



Agenda Item # _____

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Fahey and Members of the City Council

THROUGH: Geoff Dolan, City Manager

FROM: Neil Miller, Director of Public Works
Bruce Moe, Director of Finance
Lindy Coe-Juell, Senior Management Analyst (Acting)
Juan Price, Maintenance Superintendent

DATE: November 15, 2005

SUBJECT: A. Approve a Five-Year Contract with CleanStreet for the City's Street Sweeping Services and Exterior Custodial Maintenance Services for the Strand, Pier, Downtown Streetscape, and the Metlox and Civic Center Plazas.

B. Appropriate Additional Funds in the Amount of \$40,362 from the Refuse Fund to Cover Increased Costs.

RECOMMENDATION:

Staff recommends that the City Council:

- A. Authorize the City Manager to execute a five-year contract with CleanStreet for the City's Street Sweeping Services and Exterior Custodial Maintenance Services for the Strand, Pier, Downtown Streetscape, and Metlox and Civic Center Plazas.
- B. Approve an additional appropriation of \$40,362 from the refuse fund to cover cost increases for services under the new contract.
- C. Discuss and provide direction regarding a street sweeping fee increase to cover the increased cost of street sweeping under the new contract and to potentially cover the cost of exterior custodial maintenance of the strand.

FISCAL IMPLICATION:

The proposed five-year contract with CleanStreet would include street and parking lot sweeping services in addition to exterior custodial maintenance services for the Strand, the Pier, the Downtown streetscape/landscape, and the Metlox and Civic Center plazas. The total annual cost of the five-year contract for all services would be \$513,461. Of that amount, \$303,506 covers the street sweeping services and \$209,955 covers the exterior custodial maintenance.

Our current contract for street sweeping services with CleanStreet expired on October 31, 2005. Therefore, the new contract would cover eight months (November through June) in Fiscal Year 2005-2006. Due to the cost increase for the street sweeping portion of the sweeping services, an additional appropriation in the net amount of \$17,862 from the refuse fund would be required to cover costs for the remainder of this fiscal year. Sufficient funds have been budgeted to cover the parking lot portion of the sweeping services under the new contract.

With a start date of January 1, 2006, the total cost for the proposed exterior custodial maintenance services for the remainder of the fiscal year would be \$104,978. The City has historically paid for each of the services under this portion of the contract using different designated funds. Sufficient funds have been budgeted to cover the service costs for the Pier, Downtown streetscape/landscape, and the Metlox and Civic Center plazas for the remainder of the fiscal year. An additional appropriation totaling \$22,500 would be necessary to cover the increased costs for custodial maintenance of the Strand for a six-month period. However, the service on the Strand will be initiated in phases due to the phased Strand improvement project. Therefore, it is likely that we will not expend the entire \$22,500.

In total, an additional appropriation of \$40,362 will be required to cover the cost increase of the new contract through the end of the current Fiscal Year. This additional appropriation will account for \$17,862 towards the street sweeping portion of the contract and \$22,500 for cleaning services on the Strand.

This report focuses on the substance of the new proposed contract and the financial impact for the remainder of the current fiscal year. However, the cost increases associated with street sweeping and other portions of the new contract will have additional financial impacts for the subsequent four years of the contract. Since July 1, 2004, our street sweeping services have been supported by a user fee paid by residential and commercial customers as a percent of their refuse bills. In order to support street sweeping at current service levels, a rate increase will need to be approved following a public hearing. If Council so directs, Staff will provide a resolution with the recommended street sweeping rate for public hearing and Council consideration at the next meeting.

BACKGROUND:

Since November 1995, CleanStreet has provided street sweeping services for our City under two consecutive five-year contracts. Our current contract term expired on October 31, 2005 and the new five-year contract for street sweeping would be retroactive for services beginning on November 1, 2005. The exterior custodial maintenance services will be initiated under the new contract on January 1, 2006. The five-year contract for all services would expire on October 31, 2010.

