



Item No. {{item.number}} Town of Atherton

CITY COUNCIL STAFF REPORT – CONSENT AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ROBERT OVADIA, PUBLIC WORKS DIRECTOR

DATE: JUNE 21, 2023

**SUBJECT: MCE CORPORATION PUBLIC WORKS MAINTENANCE AND
MAINTENANCE MANAGEMENT SERVICES CONTRACT
EXTENSION**

RECOMMENDATION

It is recommended that the Council authorize a 3-year contract extension with MCE Corporation for the continuation of Public Works Maintenance and Maintenance Management Services with not-to-exceed amount of \$633,000 for Fiscal Year 2023-24; direct the City Attorney to prepare the extension; and authorize the City Manager to execute the extension on behalf of the Town.

BACKGROUND

MCE Corporation became the Town's provider of Public Works Maintenance and Maintenance Management services following a competitive process in September 2011. The process involved the evaluation of proposals from interested and capable companies. MCE Corporation provides the Town both routine and emergency services in most phases of public works maintenance services including street maintenance, park maintenance, facility maintenance and event staffing when required. MCE staff is also available for the Town's needs on an on-call basis.

This contract is a task-oriented contract and actual costs are based on a work-performed basis only.

ANALYSIS

In May 2023, Town staff actively began negotiations with MCE to extend their existing services contract with the Town for a period of three (3) years. The proposed contract extension with MCE Corporation includes several changes from the previous years' work plans. A summary of these changes include:

1) Staffing

Though the current contract provides for four (4) MCE personnel based in Atherton, current staffing has been limited to three (3) regular full-time employees, with additional support provided

on an as-needed basis. These personnel are allocated primarily to address streets, drainage and facilities needs, with other as-needed support. MCE has indicated that augmenting staffing has been a challenge approaching the end of the contract and anticipates that they will be able to do with the contract extension as it provides more certainty for potential employees.

2) Employee Wage Increases

This proposed contract extension includes a wage increase for MCE Atherton staff for cost of living adjustments. It is important to note that MCE staff continues to perform at a high level. Staff believes this speaks directly to their dedication to MCE and the Town of Atherton.

3) State-Mandated Prevailing Wage Adjustments

There are 6 activities in the budget and work program that are infrequently performed by MCE that require the use of prevailing wage rates as mandated by the State of California. These wage rates are set by the State Department of Industrial Relations based upon the certain trade collective bargaining agreements. The six activities are: Carpentry, Construction Laborer, Light Fixture Technician, Painter/Striper, Plumber and Traffic Sign Maintenance Laborer. These rates adjust annually in our contract with MCE to correspond with the State levels.

The prevailing wage work is budgeted at approximately 13% of total budget hours. MCE is able to manage the amount of this work that takes place and year over year it has gotten smaller. This is a trend MCE will work to continue and contributes greatly to the overall budget this year.

4) Cost of Living Adjustments (COLA)

MCE has requested an annual Cost of Living Adjustment not to exceed 3% for each year of the extension. The COLA would become effective on July 1st of each calendar year. The contract COLA will be based on the US Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI), April Release for the San Francisco-Oakland-Hayward Area, with an adjustment not to exceed 3% annually. MCE is seeking a 3% adjustment for FY 2023-24, less than the 4.2% CPI listed for April 2023.

5) Community Gift

MCE has agreed to maintain its Community Gift of 1% with no expense labor.

Town management staff and MCE management continue to meet on a regular basis to refine and improve the management and cost effective deployment of contract maintenance staff to ensure the Town is getting maximum value.

FISCAL IMPACT

The proposed Fiscal Year 2023/24 operating budget has sufficient funds to pay for these services out of the General Fund and revenue/special funds as described below:

Budget Area	Amount
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Streets & Drainage	\$400,000
Town Facilities	\$208,000
Library	\$20,000
Event Services	\$5,000
Total	\$633,000

MCE has agreed to lock the budget for the 3-year term of this contract extension with the exception of items requiring State-mandated prevailing wage work (about 13% of the contract total) and the agreed upon CPI adjustments. The prevailing wage index will be looked at annually and adjustment will be requested (increases or decreases) to comply with any changes. Staff does not see significant financial exposure in this area.

The FY 2018/19 budget has an emergency contingency of 7.33% or \$42,091 on top of MCE's budget of \$574,566 for a total budget line item of \$616,657.

Historical costs for services under the MCE Contract have been as follows:

Contract Year	Budget	Actual
FY 2019/20*	\$685,349	\$575,281
FY 2020/21*	\$699,363	\$534,086
FY 2021/22**	\$766,377	\$556,225

The MCE Contract is task-oriented. While the budget amount is representative of workload potential throughout the fiscal year, specific tasks and workloads vary based on actual field needs. Staff and MCE work together to keep the budget and work efficient and cost effective.

GOAL ALIGNMENT

This Report and its contents are in alignment with the following Council Policy Goals:

- Goal Area A – Maintain Fiscal Responsibility
- Goal Area B – Preserve Small Town Character and Quality of Life

POLICY FOCUS

The City Council discussion should focus on the extension of the contract with our current provider versus a competitive rebid and felt that the current contract arrangement has been beneficial to the Town practically and economically. The Town has contracted for Public Works Maintenance and Management Services since September 2011 (11.75 years).

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders –to include, but be not limited to, media outlets, school districts, Menlo Park Fire Protection District, service providers (water, power, and sewer), and regional elected officials.

COMMISSION/COMMITTEE FEEDBACK/REFERRAL

This item has not been before a Town Committee or Commission

ATTACHMENTS

1. MCE Proposal Letter with 2023-24 Rate Sheet