



Allentown

435 Hamilton Street
Allentown, Pa. 18101

Minutes - Final

City Council

Wednesday, October 18, 2017

6:00 PM

Council Chambers

Contract Review and Approval

Call to Order: Council President O'Connell

Present: 6 - Ray O'Connell, Daryl Hendricks, Candida Affa, David McGuire, Julio Guridy, and Cynthia Mota

Excused: 1 - Roger MacLean

RESOLUTIONS FOR FINAL PASSAGE (To be Voted On):

[15-1919](#)

R175

Authorization for a one year contract with AG Stellar Construction Co., Inc. for emergency services to board-up commercial and residential properties – revenue generating contract predicated on insurance and property owner payments, estimated at 25,001 for each year with an option for an additional year.

Attachments: [R175 Request for Council Approval - A G Stellar Resolution #29565](#)

Ms. Beth Ann Strohl stated that it was released with a formal invitation to bid and advertised on August 16th. The public opening was held on September 13th and this was the sole bidder.

Mr. Ray O'Connell asked if there were any comments from his colleagues or the public.

Yes: 6 - Ray O'Connell, Daryl Hendricks, Candida Affa, David McGuire, Julio Guridy, and Cynthia Mota

Absent: 1 - Roger MacLean

Enactment No: 29565

[15-1921](#)

R176

Authorization for Engagement of Professional Services with Lehigh Engineering Associates, Inc. in the amount of \$3,490 for a survey and installation of lot pins for the Twins at Devonshire Subdivision development project.

Attachments: [R176 Request for Council Approval - Twins of Devonshire Lot pins](#)
[Resolution #29566](#)

Ms. Beth Ann Strohl stated that it was under \$4,000 and only one quote is required.

Mr. Ray O'Connell asked if there were any comments from the dais or the public.

Yes: 6 - Ray O'Connell, Daryl Hendricks, Candida Affa, David McGuire, Julio Guridy, and Cynthia Mota

Absent: 1 - Roger MacLean

Enactment No: 29566

[15-1920](#)

R177

Authorization for a three year contract with Centerra Integrated Services, LLC, in the amount of \$7,048,490 over three years (2018-\$2,322,170; 2019-\$2,349,260; 2020-\$2,377,060) for Municipal Fleet Maintenance Services with an option of two additional three years agreements – 2 bids.

Attachments: [R177 Request for Council Approval - Centerra](#)
[RFP No. 2017-08 Municipal Fleet Maintenance Services -Final](#)
[Addendum No. 1](#)
[Resolution #29574](#)

Mr. Ray O'Connell stated that we are looking at a three year agreement with an option of two additional three years.

Ms. Beth Ann Strohl stated yes, that was how the last one was structure. It was released in the normal RFP process and was advertised on the 20th. The technical proposals were open on August 30th and the Cost Proposal were open on September 27. It was evaluated by a large committee of city personnel. This particular company was the best value proposal.

Mr. Ray O'Connell asked about the companies.

Ms. Beth Ann Strohl stated that they are on there.

Mr. Craig Messinger stated that there are only a couple companies that do the services. Other companies want to set up shop and do other work with their equipment. As far as the garage, we have know it could only be used as a municipal garage. There are only two companies that do the work.

Mr. Ray O'Connell asked if there were comments from his colleagues.

Mr. Julio Guridy asked for a summary.

Ms. Candida Affa asked about the maintenance and is it for fire and they just maintain.

Mr. Craig Messinger stated that it is for all city departments. It is for non-target services. They replace engines and alternators. They assist with getting new and used equipment. It was a large committee and different departments were included in this.

Mr. Ray O'Connell asked about the evaluation committee results. He asked if there were eight people on the committee. He asked if there were any fire union employees invited. He asked if the police union was in the room. He asked if SEIU was in the room.

Mr. Craig Messinger stated yes. The fire department was in there, but no union employees. No police union. The police department. He stated no about SEIU.

Ms. Beth Ann Strohl stated that there were eight people on the committee from various city departments and bureaus. Every city department was represented.

Mr. Daryl Hendricks asked if there was any consideration of taking this back in-house.

Mr. Craig Messinger stated that it is always a consideration. He filled out a full budget with the employees and SEIU and it is cost-prohibited.

Mr. Ray O'Connell asked if Mr. Messinger or someone from the administration reviewed the SEIU proposal.

Mr. Craig Messinger stated yes.

Mr. Julio Guridy stated that it is prohibited. It is too costly to bring it inside. How many employees do you think we will need in 2018? He asked if it will be a lot more than \$7 million if we did it in-house.

Mr. Craig Messinger stated that he did not add any more employees. It looked at the 15 employees, and the parts the same. It comes down to the labor. You get into additional costs with the insurance. It's not cost effective at this time. He stated that it would probably costs \$300,000 more a year. The number presented to me did not make sense. We discussed it with the committee and discussed with the mayor.