Public Works released Request for Proposals (RFP) in August 2005 for street sweeping services in addition to exterior custodial maintenance services for the Strand, Pier, Downtown streetscape and the Metlox and Civic Center plazas. Contractors were given the option to bid on these services separately. The purpose of soliciting proposals for exterior custodial maintenance services in addition to street sweeping was to provide the Contractors the option of bundling services, which

Staff hoped could result in value added to the City through increased levels of service and efficiency.

The City received three responses to our RFP. Two responses contained proposals and one provided notice that the Company was unable to bid for the current contract but would like to be considered for future contracts. CleanStreet submitted the lowest bid for the street sweeping service portion and was the only Contractor to bid on the other services. Staff met with the CleanStreet Chief Executive Officer several times during late September and early October 2005 to discuss the Company’s proposal. Through these discussions, staff was able to negotiate a lowered bid on several service portions including the street sweeping and clarify the necessary levels of service for each aspect of the contract.

CleanStreet’s proposal has been broken into two sections—Sweeping Services and Exterior Custodial Maintenance Services—for the following discussion. Section 1 covers the proposed the sweeping services for the City streets and parking lots. Section 2, which covers the custodial maintenance services in CleanStreet’s proposal, contains four parts: 1) Strand Maintenance, 2) Pier Maintenance, 3) Downtown Streetscape and Landscape Maintenance, and 4) Metlox and Civic Center Plazas. Section 3 discusses the street sweeping fee increase.

DISCUSSION:

Section 1: Street and Parking Lot Sweeping

The City’s experience with the sweeping services provided by CleanStreet during the past ten years has been very positive. CleanStreet has consistently provided high-quality service and customer care. Because the current level of service is meeting our City’s sweeping needs, this section addresses the cost associated with the sweeping services under the CleanStreet proposal rather than changes in, or an increased level of, service.

Sweeping Services	Current Annual Cost	Proposed Annual Cost	Cost Change	Comments	FY 05-06 Budget & Fund	Add'l Approp. & Fund
Streets	\$179,760	\$233,000	\$53,240	Service levels would remain unchanged.	\$197,394 Refuse	\$17,862 Refuse
Parking lots	\$67,044	\$70,506	\$3,462	Metlox and Civic Center lots included.	\$90,000 Parking Fund	N/A
Total Annual Cost	\$246,804	\$303,506				

Table 1: Comparison of Current and Proposed Sweeping Services

Street Sweeping

Although CleanStreet’s bid for street sweeping is \$53,240 more annually than under the previous five-year contract, the Company has provided several reasons for the increase:

- CleanStreet recently purchased a new alternative fuel street sweeper for approximately \$75,000 more than the cost of a new diesel sweeper. Alternative fuel sweepers are required to reduce air toxic and criteria pollutant emissions in the jurisdiction of the South Coast Air Quality Management District. The City of Manhattan Beach falls under this jurisdiction. CleanStreet’s new alternative fuel sweeper will be dedicated for use in Manhattan Beach.
- The rising cost of fuel has added approximately \$12,000 per year to CleanStreet’s operating expenses.
- Workers’ compensation and general liability insurance has also increased greatly in the past five years adding \$12,000 per year to CleanStreet’s operating expenses.

In addition to the reasons for increased operating costs that CleanStreet has reported, the Company requested and was granted only one payment adjustment for street sweeping services in Manhattan Beach over the past ten years. In accordance with standard procedures, our contracts have provided that the Company could have requested a payment adjustment on a yearly basis. The one increase that was requested and approved during the past was for a total of 7% in the last five-year contract.

Another way to view the expense of street sweeping is by the unit cost, or cost per curb mile. CleanStreet’s bid for service in Manhattan Beach is approximately \$21/curb mile. We found that this cost is very reasonable compared with what other nearby Cities are paying to Contractors for their street sweeping service.

