

Costing Analysis
Street Sweeping Services

Exhibit A

Staff has completed a costing analysis of providing street sweeping services in-house with City resources. The current contract with Sweeping Corporation of America specifies 5,855 miles of street sweeping services at a cost of \$340,936, or \$58.23 per mile. The City would propose to provide this service using two new senior equipment operators and three street sweeping vehicles (two front-line and one back-up). Supervision of the operation would be handled with current staff. With this personnel and equipment, staff estimates in the first year that 13,075 miles of streets could be swept at a cost of \$397,317, or \$30.39 per mile. A detailed costing of personnel, supplies, contracted services, and equipment leasing costs was performed. Because the useful life of the vehicles exceeds the five-year lease period, the cost per year (not adjusted for inflation) will decrease after five years. The table below shows the current cost of the contract, the estimated cost for the City to provide the service as described above, and the cost per mile for the contractor and the City. The table shows these costs for the first year and as a 10-year average.

Cost Difference Between Contractor and In-House Service				
<u>Cost Type</u>	<u>Contractor</u>	<u>City Provided</u>	<u>Difference</u>	<u>% Difference</u>
<i>Financial/Budget</i>				
First Year Cost	\$340,936	\$397,317	\$56,381	16.5%
10-Year Cost	\$3,409,356	\$3,208,167	-\$201,189	-5.9%
<i>Workload</i>				
Annual Miles Swept	5,855	13,075	7,220	123.3%
<i>Efficiency</i>				
First Year Cost per Mile	\$58.23	\$30.39	-\$27.84	-47.8%
10-Year Average Cost per Mile	\$58.23	\$24.54	-\$33.69	-57.9%

*Ten-year costs do not include inflation.

Although the City proposes a higher cost in the first year (+\$56,381) based on the staffing model detailed above, staff estimates this model would increase mileage swept by 123%, or more than double what the contractor is currently providing. As shown in the table, the City's estimated cost per mile to provide the service over the 10-year lifecycle of the vehicles is 57.9% lower than the current contractor. Due to the significantly higher efficiency in the model outlined above, staff recommends bringing the service in-house.