

## AGREEMENT TO PERFORM PROFESSIONAL SERVICES

This agreement for the provision of services associated with Fleet Management Consulting Services ("Agreement") is made and entered in this August 19, 2014 ("Effective Date"), by and between the City of Redlands, a municipal corporation ("City") and Mercury Associates, Inc. ("Consultant"). City and Consultant are sometimes individually referred to herein as a "Party" and, together, as the "Parties." In consideration of the mutual promises contained herein, City and Consultant agree as follows:

### ARTICLE 1 – ENGAGEMENT OF CONSULTANT

- 1.1 City hereby engages Consultant to provide Fleet Management Consulting services for City's Quality of Life Department Equipment Maintenance Division (the "Services.")
- 1.2 The Services shall be performed by Consultant in a professional manner, and Consultant represents that it has the skill and the professional expertise necessary to provide the Services to City at a level of competency presently maintained by other practicing professional consultants in the industry providing like and similar types of Services.

### ARTICLE 2 – SERVICES OF CONSULTANT

- 2.1 The Services that Consultant shall perform are more particularly described in Exhibit "A," entitled "Scope of Services," which is attached hereto and incorporated herein by reference.
- 2.2 Consultant shall comply with applicable federal, state and local laws and regulations in the performance of this Agreement including, but not limited to, State prevailing wage laws.

### ARTICLE 3 – RESPONSIBILITIES OF CITY

- 3.1 City shall make available to Consultant information in its possession that may assist Consultant in performing the Services.
- 3.2 City designates Fred Cardenas, Director of Quality of Life, as City's representative with respect to performance of the Services, and such person shall have the authority to transmit instructions, receive information, interpret and define City's policies and decisions with respect to performance of the Services.

### ARTICLE 4 – PERFORMANCE OF SERVICES

- 4.1 Consultant shall perform and complete the Services in a prompt and diligent manner in accordance with the schedule set forth in Exhibit "B," entitled "Project Schedule," which is attached hereto and incorporated herein by reference. The Services shall commence within ten (10) days of the Effective Date of this Agreement.

- 4.2 If Consultant's Services include deliverable electronic visual presentation materials, such materials shall be delivered in a form, and made available to the City, consistent with City Council adopted policy for the same. It shall be the obligation of Consultant to obtain a copy of such policy from City staff.

#### ARTICLE 5 – PAYMENTS TO CONSULTANT

- 5.1 The total compensation for Consultant's performance of the Services shall not exceed the amount of Twenty Eight Thousand Eight hundred dollars (\$28,800.00). City shall pay Consultant on a time and materials basis up to the not to exceed amount, in accordance with Exhibit "C," entitled "Project Costs and Hourly Rates," which is attached hereto and incorporated herein by this reference.
- 5.2 Consultant shall submit monthly invoices to City describing the Services performed during the preceding month. Consultant's invoices shall include a brief description of the Services performed, the dates the Services were performed, the number of hours spent and by whom, and a description of any reimbursable expenses. City shall pay Consultant no later than thirty (30) days after receipt and approval by City of Consultant's invoice.
- 5.3 All notices shall be given in writing by personal delivery or by mail. Notices sent by mail should be addressed as follows:

City

Fred Cardenas, Director  
Quality of Life Department  
City of Redlands  
35 Cajon Street, Suite 222  
PO. Box 3005 (mailing)  
Redlands, CA 92373

Consultant

Mercury Associates, Inc.  
Randy Owen, Senior Vice President  
9411 Stonemark Drive  
Charlotte, NC 28277

When so addressed, such notices shall be deemed given upon deposit in the United States Mail. Changes may be made in the names and addresses of the person to whom notices and payments are to be given by giving notice pursuant to this section 5.3.

