

Mary F Redden

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Sent: Monday, May 17, 2010 6:11 PM
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Subject: Management's Responses to Council's Questions on Tonight's Agenda
Attachments: M.024 Susan Leirstein re Building Insp Services RFP-COT 09-49.pdf; Golf Course Submittal.pdf; Midwest Landscape RFP docs.pdf

H-04 – Building Department Services – Safe Built of Michigan

Council Member Robin Beltramini's Questions:

From the memo — You gave a summary of the current personnel proposal, but we have never seen anything in writing. Please forward a copy of that to us.

The Building Department provided no alternative proposal to compete with the turnkey proposal submitted by Safe Built Michigan. Thus, the only comparison to consider is the current cost of operations; that cost, including overhead, is \$1,173,007, or \$424,507 over what was proposed by Safe Built Michigan.

Additionally, the proposal from Safe Built Michigan includes a fee as a percent of permit fees. The current cost is a constant cash flow expenditure regardless of permit fees received. This feature is significant, and one that current employees are unable to provide.

The Building Department submittal is attached.

What might be an "emergency situation" potentially requiring additional costs?

Force majeure events.

From the contract — First, correct the City of Troy zip code.

The typo has been corrected.

Sec. 2.3—reads ". . . designate additional compensation. . ." I believe this would be better stated to ". . . designate any changes in compensation. . ." which would allow for decreases as well as increases.

Change has been made.

Sec. 3.2—needs a "." at the end of the paragraph.

The typo has been corrected.

I have a concern regarding the additional 5% being applied to the whole subsequent year as opposed to the portion of any given year over \$1,000,000. There is no incentive to collect evenly or efficiently. Once the contractor can meet that \$1,000,000 threshold before June 30—and there are a number of strategies, not all completely acceptable—the additional 5% is good on a whole next year. Where is the City's interest in this? Surely it is not the 5% for the next year when there is no guarantee that any subsequent year will be as good or better than a previous year, particularly when fees can be collected at the last minute.

Once the permit fees \$1,000,000, the % goes to 80%, then goes back to 75% at the beginning of the next fiscal year.

Sec. 3.3—typos: second line “. . .which as fee. . .” Next line, delete one of the commas.

The typos have been corrected.

This section does not speak to the situation where a fee might be collected. It would seem to me that if a fee was collected and additional work had to be performed, the fee would not be part of the 80/20 or 75/25 calculation.

That's correct .. That's true

Sec. 3.5—delete the first “shall.”

The typo has been corrected.

Sec. 4.5 and 4.6 and Sec. 17.11 and 17.12—add space between paragraphs

The typo has been corrected.

Sec. 4.11—makes Safe Built employees available only for actions instituted by the City. Those employees need to be available for those cases where the action is against the City, as well. Additionally, in the Exhibits, such time is limited to 16 hours per action. Depending upon the case, that may, or may not be adequate when looking at testimony and document preparation time.

Added “or involving” after “instituted by” in the 3rd line. Further, since the Building Inspections Department is no longer involved in zoning is very doubtful that any case will exceed 16 hours, the Planning Director would be involved.

Sec. 5.2—I believe this needs to read “and” instead of “or” for submission of oral and written complaints. Additionally, in the Safe Built submittal it is stated that there will be two attempts at resolution before involving the City building official. I would think that we would want to know more promptly than that. Since the submittal documents are part of the contract, we would want to address such a discrepancy directly.

Operational issue

Sec. 5.3—“inspectors” in the third line should be possessive.

The typo has been corrected.

When speaking of the performance reviews and their timing, I believe it would be a good idea to allow ourselves the flexibility to review anytime we felt it necessary—for whatever reason. There is no sentence in this document that allows us such flexibility.

The language does allow for the flexibility to make reviews at any time; the schedule of reviews is a guideline.

Sec. 6.1—Private property need not be an option except at the direction of the City. They are representing us, need to coordinate with other departments, need to be handy.

Changed to add two new first and second sentences that read “Specifications require Safe Built to have an office on site in City Hall. As provided in this section 6.1, the City in its sole discretion may require Safe Built to perform the services of this Agreement at a different location within a City owned building or allow Safe Built to move its offices to non-city owned property within the City of Troy.

Change the current first sentence to read: "At the effective date of this Agreement, Safe Built shall be entitled to allowed Continue on with the sentence".