Table 2: Street Sweeping Unit Cost Comparison

Municipality	Cost for Street Sweeping Per Curb Mile
Manhattan Beach	\$21
Lawndale	\$21
El Segundo	\$22
Hawthorne	\$22
Signal Hill	\$23

Additional Appropriation for the Remainder of the 2005-2006 Fiscal Year

Under the current contract, we pay \$14,980 (\$179,760/12) per month for street sweeping services. Under the new contract we would pay \$19,417 (\$233,000/12) per month. This cost difference will require a relatively small additional appropriation to cover the monthly payments for November through June, or through the end of this fiscal year. Our remaining street sweeping budget for this eight-month time period will be \$137,474 [\$197,394 – (\$14,980 x 4)], which is the budgeted amount for street sweeping minus the payments made for July-October 2005. Under the proposed CleanStreet bid, our costs for that eight month period will be \$155,336 (\$19,417 x 8). The required additional appropriation to cover the cost difference will be \$17,862. The refuse fund has a sufficient fund balance to cover this appropriation.

Parking Lot Sweeping

Our parking lot sweeping service had been provided by another Contractor until June of 2005. The level of service provided by that contractor was deemed to be insufficient to meet the City’s needs.

The City asked CleanStreet to begin parking lot sweeping at that time and the Company has provided excellent service using a small mechanical sweeper and hand sweeping where necessary. The annual cost increase for this service is \$3,462 and will include the Metlox and Civic Center parking lots. Sufficient moneys have been budgeted to cover the increase for the remainder of the current fiscal year.

Section 2: Custodial Maintenance Services

CleanStreet provided a full response to our RFP for exterior custodial maintenance services for the Strand, the Pier, the Downtown streetscape and the Metlox and Civic Center plazas. We requested proposals for these services in addition to street and parking lot sweeping because the work required for each aspect is closely related and we hoped to take advantage of economies of scale in bundling the services. For example, CleanStreet has equipment and staff expertise that allow it to offer not only street sweeping services, but other cleaning and maintenance services such as the power washing requested for the Strand.

The following section provides a discussion of each of the cleaning and maintenance services in CleanStreet's bid. Some of the proposed services involve a change in the level of service over previous years. Other services, such as cleaning and maintenance of the Metlox and Civic Center Plazas are new for our City. The proposal that CleanStreet submitted for the exterior custodial maintenance services is an overall package. If Council decides not to approve the contract for the entire package, Staff would need to return to discussions with CleanStreet to determine costs for individual service pieces.

Table 3: Comparison of Current and Proposed Exterior Custodial Services

Strand Custodial Maintenance

CleanStreet’s proposal for cleaning the Strand offers a higher level of service than is currently provided. Currently, the Strand is hand swept once per week by TruGreen, our landscape contractor, and City Staff power-wash the Strand once per year. CleanStreet will provide mechanical sweeping using a small vacuum sweeping vehicle. The sweeping service will also include hand sweeping of the alcoves around the trash containers and benches. CleanStreet’s proposal for the Strand also includes power washing the entire length of the Strand twelve times during the year. The City may choose to have the Strand power washed twice during a summer month and forgo the service during a rainy winter month.

An additional appropriation will be required to cover the increased cost for cleaning the Strand for the remainder of the Fiscal Year. The City budgeted \$14,000 for sweeping services, but did not budget for power-washing since that service has been provided in-house. With a start date of January 1, 2006, the cost for custodial maintenance of the Strand under the new contract would be \$30,800. We are currently paying \$950 per month for sweeping services. Our remaining budget on January 1st will be \$8,300 [\$14,000 – (\$950 x 6)]. An additional appropriation of \$22,500 (\$4,500 for street sweeping and \$18,000 for power washing) would be necessary to cover the increased cost through the end of the Fiscal Year.