#### ARTICLE 6 – INSURANCE AND INDEMNIFICATION

- 6.1 Insurance required by this Agreement shall be maintained by Consultant for the duration of its performance of the Services. Consultant shall not perform any Services unless and until the required insurance listed below is obtained by Consultant. Consultant shall provide City with certificates of insurance and endorsements evidencing such insurance prior to commencement of the Services. Insurance policies shall include a provision prohibiting cancellation or modification of the policy except upon thirty (30) days prior written notice to City.
- 6.2 Workers' Compensation and Employer's Liability insurance in the amount that meets statutory requirements with an insurance carrier acceptable to City, or certification to

City that Consultant is self-insured or exempt from the workers' compensation laws of the State of California. Consultant shall provide City with Exhibit "D," entitled "Workers' Compensation Insurance Certification," which is attached hereto and incorporated herein by this reference prior to commencement of the services.

- 6.3 Consultant shall secure and maintain comprehensive general liability insurance with carriers acceptable to City. Minimum coverage of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate for public liability, property damage and personal injury is required. City shall be named as an additional insured and such insurance shall be primary and non-contributing to any insurance or self-insurance maintained by City.
- 6.4 Consultant shall secure and maintain professional liability insurance throughout the term of this Agreement in the amount of One Million Dollars (\$1,000,000) per claim made.
- 6.5 Consultant shall have business auto liability coverage, with minimum limits of One Million Dollars (\$1,000,000) per occurrence, combined single limit bodily injury liability and property damage liability. This coverage shall include all Consultant owned vehicles used in connection with Consultant's provision of the Services, hired and non-owned vehicles, and employee non-ownership vehicles. City shall be named as an additional insured and such insurance shall be primary and non-contributing to any insurance or self insurance maintained by City.
- 6.6 Consultant shall defend, indemnify and hold harmless City and its elected officials, employees and agents from and against any and all claims, losses or liability, including attorneys' fees, arising from injury or death to persons or damage to property occasioned by any negligent act or omission by, or the willful misconduct of, Consultant, or its officers, employees and agents in performing the Services.

#### ARTICLE 7 – CONFLICTS OF INTEREST

- 7.1 Consultant covenants and represents that it does not have any investment or interest in any real property that may be the subject of this Agreement or any other source of income, interest in real property or investment that would be affected in any manner or degree by the performance of Consultant's Services. Consultant further covenants and represents that in the performance of its duties hereunder, no person having any such interest shall perform any Services under this Agreement.
- 7.2 Consultant agrees it is not a designated employee within the meaning of the Political Reform Act because Consultant:
  - A. Does not make a governmental decision whether to:
    - (i) approve a rate, rule or regulation, or adopt or enforce a City law;
    - (ii) issue, deny, suspend or revoke any City permit, license, application,

- certification, approval, order or similar authorization or entitlement;
- (iii) authorize the City to enter into, modify or renew a contract;
- (iv) grant City approval to a contract that requires City approval and to which City is a party, or to the specifications for such a contract;
- (v) grant City approval to a plan, design, report, study or similar item;
- (vi) adopt or grant City approval of, policies, standards or guidelines for City or for any subdivision thereof.

B. Does not serve in a staff capacity with City and in that capacity, participate in making a governmental decision or otherwise perform the same or substantially the same duties for City that would otherwise be performed by an individual holding a position specified in City's Conflict of Interest Code under Government Code section 87302.

- 7.3 In the event City officially determines that Consultant must disclose its financial interests, Consultant shall complete and file a Fair Political Practices Commission Form 700, Statement of Economic Interests, with the City Clerk's office pursuant to the written instructions provided by the City Clerk.

#### ARTICLE 8 – GENERAL CONSIDERATIONS

- 8.1 In the event any action is commenced to enforce or interpret any of the terms or conditions of this Agreement the prevailing Party shall, in addition to any costs and other relief, be entitled to the recovery of its reasonable attorneys' fees, including fees for the use of in-house counsel by a Party.
- 8.2 Consultant shall not assign any of the Services, except with the prior written approval of City and in strict compliance with the terms and conditions of this Agreement.
- 8.3 Records, drawings, designs, cost estimates, electronic data files, databases and any other documents developed by Consultant in connection with its performance of the Services, and any copyright interest in such documents, shall become the property of City and shall be delivered to City upon completion of the Services, or upon the request of City. Any reuse of such documents, and any use of incomplete documents, shall be at City's sole risk.
- 8.4 Consultant is for all purposes under this Agreement an independent contractor and shall perform the Services as an independent contractor. Neither City nor its agents shall have control over the conduct of Consultant or Consultant's employees, except as herein set forth. Consultant shall supply all necessary tools and instrumentalities required to perform the Services. Assigned personnel employed by Consultant are for its account only, and in no event shall Consultant or personnel retained by it be deemed to have been employed by City or engaged by City for the account of, or on behalf of City. Consultant shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent, nor shall Consultant have any authority, express or implied, to bind City to any obligation.

