TOWN OF DAVIE
TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: Herb Hyman/1016

PREPARED BY: Herb Hyman

SUBJECT: Resolution

AFFECTED DISTRICT: All

ITEM REQUEST: **Schedule for Council Meeting**

TITLE OF AGENDA ITEM: CONTRACT AMENDMENT - A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE MAYOR TO EXECUTE AMENDMENT NUMBER 2 TO THE CONTRACT BETWEEN THE TOWN AND FIRST VEHICLE SERVICES FOR GARAGE MAINTENANCE OPERATIONS, AND PROVIDING FOR A TARGET BUDGET. ($1,473,110)

REPORT IN BRIEF: The Town previously awarded a contract for vehicle maintenance services by Resolution R-2007-335 and approved Amendment number 1 by Resolution R-2008-252. The initial term of the contract is five (5) years. Each year of the contract, the "target amount" needs to be renegotiated to cover changes in the cost of parts, labor, etc. The initial request from First Vehicle Services for this year's amendment was a 1% increase for parts and a 2% increase for labor. The 2% increase for labor would have been to reward the maintenance technician for passing additional ASE certification test. The mechanics enhancing their skills would benefit the Town. Additionally, the contract contains a clause that says that any portion of the labor budget that is unused is refunded 100% to the Town. Even though the initial request was thought to be reasonable, we still negotiated downward and are able to present an amendment for a zero increase for next contract year which runs from December 1, 2009 to November 30, 2010. We explored the possibility of using a synthetic oil to reduce the amount of oil changes in an effort to drive down the total cost of the contract. However, First Vehicle Services does not recommend that program for public safety vehicles. If you remove the Police and Fire Department vehicles from the equation, going to a synthetic oil program for the vehicles in Utilities, Public Works, and Parks & Recreation, didn't make a significant difference.

PREVIOUS ACTIONS: n/a

CONCURRENCES: The contract amendment was negotiated by the Procurement Manager and the Fire Chief.

FISCAL IMPACT: Yes

Has request been budgeted? Yes

If yes, expected cost: $1,473,110

RECOMMENDATION(S): Motion to approve resolution

Attachment(s): Contract Amendment

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE MAYOR TO EXECUTE AMENDMENT NUMBER 2 TO THE CONTRACT BETWEEN THE TOWN AND FIRST VEHICLE SERVICES FOR GARAGE MAINTENANCE OPERATIONS, AND PROVIDING FOR A TARGET BUDGET.

WHEREAS, the Town awarded a contract for garage maintenance operations by Resolution R-2007-335 and approved Amendment number 1 by Resolution R-2008-252; and

WHEREAS, amendments are required to accommodate changes to the contract and to adopt negotiated annual target budgets; and

WHEREAS, the Town has negotiated a new target budget as described in Attachment "A"; and

WHEREAS, after review, the Town Council wishes to authorize the Mayor to execute Amendment Number 2 to the contract between The Town and First Vehicle Services.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. The Town Council authorizes the Mayor to execute Amendment Number 2 to the contract between The Town and First Vehicle Services attached hereto and identified as Attachment "A".

SECTION 2. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2009

_____

_____

MAYOR/COUNCILMEMBER

Attest:

_____

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2009

First Vehicle Services

First Vehicle Services
6671 W. Indiantown Road
Suite 56-433
Jupiter, FL 33458
Phone: 561-578-0306
Fax: 561-404-4886

September 9, 2009

Herb Hyman
Procurement Manager
Town of Davie
6591 S.W. 45th Street
Davie, FL 33314

Dear Mr. Hyman:

I would like to thank you for your time to review the annual contract cost. I feel we have the best fleet team in place to serve The Town of Davie. Once again, FVS ranked in the Top 100 Fleets for 2009. It is our intention to continue providing a high level of service to The Town of Davie as we strengthen our partnership going forward. Enclosed is our 2009/2010 contract year budget request.

There are several factors that attributed to the budget request and they are listed below:

1. There was an increase in the cost of parts due to the inflationary factors of the price of oil and the weak economy in general. The 12 month average **(CPI)** Motor Vehicle Maintenance and Repair is 5.26%, ,which I have included for your review

2. There has been a significant increase in insurance, healthcare and benefit costs to employers. Upwards of 14% for 2009.

3. The year to date actual labor cost is projecting to be **over** our 2009 budget by $51,000. In an effort to assist the Town, FVS will be putting on hold all employee increases for this contract year, excluding technician ASE Certification program which we will provide for.

4. The fleet reductions for the Town are Vehicles 402 down to 389, a 3.3% decrease. Equipment 413 down to 396, a 4.2% decrease. In total the fleet size has adjusted by 3.7% from the 12/2008 count of 823. In accordance with sections 5.13 (a) & (b), an adjustment based on fleet size change is not applicable at this time.

5. First Vehicle appreciates the Town position under the current economic situation. As a long-term partner of the Town we feel it is important to restrict our adjustment request for this year and work together with the Town through these economic times. **Therefore we are not requesting an increase for the upcoming contract year.**

Cost Savings Discussions:

A. We have reviewed the option to modify the oil change intervals and at this time we do not recommend making a change. This is due to the type of equipment and frequency of use.
B. We do recommend converting to an on-site fluid analysis program to help reduce major failures and extend equipment life. We have provided separate information on this program.