Staff recommends appropriating the additional funds from the refuse fund, which has a sufficient

Exterior Custodial Maintenance Services	Current Annual Cost	Proposed Annual Cost	Cost Change	Comments	FY 05-06 Budget \$ Fund	Add'l Approp. & Fund
Strand						
Sweeping	\$11,400	\$25,600	\$14,200	Current Service is hand sweeping once per week. Proposed service is mechanical sweeping twice per week.	\$14,000 General Fund	\$4,500 Refuse
Power Washing	Provided In-house	\$36,000	N/A	We currently power wash the Strand once per year. The new cost will cover 12 times per year.	N/A	\$18,000 Refuse
Pier	\$14,784	\$31,155	\$16,371	The proposed cost will include extra cleaning needed for special events. The current cost does not include that service.	\$26,880 Pier Lot	N/A
Downtown Streetscape and Landscape	\$17,448	\$37,000	\$19,552	The proposed cost will cover an increased level of service with 4 dedicated custodial staff versus 1.	\$28,536 Streetscape Assessment District	N/A
Metlox and Civic Center	New Service	\$80,200	N/A	Landscaping around City Hall is included in the proposal.	\$81,600 Parking Fund	N/A
Total Annual Cost		\$209,955				

fund balance to cover the appropriation. Providing this higher level of cleaning service on the Strand will carry a fiscal impact in future years. Historically, the City has not designated funds to cover the cost of this level of service. Staff recommends folding the cost of custodial maintenance of the Strand into the street sweeping user fee. The details of this recommendation are provided in Section 3.

Pier Exterior Custodial Maintenance

CleanStreet currently provides the exterior custodial maintenance for the Pier, and the service level under the new contract would be unchanged from current operation. CleanStreet's proposal for cleaning the strand includes different frequencies for the summer and winter months. During the summer months, the entire Pier will be swept seven days per week. Additionally, the entire Pier will be pressure washed three days per week and the base and bulb, which have the heaviest use, will also be washed on the remaining four days. During the winter months, CleanStreet will continue sweep the Pier seven days per week but will decrease the power washing frequency to the entire Pier once per week and the base and bulb twice per week.

The City asked CleanStreet to start exterior custodial maintenance of the Pier approximately six months ago because Staff was receiving a high rate of complaints about the appearance of the Pier. Prior to that time, TruGreen was responsible for the Pier maintenance. The frequency of power washing and sweeping services for the Pier was developed in cooperation with guidance from Staff. Since implementing the service frequency as described above, Staff has received significantly fewer complaints regarding the Pier.

Sufficient funds have been budgeted to cover the cost increase under the new contract through the end of the fiscal year with service beginning on January 1st. Additionally, sufficient funds are available to cover the annual cost increase for this service under the new contract for the remaining four years. The City has a dedicated funding source for the cleaning of the Pier. The State Pier & Parking Lot Fund is an enterprise fund that is used to account for the operation and maintenance of the Pier, comfort station, and adjacent parking lots. Sufficient funds from this source are available to cover the annual cost of \$31,155 under the new contract, which is \$4,275 greater than the budgeted amount from this Fiscal Year.

Downtown Streetscape and Landscape Maintenance

This section of the proposed contract will cover exterior custodial maintenance of the streetscape and all of the landscape maintenance needs in the Downtown. The exterior custodial maintenance includes cleaning of the public right-of-way, gutters, sidewalks, public furniture, and trash receptacles. It also includes graffiti removal from all City owned structures and the disposal of any overflow debris. The landscape maintenance will include all of the turf maintenance, watering, tree trimming, and general care required for all landscaped areas in the Downtown including Metlox and the Civic Center.

This service, including the exterior custodial maintenance, is currently provided by TruGreen, the City's landscape contractor. However, CleanStreet conducted a demonstration of its exterior custodial maintenance services this summer at no additional cost to the City. This trial demonstration included extra power washing and debris clean-up. As a mark of the success of

CleanStreet's demonstration, the City Manager's Office and the Public Work's Office received virtually no complaints regarding the appearance of the Downtown this summer. CleanStreet also has the staff expertise to provide the landscaping services Downtown. CleanStreet currently provides landscaping services for Hermosa Beach along Pier Avenue.

Although the cost of this service will be increasing by \$19,522 over the current contracted cost, a higher level of service will be provided. CleanStreet plans to dedicate a crew of four porters that will focus exclusively on all of the exterior custodial maintenance needs in Downtown, for the Pier, and the Strand. Staff has also found that the TruGreen significantly under-bid the Downtown streetscape and landscape maintenance service portion of their contract. The Downtown portion of TruGreen's work is very minor compared to the entire scope of their contract, which includes all the parks and school athletic field maintenance.

