

MARIN GENERAL SERVICES AUTHORITY

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MEMORANDUM

DATE: March 8, 2012
TO: MGSA Board of Directors
FROM: Paul Berlant, Executive Officer
SUBJECT: AGENDA ITEM: F: Streetlight Program Update

Recommendation

This report is to update the Board on what has transpired on this subject since the January meeting and seek any direction the Board wishes to provide.

Amended Rate Schedule and Contract extension

Since September 8, 2011 I have been reporting on a proposed change to the Rate Schedule used by Republic ITS in providing streetlight maintenance services to our members. The Rate Schedule was last amended in November 2009, at which time a new set of rates for inspection and repair/treatment was approved. The monthly maintenance rates were last increased in May 2009.

Last summer I asked Republic to propose maintenance rates for new LED/Induction fixtures, reflecting the expected decrease in maintenance costs. Republic prepared a proposal showing reductions in maintenance costs for LED/Induction fixtures, but also proposed an overall new “blended” rate structure as well as requested a rate increase based on the increase in the CPI since the last change (2009). Further complicating the issue is the fact that the current MGSA/Republic contract expires on June 30, 2012 (a four-year extension is allowed).

In response to questions and comments raised by me and public works staff from our members at several meetings since the fall, Republic has prepared various materials, including: memos in response to specific questions; a new rate schedule; and a table comparing current rates and maintenance utilization to the rates reflected in their latest proposal (dated February 23rd) and anticipated LED/Induction conversions.

The new rate schedule also reflects unit pricing for some services as requested by members and a new Schedule “B,” which is the old Schedule 2, but without the “knockdown” service, while the new “C” includes all services (the old “2”). The new rate schedules also eliminate the “blended” rates. The new rates include reduced nighttime inspection. Currently, a monthly check of all lights is conducted to see that

they are operational. The new proposal includes monthly checks on arterials and main streets and annual checks of rural, residential, and business district lights. The rationale for fewer checks is that residents will report outages resulting in a cost savings to members.

Republic is requesting a five to seven year extension of the contract to coincide with the duration of most of the warranties on the new LED/Induction fixtures. They are proposing no CPI increase during the term of the extension, but have included a front-loaded inflation factor. Overall, the proposed rates vary from 4.2% to 26.5% (for low wattage Metal Halide) more than current rates for incandescent, mercury vapor, metal halide and High Pressure Sodium (HPS) lights). Where there is a range in rates, by wattage, I used the current lower cost in the range for comparison. The proposed rates for LED/Induction lights for the service levels which do not include knockdown replacement are 60% and 67% less than the rates proposed for HPS lights for Schedules A and B respectively and 17% less under Schedule C.

I held meetings with Republic and representatives of Novato, San Rafael, Sausalito and the County on February 13th and 27th to review Republic's latest proposals and to consider whether the MGSA should put the contract out to bid rather than extend it as permitted by the contract. (All MPWA members were invited to the meetings.) At the February 27th meeting, the group did reach consensus to seek an extension of the contract. They asked me to continue to negotiate with Republic to attempt to reach agreement on the extension, reflecting specific issues addressed during the meetings.

Unless the Board wishes to take a different course, I will attempt to obtain the terms members have requested, including the rates and benchmarks for measuring the quality of the service.

Attachments

MGSA Resolution 2009-09 with current Rate Schedules

February 23, 2012 Proposed Rate Schedules

Comparison Table, "MGSA Street Light maintenance Fees by Agency, 2-23-12