



City of Huntington Beach

File #: 20-1474

MEETING DATE: 3/16/2020

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Tom Herbel, Acting Director of Public Works

Subject:

Approve and authorize execution of an Amendment to the existing Agreement with Siemens Mobility Inc. to provide a fee rate increase to certain hourly rates commensurate with the Consumer Price Index for the Citywide Streetlight Maintenance services through March 2021

Statement of Issue:

The initial 3 year term of the City's agreement for streetlight maintenance services with Siemens Mobility Inc. (Siemens) includes a provision for up to 2, 1-year contract extensions with mutual agreement by both parties. Siemens has indicated that in order to extend their maintenance services, they request an increase to certain components of their standard maintenance rates. Siemens bases their requested increase on data from the previous 3 years of Consumer Price Index (CPI).

Financial Impact:

The recommended action would result in an additional expenditure of approximately \$15,500 through the end of the 1 year extension (11 months). The rate increase can be accommodated within the Public Works Department's current budget for street light maintenance services through the end of FY2019/20 and the additional funds will be reflected in the proposed FY2020/21 budget in General Fund business unit 10085304. The total authorized expenditures under the existing contract are sufficient and do not require amendment.

Recommended Action:

Authorize the Mayor and City Clerk to execute "Amendment to Service Agreement Between the City of Huntington Beach and Siemens Mobility Inc., for Streetlight Transfer, Retrofit, and Maintenance Service" approved as to form by the City Attorney, dated March 6, 2017, increasing Compensation for all standard maintenance and extraordinary maintenance tasks identified in Exhibit B by 9%, which reflects partial Consumer Price Index adjustment since March 2017.

Alternative Action(s):

Do not authorize the Mayor and City Clerk to execute the amendment.

Analysis:

Since March of 2017, Siemens has been under contract with the City to provide services related to our acquisition of 10,800 streetlights from Southern California Edison (SCE), including the on-going routine and extraordinary maintenance of the streetlights. The acquisition portion of the contract is still active as SCE rectifies the final sales data through their “true up” process. Siemens continues to have an active role in this effort as part of their original scope for acquisition of the lights. Concurrent with the acquisition effort, Siemens has been providing maintenance services for all of the streetlights acquired from SCE. The initial term of the contract is 3 years and with an additional option of 2, 1-year extensions by mutual agreement by Siemens and the City.

Siemens has submitted a letter of interest to exercise the first 1-year extension of the contract through March 2021 if the City agrees to an increase to the standard rates for maintenance services based on the a partial 3-year CPI adjustment dating back to the beginning of the contract. The requested rate is based on the information from the U.S. Department of Labor statistics for the Los Angeles-Long Beach- Anaheim area (actual data for January 2018 - January 2020 = 9.8%), Siemens is requesting 9%.

Staff supports the requested 1-year extension of the contract with the requested CPI increase to allow for continued uninterrupted maintenance services and to allow Siemens to complete the services identified in the acquisition phase of the contract. The adjusted rates reflect an appropriate cost index and will guard against the City using an unknown company to provide maintenance services if Siemens is no longer providing the service. .

Environmental Status:

Not applicable.

Strategic Plan Goal:

Enhance and maintain infrastructure

Attachment(s):

1. March 6, 2017 Service Agreement Between the City of Huntington Beach and Siemens Industry, Inc. for Streetlight Transfer, Retrofit and Maintenance Services
2. February 6, 2020 Letter of Interest from Siemens Mobility Inc. regarding a 1 year contract extension
3. Amendment to Service Agreement Between the City of Huntington Beach and Siemens Mobility Inc., for Streetlight Transfer, Retrofit, and Maintenance Service