Sufficient monies have been budgeted in the FY 2005-2006 Street Lighting and Landscaping Fund to cover the cost increase (\$8,464) for the new contract. Downtown streetscape and landscape services have traditionally been paid from Streetscape Assessments, augmented with a General Fund subsidy since the Streetscape traditionally operates at a deficit. This year, a transfer of \$47,475 from the General Fund was required in support of the streetscape zone. The deficit in the Streetscape Assessment District zone will continue to increase unless there is a Proposition 218 vote to increase property assessments for these services.

Metlox and the Civic Center Plazas Custodial Maintenance

This section of the proposed contract represents a new service for the City of Manhattan Beach with the addition of the Metlox and Civic Center facilities. Each facility will have a public plaza that will require custodial maintenance. CleanStreet's proposal consists of daily spot cleaning of the plazas, daily collection of trash overflow, and monthly power washing.

Sufficient monies were budgeted for this service from the Parking fund. Staff anticipates that sufficient monies will be available to cover this additional service cost for the duration of the proposed five-year contract.

Section 3: Street Sweeping User Rate Increase

In July 2004, Council adopted an ordinance imposing a street sweeping fee for residential and commercial customers in order to generate the necessary revenue to support this service and to reduce the fiscal burden on the General Fund. Per a 2004 study conducted by the firm Revenue and Cost Specialists, the cost of street sweeping, including administrative overhead, was \$201,880. City Staff determined at that time, that a street sweeping fee set at 6.38% of refuse billing would generate the necessary revenue cover the street sweeping cost as determined by the study.

Based on the proposed actual cost of street sweeping services for the new contract, we have determined that a user fee of 8.29% of refuse billing for both residential and commercial customers would generate the necessary revenue to support street sweeping with the proposed cost. As shown in the table below, the proposed street sweeping fee would add approximately \$0.25 per month to the typical residential refuse bill and \$1.72 to the typical commercial refuse bill.

As discussed above, the City has not historically budgeted for power washing on the Strand. As requested by Staff, CleanStreet’s proposal includes sweeping and power washing services for the Strand that Staff believes will provide a level of cleanliness consistent with the expectations of our residents. Because the Strand is a community resource that provides a benefit to all people living and working in the City, Staff recommends folding the cost of exterior custodial maintenance of the strand into the street sweeping fee. A street sweeping fee of 10.46% would cover the cost of both street sweeping and exterior custodial maintenance of the Strand under the new contract. This rate would add \$0.53 monthly to the typical residential refuse bill and \$3.68 to the typical commercial refuse bill.

Table 4: Comparison of Street Sweeping Fees for Proposed Services

	Current Street Sweeping Charge	New Street Sweeping Charge	New Street Sweeping Charge with Strand
Street Sweeping Fee (as a percentage of the reuse bill)	6.38%	8.29%	10.46%
Residential Bill \$12.89	\$0.82	\$1.07	\$1.35
Commercial Bill \$90.24	\$5.76	\$7.48	\$9.44

CONCLUSION:

Staff recommends approving the five-year contract with CleanStreet for the City’s street sweeping services and exterior custodial maintenance services for the Strand, Pier, Downtown streetscape, and the Metlox and Civic Center plazas. The proposal provides a complete package that will deliver the appropriate level of cleaning services consistent with the expectations of residents and visitors to the City of Manhattan Beach. Based on Council direction, Staff will return to the next Council meeting with a report and resolution presenting the new street sweeping fees.