- 8.5 Unless earlier terminated as provided for below, this Agreement shall terminate upon completion and acceptance of the Services by City. This Agreement may be terminated by City, in its sole discretion, by providing not less than five (5) days prior written notice to Consultant (delivered by certified mail, return receipt requested) of City's intent to terminate. If this Agreement is terminated by City, an adjustment to Consultant's compensation shall be made, but (1) no amount shall be allowed for anticipated profit or unperformed Services, and (2) any payment due Consultant at the time of termination may be adjusted to the extent of any additional costs to City occasioned by any default by Consultant. Upon receipt of a termination notice, Consultant shall immediately discontinue its provision of the Services and, within five (5) days of the date of the termination notice, deliver or otherwise make available to City, copies (in both hard copy and electronic form, where applicable) of project related data, design calculations, drawings, specifications, reports, estimates, summaries and such other information and materials as may have been accumulated by Consultant in performing the Services. Consultant shall be compensated on a pro-rata basis for Services completed up to the date of termination.
- 8.6 Consultant shall maintain books, ledgers, invoices, accounts and other records and documents evidencing costs and expenses related to the Services for a period of three (3) years, or for any longer period required by law, from the date of final payment to Consultant pursuant to this Agreement. Such books shall be available at reasonable times for examination by City at the office of Consultant.
- 8.7 This Agreement, including the Exhibits incorporated herein by reference, represents the entire agreement and understanding between the Parties as to the matters contained herein, and any prior negotiations, written proposals or verbal agreements relating to such matters are superseded by this Agreement. Except as otherwise provided for herein, an amendment to this Agreement shall be in writing, approved by City and signed by City and Consultant.
- 8.8 This Agreement shall be governed by and construed in accordance with the laws of the State of California.
- 8.9 If one or more of the sentences, clauses, paragraphs or sections contained in this Agreement is declared invalid, void or unenforceable by a court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and shall not affect, impair or invalidate the remaining sentences, clauses, paragraphs or sections contained herein, unless to do so would deprive a Party of a material benefit of its bargain under this Agreement.

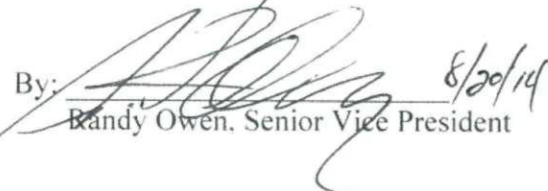


IN WITNESS WHEREOF, duly authorized representatives of City and Consultant have signed in confirmation of this Agreement.

CITY OF REDLANDS

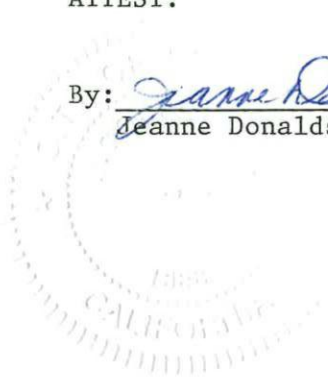
MERCURY ASSOCIATES, INC.

By:   
Tina Kundig, Finance Director

By:  8/20/14  
Randy Owen, Senior Vice President

ATTEST:

By:   
Jeanne Donaldson, Deputy City Clerk



58

## EXECUTIVE SUMMARY

This proposal is submitted by Mercury Associates, Inc., an employee-owned fleet management consulting firm incorporated in 2002 and headquartered in Maryland. We have more than 30 employees located throughout the United States and in Canada, many of whom served as professional fleet managers in the public and or private sector prior to commencing their consulting careers. Mercury's mission is to assist organizations in improving the management and operation of their fleets. We do not manage fleets or sell any other company's products or services to fleet owners. Contact information for the firm is provided below:

