1, 2009, with one six-month option and two three-month options upon mutual agreement between County and Johnson Controls, Inc.

2. Delegate authority to the Director of Internal Services Department, or his designee, to execute the amendment with Johnson Controls, Inc. and to execute all renewal options in accordance with the contract.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Internal Services Department (ISD) provides vehicle fleet maintenance and repair services for approximately 4,400 vehicles for all County departments except Sheriff, Fire and Public Works through a contract with Johnson Controls, Inc. (JCI). The current contract with JCI expires on January 31, 2009, and the Department is requesting approval by your Board to extend the contract term for six months to continue providing

uninterrupted vehicle fleet maintenance and repair services to County departments. Additionally, the six-month extension will provide the Department with adequate time to evaluate and determine an appropriate business model for future fleet operations.

In anticipation of the contract expiration, the Department conducted two competitive solicitations in February and June of this year as indicated in the Contracting Process below. However, the resulting proposed contract costs from both solicitations were not cost effective based on requirements for awarding a Proposition A contract.

Implementation of Strategic Plan Goals

Approval of the amendment to extend the contract is consistent with the County's Strategic Plan Goal No. 4: Fiscal Responsibility. The recommended actions provide the lowest cost to provide vehicle fleet maintenance and repair services for six months.

FISCAL IMPACT/FINANCING

Departments will only be charged as maintenance and repair services are incurred. Sufficient appropriation is available in ISD's Fiscal Year 2008-2009 budget for the cost of the recommended contract extension. The Department will request sufficient appropriations in future fiscal years to fund any extensions.

Under the terms of the current contract the overall annual cost to the County for providing these services is approximately $6.7 million including contract monitoring costs. Based on the negotiated terms of the contract extension, it is anticipated that the overall annual cost to the County for providing these services will be approximately $9.3 million.

The contract rates are fixed for the six-month extension and any options exercised.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The current contract with JCI was approved by your Board on May 8, 2003, with an effective date of August 1, 2003. Through various amendments, the terms and conditions have been updated to include the most recent Board required contract provisions.

The recommended amendment extends the contract term for six months effective February 1, 2009, with one six-month option and two three-month options exercised by mutual agreement between County and JCI. In addition, the contract sum provision will be amended to reflect the revised negotiated contract rates identified in the attached.

JCI has taken exception to the Budget Reduction provision which could reduce services if mandated by your Board. Therefore, language has been added to this provision which enables JCI to terminate the contract for convenience in the event the Department reduces their services.

Due to the fact that the proposed contract extension with JCI is only for six months, and is temporary in nature, the Department is requesting approval by your Board to continue contracting these services without a determination that it is currently cost effective to do so. During the contract extension, the Department will continue to monitor JCI's compliance with the Living Wage Program as required in the existing contract.

The Department has a team of fleet maintenance experts in the field, including a government fleet consultant, developing an appropriate business model and fleet management plan for implementation at the conclusion of the contract extension. During the contract extension, the Department will issue a new solicitation based on the appropriate business model and/or implement a plan to provide vehicle fleet maintenance and repair services with County employees.

The recommended amendment has been approved as to form by County Counsel and will be executed by the Director of ISD upon your Board's approval.

CONTRACTING PROCESS

On February 12, 2008 and on June 12, 2008, ISD released a Request for Proposals (RFP) for Vehicle Fleet Maintenance and Repair Services. With each release, the RFP was posted to the County's "Doing Business with Us" website, electronically distributed to 33 registered vendors in Webven and 10 non-registered vendors and advertised in three major newspapers.

The first solicitation was primarily based on the existing business model, but included additional service enhancements. As a result of this solicitation, two proposals were received and evaluated. However, evaluation of the cost proposals indicated a substantial cost increase when compared to the current contract cost. Based on these findings, the Department determined a second RFP was required.

The second solicitation eliminated the service enhancements in efforts of receiving lower cost proposals. As a result of the second solicitation, two proposals were received and evaluated. While the proposed costs received from the second solicitation were lower than the first solicitation, the Auditor-Controller's Proposition A cost analysis confirmed that the proposed costs did not meet Proposition A requirements for cost effectiveness. The Department then requested a best and final offer from both proposers. These responses were not cost effective.

The current contractor, JCI, did not submit proposals in response to the solicitations. However, to avoid a disruption in fleet services, the Department entered into negotiations with JCI to extend the contract for six months. JCI agreed to continue providing fleet maintenance and repair services at an increased cost negotiated with the Department. JCI's costs were compared with the results from the best and final offers from both proposers and deemed to be the lowest cost.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended action will enable ISD to continue providing fleet maintenance and repair services with no interruption to departments. There will no be employee impact, as the services are currently provided by contract.

CONCLUSION

Approval of this amendment will enable the Department to provide vehicle fleet maintenance and repair services with no disruption in service until a new business model can be implemented.

Upon Board approval, the Executive Officer, Board of Supervisors, is requested to return one adopted stamped Board letter to ISD.

Respectfully submitted,

Tom Tindall
Director

TT:JS:LG

Attachment

c: Chief Executive Office
County Counsel
Auditor Controller

ATTACHMENT

REVISED PRICING BY JCI

	New Rates
Mechanical Repairs for light – Off Road	$84.00/hour
Body Shop	$84.00/hour
Monthly Management Fee	$40,000
Parts Percentage over actual cost of part	15%
Hazardous Waste Disposal on all PM Work Orders	$3.30
Subcontracted Services Percentage over actual cost of services	5%
Car Wash for each light/heavy vehicle	$15.00