Sec. 6.3—typos: "acknowledges" in the third line and in line six "times".

The typos have been corrected.

Sec. 7.2—Why are we allowing 15 days before a vehicle must be returned? It seems overly generous.

Changed the fifteen (15) days in the 5th sentence to seven (7) days.

Sec. 7.3—typo: "...shall insure those vehicles".

The typo has been corrected.

This also would be an excellent opportunity to insert in these rental agreements that there will be no smoking in the vehicle and no cell phone use while the engine is running. We can require more of these sorts of contracts.

Added the following between the first and second sentences: "No personal vehicles shall be used for any service performed under this Agreement. Safe Built shall not smoke inside City-owned vehicles. Use of cellular/wireless phone shall be prohibited while a City-owned vehicle is in motion or idling in traffic. Safe Built shall comply with all laws or ordinances prohibiting texting or other types of distracted driving. Safe Built shall must be in compliance with Administrative Memorandum 1-RM-12, "Safe Use of Cellular and Wireless Telephones", issued June 28, 2005 and any revisions to that Memorandum. All Safe Built employees must acknowledge by signature that they have read and understand the Administrative Memorandum.

Sec. 7.13—typo: last line on page 10 "...shall be considered. . ."

The typo has been corrected.

8.2 Last sentence – Delete "Sandra Kasperek" and add "the" before City Treasurer".

Sec. 10.0—Since we are developing the "joint" identification for the automobiles, might it be prudent for the same identifier be used on the Safe Built letterhead for Troy matters?

Added a new sentence at the end of the paragraph that reads : "Any time Safe Built use the name "City of Troy" or the City of Troy logo on letterhead, documents envelopes, business cards, or other printed materials, it must also include a Safe Built designation approved by the Assistant City Manager/Economic Development Services".

Sec. 11.1—typo: last sentence "provided".

The typo has been corrected.

Sec. 12.1—The section on automobile liability and insurance does not speak to any personal vehicle that might be used by an employee in fulfillment of these responsibilities. I don't see anything in the submittal documents that would prohibit such an arrangement. Therefore, I would like to see us address such a situation in the contract.

See 7.3 above

General concern—Although the submittal documents tell of a desire to think about hiring current City of Troy personnel, they also speak to needing only approximately five people and list that many people already

qualified on Safe Built Michigan staff. Therefore, I see no actual evidence of a desire to consider our employees at all, let alone in a primary manner. Seems disingenuous.

David Thomsen will address at the meeting tonight.

Comment/concerns re the submittal documents, in addition to those addressed through contract comments — In the answers to the organizational questionnaire: Q. 3 response was a total of all Safe Built employees, not noted as just Safe Built Michigan. Michigan personnel is a much smaller number. I just want to have a clarification.

David Thomsen will address at the meeting tonight.

Scope of Services document—In the review schedule, there is no second opportunity for residential plan discussion. The Zucker report offers a recommendation of not only a second discussion, if necessary, but a third. Also in the review schedule is the desire for up to 20 days to review large commercial plans. This delay beyond recommendations will only add to any non-competitive perception contracting these services could induce.

David Thomsen will address at the meeting tonight.

The sample plan review letters—They have a boiler-plate first page, the tone of which I find to be unacceptable. It contains irrelevant information, because of its boiler-plate format and is written in a dictatorial, “screaming” tone with so much underlined and bolded. This is not good customer service, in my mind and definitely not the tone that our clients have come to expect.

The City's standard plan review notice will be used.

Exhibit D—Speaks to issuing “Dangerous Building Notices” for vehicles and fire damaged buildings. What about the other kinds of dangerous buildings? Will they not notice those as well? Are we confident that “enforcing all City of Troy ordinances” covers this?

4th line should read: “Issue “Dangerous Building Notices”. Delete “vehicle or fire damaged buildings”.

Exhibit E – First line delete “Certified Building Code Official”. It should just read “Supervisor”.

Exhibit F—Speaks to “fire districts.” Do we have those?

#5 should read: “Fire Department” not “fire districts”.

General question: The original Safe Built Michigan proposal was given at 75% of permit fees and an hourly rate. What was added when the plan became “turnkey” and rate moved to 80%? I see no change in the hourly rates, nor any change contractually for services from the original proposal, but our cost went up.