Mercury Associates, Inc.  
7361 Calhoun Place, Suite 680  
Rockville, MD 20855  
301 519 0535  
[www.mercury-assoc.com](http://www.mercury-assoc.com)

Mr. Randy Owen, Senior Vice-President and a principal in the firm, is our representative authorized to execute a contract with the City. He will also serve as the principal point of contact and manage project activities with the City. Mr. Owen's contact information is provided below:

Mr. Randy Owen  
9411 Stonemark Drive  
Charlotte, NC 28277  
704-906-8898  
[rowen@mercury-assoc.com](mailto:rowen@mercury-assoc.com)

## APPROACH AND METHODOLOGY

We understand the City is seeking a qualified consulting firm to conduct an independent study and analysis of the City's current fuel management software (*Gasboy PC Fuel Management Package for Windows PCCFN.exe V1.0.17.12*). We understand the existing system is antiquated and does a poor job of collecting mileage at the fuel island. The City is now keeping track of mileage separately by manually checking odometers.

We understand the City has 444 pieces of vehicles and pieces of equipment/vehicles and there are 150 employees who use vehicles. There are also 20 external customers that use the City fuel site to access CNG and pay with a credit card.

We understand all fueling is centralized at the corporation yard. There are six pumps with two dispensers per pump (six diesel and six unleaded) as well as two CNG dispensers and two LNG dispensers.

Below we provide details on our proposed approach and work plan.

### APPROACH

Our approach to conducting the study will be *inclusive, interactive, and results oriented*. Our ultimate goal as management consultants is for our clients to improve their fleet management practices by taking action on our recommendations. This requires that the recommendations be practical and appropriate to the challenges and opportunities facing a specific organization at a



specific point in time. It also requires that stakeholders not only understand the analytical methods, findings, and conclusions on which such recommendations are based, but actually take ownership of proposed organizational, policy, business process, and other changes. This requires, in turn, that we interact with and secure the confidence of senior management and, where appropriate, other stakeholder groups on a project like this one. We typically accomplish this through regular progress reports and periodic progress meetings in which we brief appropriate officials and stakeholders on project progress; relevant best management practices; and preliminary findings, conclusions, and recommendations.

Our project management approach starts with one of the owners of the firm serving in a Principal in Charge role. In this role, our principal is ultimately responsible to the client for successful completion of the project, for meeting our contractual obligations, and for maintaining our consistent history of providing high quality services. On all projects we also have a staff person serve the role of Project Manager. This role is responsible for communicating with our client, coordinating activities with project team members, and adherence to agreed upon schedules. We also utilize a commercial project management software program that our staff uses to keep projects on track and to monitor budgets.

We will start the project with a project startup consultation meeting whose primary goal will be to develop an initial understanding of the City's fleet management and operating practices. Secondary objectives will be to introduce the key members of the City and Mercury Associates' project teams to one another and to confirm both parties' understanding of key study parameters, including but not necessarily limited to, project goals and objectives, scope, timeline, critical success factors, and deliverables. We also will discuss logistical procedures such as key points of contact and work location when members of our project team are on site

## **QUALITY ASSURANCE PROGRAM**

Mercury Associates' approach to ensuring the quality of our consulting work includes several components of which we would like the proposal evaluation team to be aware:

- **Employing experienced professionals.** Our professional staff consists almost entirely of experienced fleet management and management consulting professionals, the majority of whom have 15 to 30 or more years of experience in the field. Unlike some large management consulting firms, we do not employ inexperienced or "generalist" consultants who are more likely to be educated by, than to educate, their clients in challenges and intricacies of managing and operating a fleet.
- **Standardized methodologies and analytical tools.** Having conducted fleet management studies for as many as 30 years, Mercury's professionals do not "reinvent the wheel" every time they conduct a new client engagement. We have a number of standardized methodologies and analytical tools that enable us to conduct many consulting tasks with a high degree of efficiency, consistency, and accuracy. These include quantitative data collection templates and documentary material request checklists; a comprehensive set of fleet management function definitions, objective statements, best practice examples, and key performance indicators; standardized report and presentation formats (in Microsoft Word and PowerPoint); software for conducting fleet management program activity-based cost analyses and developing charge-back rates; software for determining optimal vehicle replacement cycles using life cycle costing techniques; software for developing multi-year fleet replacement plans and quantifying costs and funding requirements under several different capital financing approaches, including a fleet replacement reserve or revolving



fund; and customized commercial off-the-shelf on-line questionnaire software for conducting surveys of vehicle users (in conducting fleet rightsizing studies).

