SUBJECT: OUTSIDE AGENCY SERVICES POLICY

SOURCE: Public Works Department - Field Services Division

COMMENT: From time to time, the City of Porterville receives a request from another agency to utilize the City’s vehicle maintenance operations, fueling facilities, and/or corporation yard facility for vehicle storage. It is the desire of the City to establish policy for determining when it is appropriate to provide these services.

If approved by City Council, and the City has the capacity to service the applicant without detriment to the City Fleet Maintenance Program, service agreements will be provided to public agencies and non-profit agencies that request our services. Currently, City shop facilities are at capacity and unable to provide services to any additional customers. If additional capacity becomes available, any and all such agreements will be presented to City Council for approval prior to any services being provided.

Rates for mechanical services are established based on the estimated operating expenses for the following fiscal year. Currently, rates to outside agencies are increased by $5 per hour to cover the cost of overhead for outside billing.

Fuel prices are set based on the current market and the cost to the City for fuel purchases. The components of the price per gallon of gasoline or diesel are set as follows:

1. Purchase cost and all applicable taxes; plus
2. $0.012 per gallon State Board of Equalization underground storage tank fee; plus
3. 16.5% warehouse surcharge with a proposed drop to 15% July 1, 2003; plus
4. $0.10 per gallon fee for repayment of loan for replacement of underground storage tanks in 1998.

The rates for mechanical services and warehouse surcharges are reviewed annually during the budget process.

RECOMMENDATION: That the City Council approve the attached Outside Agency Services Policy.

ATTACHMENT: Outside Agency Services Policy

 Dir _____ Appropriated/Funded ________ CM ________ Item No. 16
I. PURPOSE: From time to time, the City of Porterville receives a request from another agency to utilize the City’s vehicle maintenance operations, fueling facilities, and/or corporation yard facility for vehicle storage. It is the desire of the City to establish policy for determining when it is appropriate to provide these services.

II. POLICY: Service agreements are provided to public agencies and non-profit agencies that request our services, if approved by City Council, and the City has the capacity to service them without detriment to the City Fleet Maintenance Program.

III. PROCEDURE: Rates for mechanical service are reviewed annually during the budget process. The philosophy is to keep rates as low as possible in order to make the most efficient use of taxpayer money. Local shops are surveyed for their hourly rates. Those rates are compared to current City rates and to the calculated per hour rates based on estimated operating expenses for the following fiscal year. The recommendation for rate levels are made by the Field Services Division and then forwarded to the Public Works Director for review and recommendation to the City Council for approval. Rates to outside agencies are increased to cover the cost of overhead for outside billing.

Staff will survey local storage facilities to set storage rates for outside agencies and an average cost will be utilized.

Fuel prices will be set based on the current market and the cost to the City for fuel purchases, all applicable taxes, State Board of Equalization underground storage tank fee, overhead surcharge, and fee for underground storage tank replacement.