Mr. Ray O'Connell asked if there ever been a performance audit on

Centerra over the years.

Mr. Craig Messinger stated yes, even through the Controller's office.

Mr. Ray O'Connell asked for a grade for Centerra A through F.

Mr. Craig Messinger stated a B. If the city has the money. He stated that he was told to do the best cost effective way.

Mr. Ray O'Connell asked if there were any comments from the dais.

Mr. Ryan Hunsicker, SEIU Chapter Leader, stated what you are receiving is the SEIU proposal to the city which was given to the Mayor's office and Mr. Marchetto. Outside of that the performance audits that were done according to the analysis that were done. There were a lot of deficiencies. The material that you are looking at is detailing the savings of \$420,000 over three years to bring it back in-house and with SEIU employees. You are not paying the Management Service Fee. That's the profit margin. You bring that control back in-house. You are not tied into a contract for nine years. He talked about the control of the staffing levels. The staffing requirements were 15 mechanics and management people. He talked about the non-targeted costs that are outside of the agreement. What is the total number of dollars and cents the city spends with non-targeting costs through Centerra.

Mr. Taylor Harlis, 1515 Market Street - Philadelphia, stated that they believe that bringing the work back in-house, the city can save \$420,000 over the next three years. Under the current contract, the Management Service Fee is over \$200,000. You eliminate that fee. You save around 10 percent of the cost of the work. Yes, it would be more expensive to hire these people, but not by that much. We project that bringing the work in-house would increase the labor costs by only \$30,000 by the next year. The proposal in front of you is for the base cost of the contract. We believe there are much greater savings.

Mr. Ray O'Connell thanked Mr. Harlis and asked did you come up with these numbers and what did you base it on.

Mr. Taylor Harlis stated that the city employees are part of our union. So we have that collective bargaining agreement. The employees of the current contractor Centerra are also a member of our union. We used the cost sheet for Centerra based on targeted cost and the Controller's performance audit from earlier this year.

Mr. Julio Guridy asked if they made the presentation to Mr. Messinger.

Mr. Taylor Harlis stated that we did not make a presentation to Mr. Messinger. They sent it to the Mayor. This is a great opportunity. He hoped to have a discussion before this meeting.

Mr. Craig Messinger stated that unfortunately the proposals were not given at the same time of the other proposals. We were on a time schedule. He stated that he can guarantee that he did a full budget with this. He stated that he figured them at step D which is concurrent with what they are paid now. It does not match up. When it is figured out using the same structure for the city of Allentown budget no matter what department it will be, those numbers will not match that.

Mr. Taylor Harlis stated that this proposal does incorporate all the personnel, including two managers and comparable wages, and fringe benefits.

Mr. Julio Guridy stated that they are almost doubling the outsourced wages versus the in-house wages.

Mr. Craig Messinger stated that he is trying to say it is less. He stated that \$26 an hour is a high rate for a union employee of that step. It would be in the mid \$35 range, not \$26.

Mr. Ray O'Connell asked if there were any other questions from his colleagues. The cost control through the annual budgeting process for 2017 performance audit by the Allentown City Controller found that the annual budgeted cost increases were inconsistent and exceeded previous amounts under the contract.

Mr. Jeff Glazier stated that they found that there was a process and the increase was based on the CPI for the proceeding year. It was the urban CPI for maintenance. Our finding was that the administration did not do enough scrutiny. Management has acknowledged that. That ill will be cured going forward. The non-target work we looked at it at a period of time: Every invoice added up, every part they billed for was there. They did welding for water-grates.

Mr. Julio Guridy asked Mr. Taylor Harlis if the non-targeted work was a lot higher. He is not sure how high it is.

Mr. Taylor Harlis stated based on the invoices that he has seen this year, the largest part of that was the mandatory overtime during the snow season for the mechanics in the garage. These rates are very important because they are best guesses for the next year.

Ms. Candida Affa stated that Mr. Messinger is stating that we will lose \$9,000 in three years by going in-house. You are saying we will save \$420,000 over the three years. Is that what I am looking at?

Mr. Taylor Harlis stated that is correct.

Mr. Craig Messinger stated that he is using the actual 2017 numbers. The 2018 numbers that the contractor will be charging for are less than the 2017 numbers. There was verification that there were 15 employees.

Mr. Taylor Harlis stated that the number that he is looking at that the city agreed to pay for targeted work this, 2017 under the current contract is \$2.15 million. The number I am looking at for the Agenda item is for 2018 \$2.32 million. It is a disconnect to hear that the costs are going down.

Mr. Craig Messinger stated that is the fees and the labor of what they have in their line items as was requested under the RFP. It is less.