- **Quality control review of project deliverables.** Progress reports are submitted monthly, so that any unexpected delays in the completion of individual project work plan tasks can be flagged and the causes of and mitigation of them can be discussed with the client. Progress reviews of analytical work typically are accomplished by means of face-to-face or WebEx presentations. All project deliverables are reviewed by the project director before being submitted to the client. All deliverables are submitted electronically to the client in draft form for review and comment, and revisions thereto are made on the basis of *written* feedback received from the client whenever practicable.

## **WORK PLAN**

Below we have provided details on our proposed work plan for this project.

### **Task 1 – In Depth Analysis of Current and Forecasted Fuel Management Needs**

We propose to provide a needs and requirements assessment to identify the current and future fuel management needs of the City by reviewing current fuel policies, operational procedures, infrastructure and management systems and providing comparison to accepted industry standards for public sector fuel management operations.

### **Task 2 – Develop 3 Charts - (Fuel Transactions, Billing, and Management)**

In this task we will conduct a data review and analysis of PCCFN – GASBOY fuel management database concentrating on identifying data availability, integrity and included attributes.

We will extract and categorize data from the City provided GASBOY database for inclusion in three reports, or charts to identify:

1. Detailed fuel transaction report by unit including these attributes:
  - a. Vehicle Department
  - b. Vehicle ID
  - c. Fueling Location
  - d. Transaction Number
  - e. Date of transaction
  - f. Time of transaction
  - g. Employee Number
  - h. Fuel quantity dispensed
  - i. If/Where available, recorded odometer or hour meter reading will be included in the report.
  - j. Description of department and/or vehicle will be provided where available

2. Billing detail by department including:
  - a. Department
  - b. Number of transactions for the period
  - c. Total number of vehicles fueled for the period
  - d. Total quantity dispensed grouped by fuel type by department (summary)
  - e. Total cost grouped by fuel type (summary) by department
3. Management Report including:
  - a. Fuel Consumption and Cost comparison by Department
  - b. Average fuel consumption by vehicle class (classes to be determined)
  - c. Comparative MPG outliers by class (top 10% lowest 10% to conduct diagnostic and validation check on mileage and consumption details)
  - d. Up to 2 additional performance metrics to be developed based on management requirements (dependent on available data to produce analysis)

Furthermore, we propose to compare subsets of sample transactions between the GASBOY and RTA databases to identify consistency of data capture and identify a baseline for reconciliation and validation errors of imported transactions.

We assume that all required data elements to produce the above proposed reports, charts and analysis are available in electronic format and will be provided by the City from the source systems (CFN, RTA and other data sources) as either a copy of the production databases, or as a complete extract into Excel format of the required datasets.

### **Task 3 – Recommend Compatible Fuel Management Software**

We propose to use the needs assessment completed in Task 1 to provide an overview and ratings of the existing fuel system or recommendations for replacement of the existing fuel management system, to support existing and future needs and meet compatibility (where possible) with existing infrastructure, operations and fleet management software. The reviews will include systems overview, features and functions, budgetary cost ranges and implementation concerns of up to 3 available fuel management systems.