ALTERNATIVES:

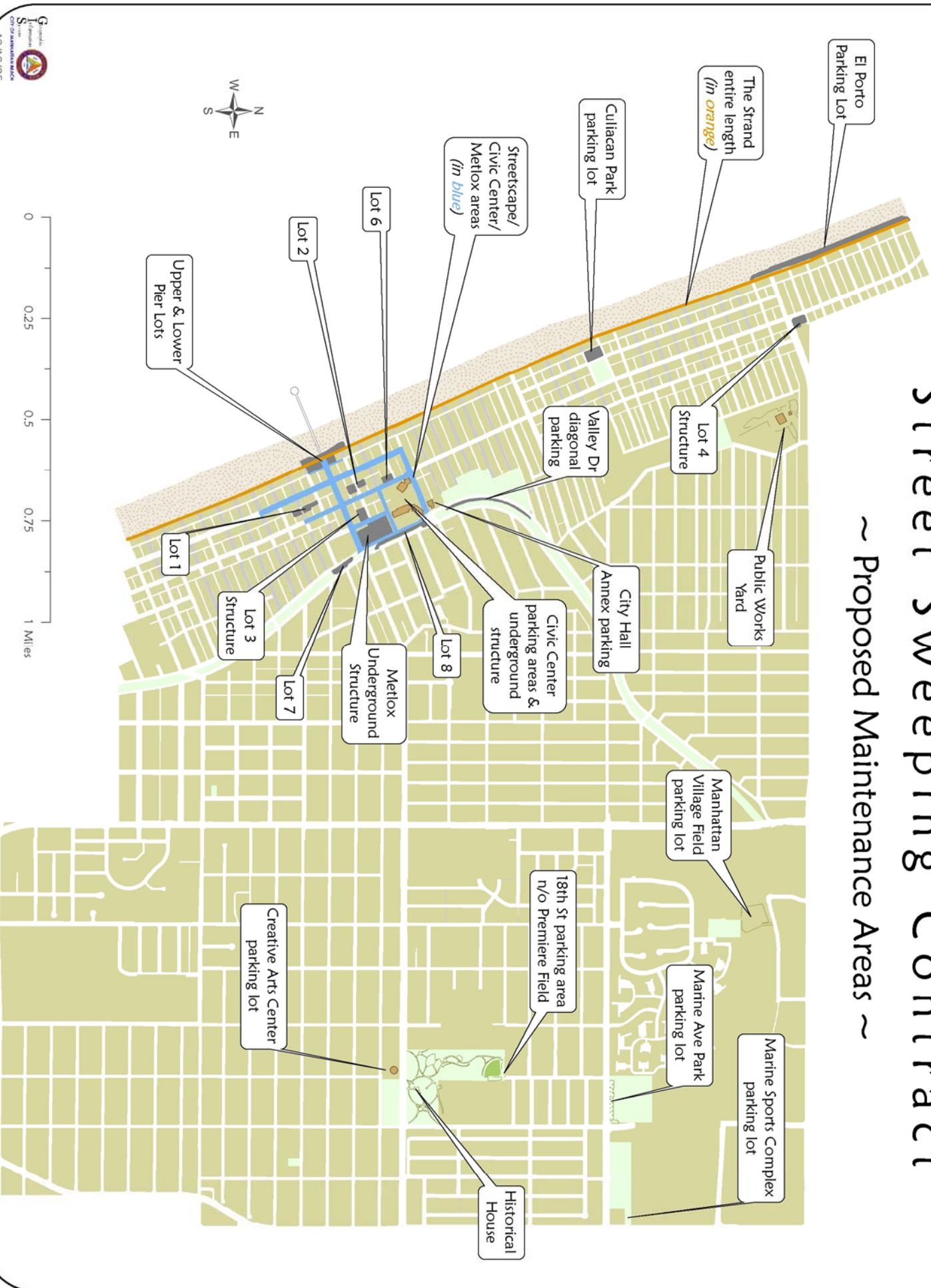
Alternatives include:

- Approving the five-year contract with CleanStreet for the City’s street sweeping services and exterior custodial maintenance services for the Strand, Pier, Downtown streetscape/landscape, and the Metlox and Civic Center plazas.
- Provide other direction.