I am confident you will find our request to be in line with the current goals and direction of the Town of Davie.

Please call or e-mail me directly with any questions you may have.

First Vehicle Services

Town of Davie Florida Annual Budget 2009-2010 Contract Term 12/1/09 - 11/31/10

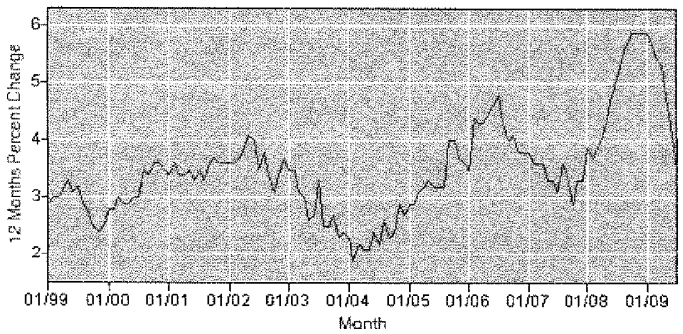
	BUDGET 2008/2009	Cost Adj	BUDGET 2008/2009	Budget 4 Week	Budget 5 Week
PARTS	$ 506,699.00	0.00%	$ 506,699	$ 38,976.85	$ 48,721.06
LABOR	$ 745,420.00	0.00%	$ 745,420	$ 57,340.00	$ 71,675.00
OVERHEAD EXPENSE	$ 75,799.00	0.00%	$ 75,799	$ 5,830.69	$ 7,288.37
ADMINISTRATIVE EXPENSE	$ 72,596.00	0.00%	$ 72,596	$ 5,584.31	$ 6,980.38
MANAGEMENT FEE	$ 72,596.00	0.00%	$ 72,596	$ 5,584.31	$ 6,980.38
TOTAL	$ 1,473,110.00	0.00%	$ 1,473,110		

Regards,

Aubrey Felton
Regional Vice President
First Vehicle Services
6671 W. Indiantown Road
Suite 56-433
Jupiter, FL 33458

12 Months Percent Change

Series Id: CUUS0000SETD,CUUR0000SETD
Not Seasonally Adjusted
Area: U.S. city average
Item: Motor vehicle maintenance and repair
Base Period: 1982-84=100



Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1999	2.9	3	3	3.1	3.3	3.1	3.2	2.9	2.7	2.5	2.4	2.5
2000	2.8	2.8	3	2.9	2.9	3	3	3.5	3.4	3.6	3.6	3.5
2001	3.4	3.6	3.4	3.4	3.5	3.3	3.5	3.3	3.6	3.7	3.6	3.6
2002	3.6	3.6	3.7	3.9	4.1	4	3.5	3.8	3.4	3.1	3.4	3.7
2003	3.5	3.5	3.1	3	2.6	2.7	3.3	2.5	2.5	2.7	2.3	2.4
2004	2.3	1.9	2.2	2.1	2.1	2.4	2.2	2.6	2.3	2.4	2.9	2.7
2005	2.9	2.9	3.1	3.2	3.3	3.2	3.2	3.2	4	4	3.7	3.6
2006	3.5	4.4	4.3	4.3	4.5	4.6	4.8	4.3	4	4.1	3.8	3.8
2007	3.8	3.6	3.6	3.6	3.3	3.3	3.1	3.6	3.4	2.9	3.3	3.3
2008	3.9	3.7	3.9	4.1	4.4	4.8	5.1	5.4	5.7	5.9	5.9	5.9
2009	5.9	5.7	5.4	5.3	4.6	4.1	3.5					

AMENDMENT TWO TO THE
AGREEMENT FOR MAINTENANCE AND MANAGEMENT SERVICES BETWEEN
THE TOWN OF DAVIE, FLORIDA
AND
FIRST VEHICLE SERVICES, Inc.

This Amendment is made this 1st day of December, 2009 by and between the Town of Davie, Florida ("the Town") and First Vehicle Services, Inc. ("the Contractor").

WHEREAS the Town and the Contractor now desire to amend the Current Contract and adjust the cost target, approved budget in accordance with Sections 3.05 of the Contract as described below.

NOW, THEREFORE, in consideration of the mutual covenants, promises and undertakings contained in the Contract and this Amendment, the Town and the Contractor agree as follows:

1. In accordance with section 3.05 of the Contract, the Approved Budget for the period of December 1, 2009 through November 30, 2010 shall be One Million, Four Hundred Seventy Three Thousand, One Hundred and Ten Dollars ($1,473,110).

Except as expressly amended by this document, the Contract as previously executed remains in full force and effect and legally binding upon the Town and the Contractor.

WITNESS:

TOWN OF DAVIE, FLORIDA

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_____
Judy Paul, Mayor,
Town of Davie, Florida

WITNESS:

FIRST VEHICLE SERVICES, Inc.

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Dale Domish, Senior Vice President,
First Vehicle Services, Inc.