The original Safe Built Michigan proposal included only providing limited services to create a hybrid department. There was no overall management of the department, record keeping or administration of Chapters 2, 13, 19, 20, 47, 61, 64, 67, 68, 71, 73, 76, 77, 79, 82, 82A, 83, 85, 88, 93, and 97. There are no permit fees for the 21 Chapters that Safe Built will be responsible for. This arrangement will guarantee a revenue source for the general fund and eliminate a funding subsidy that audits indicated reached \$5 million over the past five years.

Council Member Martin Howrylak's Questions:

Please provide a copy of the building department's submittal to management.

The Building Department submittal is attached.

How much was for salary/benefits for how many employees?

See the Building Department proposal (attached).

Was the employee submittal to retain all the current employees or just the number needed to do the reduced workload?

The department proposal included 10 employees; it was determined to be the necessary staffing level.

How much for overhead was allocated in the submittal? What is the overhead breakout? Does it include cost for gas which the private company gets free when it leases the vehicles? How much for utilities and were these utilities included in the employees' submittal?

As can be seen in the department proposal, the overhead is \$25,271.

How much did the City include in overhead for the employee submittal vs. the lease charges?

The overhead for the department submittal is \$25,271. Lease charges to Safe Built include all of the same overhead.

How much is the City expected to pay for the non permit fee work we have the company do? Do we have an estimate based on what staff currently does for the non permit fee work? Will it be a few thousand or will it be a \$100,000?

None; it's included in the contract (\$0).

In the contract, for permits already issued but not completed, the private company will get paid to complete but paid an hourly basis. Can this total expense to the City exceed 80% of the permit fee?

No.

As written it can. If limited to 80% of the fee, will it be prorated, i.e., if half the work has already been done, can they still get the full 80% of the permit fee and possibly more if they get paid on an hourly basis or half of the 80%?

No.

What is the expected total cost to the City for the two Housing and Zoning Inspector positions?

Cost for current inspectors = \$207,302

Cost for inspectors transferring in = \$239,568

Resulting additional cost = \$32,266

How much space is currently occupied by the Building Department?

2,546 square feet, however the contract is written to allow the use of less space at a square foot price.

Why is the City not being reimbursed for utilities by the contractor?

The lease rate includes utilities.

Since the City is still processing payments and fees, why is there not a fee to the contractor for handling of payments?

The lease rate includes core services within City Hall.

What are some examples in section 3.3 where the City may need to pay additional fees?

Force majeure.

How many individuals currently staff the Building Department? How does this compare to the number of staff that the contractor will provide?

Current Staffing level: 10 f-t + 2 p-t (Director, Plan Analyst, Inspector Supervisor, Inspectors (4), Secretary, Account Clerk (2). Safe Built will determine staffing level based on need when they take over

Please compare schedule J to all equipment currently in use by the Building Department? Please note what items will not be used by the contractor.

All items are currently being used and can be used by Safe Built.

Why is the City responsible for all maintenance of all items and equipment to be used by the contractor? Why are we not being reimbursed for our costs to maintain this equipment?

The cost is included in either the building lease or vehicle rental rates.

Why is there no requirement that the contractor hire a certain number of current staff? The continuity of staff is certainly something that we should desire.

City cannot handcuff a bidder and require they hire certain staff. Although this was encouraged and discussed with a privatization bidders. Safe Built is interviewing and making offers to City of Troy employees. City Management's proposal does have continuity.

Mayor Louise Schilling's Questions:

In reviewing the agenda for tonight's meeting I did not find the City employee's bid data for privatization of the **Building Department**. Please provide that data to Council.

Department proposal is attached.

Regarding privatization of departments on future agendas: May Council receive the data regarding bids by the employees if submitted?

Yes.

H-06 – Standard Purchasing Resolution 8: Best Value Award – Golf Course Operations

Mayor Louise Schilling's Questions:

In reviewing the agenda for tonight's meeting I did not find the City employee's bid data for privatization of the **golf course operations**. Please provide that data to Council.

Document is attached.

Council Member Martin Howrylak's Questions:

How much will the City need to pay Kosch for early termination of the contract, as per section 19?

This info will be brought to tonight's meeting by the Parks and Recreation Director.

Please provide a copy of the proposal from Midwest Landscape.

Document is attached.