EXHIBIT B  
SCHEDULE

PRELIMINARY IMPLEMENTATION PLAN

	Task Name	Start Date	Finish	Resource
1	Contract Award/NTP	Wed 8/20/14	Wed 8/20/14	City
2	Agreement Execution	Wed 8/20/14	Wed 8/20/14	Both
3	Kick Off Meeting	Wed 8/27/14	Wed 8/27/14	Both
4	Develop initial project program	Fri 8/29/14	Fri 8/29/14	Both
5	Obtain necessary Database information	Tue 9/2/14	Tue 9/2/14	City
6	Task 1 Analysis of current and forecasted fuel management needs	Tue 9/2/14	Tue 9/2/14	Mercury
7	Task 2 Develop 3 charts: Fuel Transactions, Billing, Management	Thurs 9/11/14	Thurs 9/11/14	Mercury
8	Task 3: Recommend Compatible Fuel Management Software	Mon 9/15/14	Mon 9/15/14	Mercury
9	Provide analysis of findings and recommendations	Mon 9/29/14	Mon 9/29/14	Mercury

MA

EXHIBIT "C"

**COST PROPOSAL TO PROVIDE**  
**FLEET MANAGEMENT**  
**CONSULTING SERVICES**

(Project No.Q62014II)

To the

**City of Redlands**  
**Quality of Life Department**



**June 26, 2014**

**MERCURY**  
MERCURY ASSOCIATES, INC.



## **COST PROPOSAL**

Our proposed firm fixed price for conducting this project is \$28,800 inclusive of all professional fees and travel expenses. This proposed budget is based on an average professional billing rate of \$180 per hour, which is a blend of the rates for the staff assigned to this project. The breakdown of the budget by task is provided below:

Task	Hours	Cost
1	80	\$14,400
2	40	\$7,200
3	40	\$7,200
<b>Totals</b>	160	\$28,800

We are prepared to start on this project immediately and estimate that a draft report will take 60 to 90 days to complete after all requested information and data have been received. Please note this timeline assumes that we receive access to individuals for interviews and meetings in a timely manner. We propose to invoice the City on a monthly basis for actual work completed and expenses incurred. We will provide appropriate details on study progress to support each invoice submitted.

### **OPTIONAL SERVICES**

As indicated previously in this proposal, Mercury Associates is the preeminent fleet management consulting firm in North America. As such, we can provide the City of Redlands with a wide-array of services that will lower costs and/or improve service levels. Sample services that the City may be interested in include:

1. **Fleet Rightsizing:** Government fleets tend to "creep" upwards in size overtime. Reversing this trend can produce significant savings. For instance, our project for the State of California in 2011 produced a reduction in fleet size of 14% and annual savings of \$10 million. For a fleet the size of the City's a rightsizing project would cost \$45,000. Based on our experience doing dozens of these type of projects, we are confident that savings would be 5 times this project budget.
2. **Fleet Replacement Plan.** In our experience, organizations tend to keep their vehicles too long. There are defined points where replacing vehicles produces the lowest cost of ownership for an organization. Completing a life-cycle cost analysis and fleet replacement plan for the City would cost \$40,000 and result in millions in savings over the life of vehicles in the fleet.
3. **Best Practices Review:** There are defined industry best management practices that produce the optimal results for government fleet organizations. In turn, these practices produce higher service levels and lower costs. In this task we would conduct an assessment of the City's fleet program across all major functional areas and recommend changes that would produce material improvements in fleet program performance. For the City, a study of this type would cost \$25,000.




## EXHIBIT "D"


### WORKERS' COMPENSATION INSURANCE CERTIFICATION

Every employer, except the State, shall secure the payment of compensation in one or more of the following ways:

- (a) By being insured against liability to pay compensation by one or more insurers duly authorized to write compensation insurance in this State.
- (b) By securing from the Director of Industrial Relations, a certificate of consent to self-insure, either as an individual employer, or as one employer in a group of employers, which may be given upon furnishing proof satisfactory to the Director of Industrial Relations of ability to self-insure and to pay any compensation that may become due to his or her employees.

#### CHECK ONE

 I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the work and activities required or permitted under this Agreement. (Labor Code §1861).

 I affirm that at all times, in performing the work and activities required or permitted under this Agreement, I shall not employ any person in any manner such that I become subject to the workers' compensation laws of California. However, at any time, if I employ any person such that I become subject to the workers' compensation laws of California, immediately I shall provide the City with a certificate of consent to self-insure, or a certification of workers' compensation insurance.

I certify under penalty of perjury under the laws of the State of California that the information and representations made in this certificate are true and correct.

Mercury Associates, Inc.

Date: 8/20/14

By: 

Randy Owen, Senior Vice President