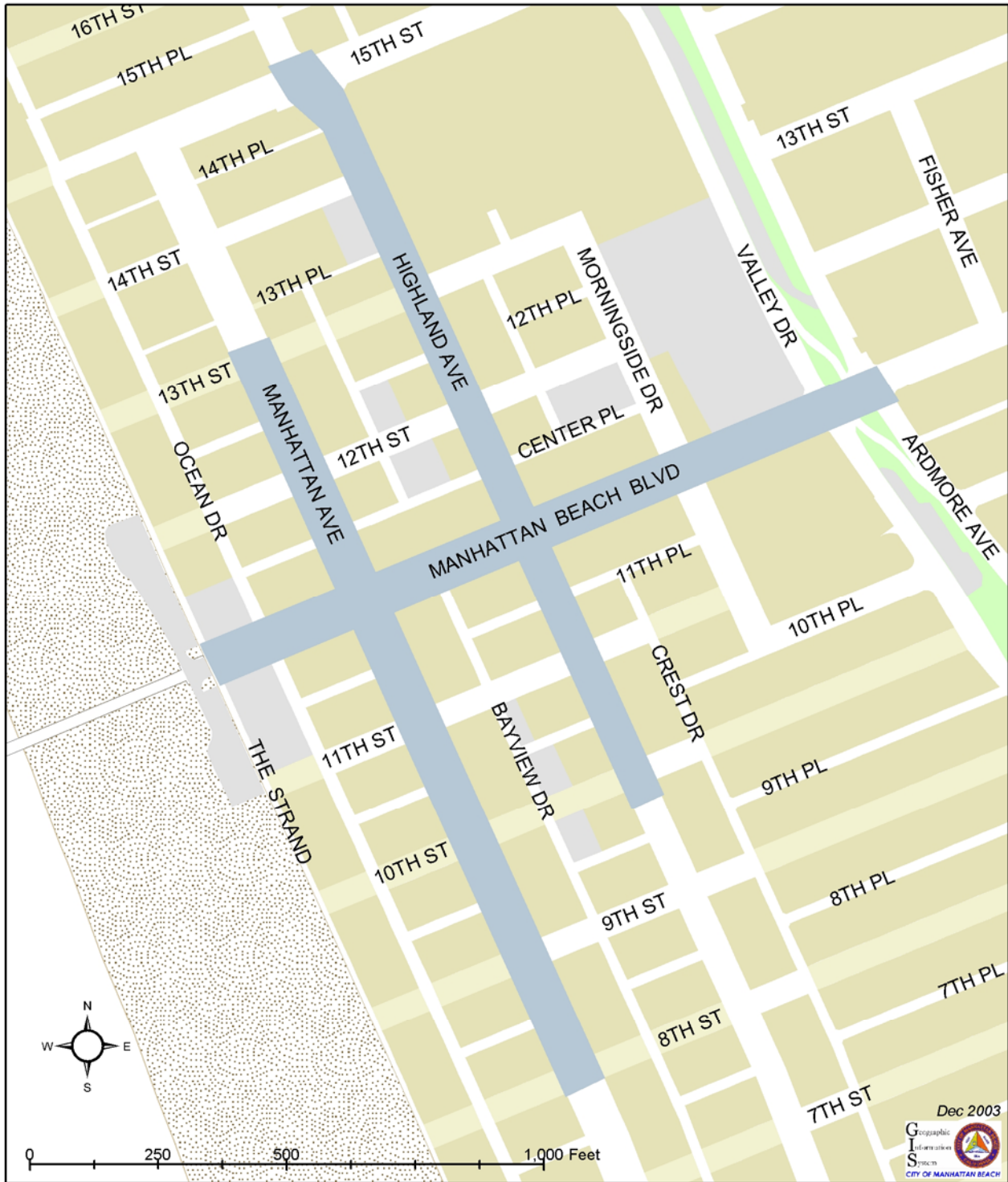
Attachments: A. Map of the Proposed Maintenance Areas of the Street Sweeping Contract
 B. Map of the Downtown Streetscape

Street Sweeping Contract

~ Proposed Maintenance Areas ~



City of Manhattan Beach



■ Downtown Streetscape