Mr. Taylor Harlis stated that he can give more information to the new contract, and the new proposed agreement if he had those numbers.

Ms. Beth Ann Strohl stated that the RFP proposals from Centerra and First Vehicle Services are still considered confidential so she cannot release those numbers.

Mr. Ray O'Connell stated that is understandable. We don't want to breach any confidentiality.

Mr. Daryl Hendricks asked Mr. Messinger if this contract is good until the end of this year.

Mr. Craig Messinger stated until December 31st.

Mr. Ray O'Connell asked if there were any questions for Mr. Taylor Harlis or the public.

Mr. Tom Hahn, 2016 E. Highland Street, asked about the money that was left over and the Memorandum of Understanding. There seems to be money given back to the city for work not done and people controlling that outcome.

Ms. Helen Hahn, 2016 E. Highland Street, stated that Centerra is using SEIU. The city would use the same union, correct? Why would you tell me the city would spend more money when Centerra has to pay upper echelon

people? She asked why is it so secretive. She asked about Centerrra adding on.

Mr. Ray O'Connell stated that Centerra would be the vendor that would run our municipal garage. We know what Centerra bid is. We have a counter-proposal from SEIU. He asked if that would be the outsourcing.

Ms. Susan Wild stated that is part of the RFP process. The proposals are not public knowledge.

Mr. Craig Messinger stated that we already had to do welding services. There are different processes. It would be a non-target service.

Mr. Glenn Hunsicker stated that he thinks they have to break down the numbers. We need the targeted account expenditures for the past three years and the non-targeted account expenditures. There is no minimum employee level guarantee. They did not run a nightshift for people. There is a quality issue of work being done. If they got money back, we never seen it on the CAFR Report. There is a three year contract and what I see is the first year, an eight percent increase for Centerra, a 1.5 percent increase, and 1.5 percent in year three. That is 11.5 percent in three years. Those are the numbers you have to look at. This is a \$7 million plus contract. There is a 10 year replacement clause on equipment. That forces the city to get rid of equipment after 10 years. You may not necessarily replace that in the 10 year schedule. He asked for the written audit report.

Mr. Jeff Glazier stated that it is online.

Mr. Craig Messinger stated that there was a Right to Know. They should have that information on target price and non-price. All the information was provided. There is a suggested schedule for replacement. We don't have to do it at that time.

Mr. Lou Hershman, 405 N. Gilmore Street, asked if the Solicitor offered an opinion about an RFP not being available for the public to inspect.

Ms. Susan Wild stated that under the proposals for RFPs they are not disclosable. Not until the contract is done.

Mr. Lou Hershman stated that it looks like the government is not operating openly as we did in previous years.

Mr. Julio Guridy stated that you must be talking about construction bids. It is different from proposals.

Mr. Lou Hershman stated that he knows what an RFP is.

Ms. Susan Wild stated that as a practical matter, the whole idea of a competitive process is to get the best proposal and if the proposals were open for everyone to see then I don't know if we would get independent proposals from different vendors.

Mr. Lou Hershman asked if the contractor contributed to the Mayor's campaign. He stated that she should know since it is part of the questionnaire.

Ms. Susan Wild stated that she doesn't know.

Ms. Beth Ann Strohl stated no, it is not. That requirement only requires to noncompetitive bid contracts. The ordinance that requires political disclosure applies to noncompetitive bid contracts that includes sole source contracts.

Mr. Jeremy Warmkessel, 936 Hawthorne Road, talked about the non-targeted repairs. The non-targeted repairs is a bid contention in the fire department. We have repairs that need to be made and there are discrepancies on who is responsible for the payment.

Mr. Craig Messinger stated that in the RFP it states that if there is an issue still under the evaluation between the contractor and the city, it comes over to the contract manager which I am. My word is final under this contract.

Mr. Jeremy Warmkessel stated that goes back to what we spoke to in April. Unfortunately, we were able to get certain things in the RFP process up to this point. We believe that it should be an independent auditor of the contract with the third party provider. If you enter into a bad contract, that contract stands.

Mr. Jeff Glazier stated that he speaks not in favor of this nor against this. The non-targeted expenses all have to be approved by the city. If you want to keep fleet on the road, there is a process. We did this audit this year. It was probably the biggest audit that we have done. I have a fair amount of experience in the audit repair industry. This was still a very challenging audit.

Mr. Ray O'Connell asked if there were any other comments from the public.

A motion was made by Daryl Hendricks, seconded by Cynthia Mota, that this Resolution be tabled. The motion carried by the following vote:

Yes: 6 - Ray O'Connell, Daryl Hendricks, Candida Affa, David McGuire, Julio Guridy, and Cynthia Mota

Absent: 1 - Roger MacLean

Enactment No: 29574

ADJOURNED: 6:58 PM