

Information Item

Date: November 1, 2017

To: The City Manager

From: Scott Tesh, Performance and Accountability Director

Subject: Street Sweeping Internal Audit and Costing Information

Strategic Focus Area: Quality Transportation
Strategic Objective: Improve Integrated Road Network
Strategic Plan Action Item: No
Key Work Item: Yes



The City currently contracts with Sweeping Corporation of America, Inc. to provide street sweeping service throughout the City. This information item contains three sections pertaining to street sweeping services:

- 1) A report on the street sweeping contract conducted by the City’s Internal Audit Division
- 2) A costing analysis of providing the service with City resources
- 3) Potential supplementation of street sweeping services with Sanitation vehicles.

Contract Audit

The City’s Internal Audit Division performed a contract audit that concentrated on operations and transactions occurring between January 1, 2017 and June 30, 2017 (the most recently completed contract period with Sweeping Corporation of America). Emphasis was placed on the contractor’s delivery, daily reports, amounts invoiced, and the effectiveness of City administration. The audit verified that many of the provisions of the contract were correctly satisfied; however, the audit yielded findings that showed that GPS monitoring systems were not operating correctly, some historical GPS data was unobtainable and/or did not agree with daily reports, and street sweeping vehicles were traveling above the contract mandated speed of ten miles per hour. Several other smaller findings are included in the audit report, which is attached

Committee Action:

Committee	_____	Action	_____
For	_____	Against	_____
Remarks:	_____		

to this information item. Additionally, the Internal Audit Division noted insufficient verification of contract provisions and recommended City staff verify completion of routes through the GPS system and document other verification methods, such as physical monitoring of routes.

Service Costing

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 2 new personnel (two senior equipment operators) and 3 street sweeping vehicles (two front-line and one back-up). Supervision of the operation would be handled with current staff. With this manpower 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 this 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.

Supplementation of Street Sweeping with Sanitation Vehicles

To supplement the current contracted street sweeping service, the City’s Sanitation Department piloted a program to use an automated leaf loader and a hoist truck to perform supplemental street cleaning services on 16 street segments (totaling 14.5 centerline miles) that included bicycle lanes. Due to the increased efficiency of the proposed City street sweeping schedule,

staff does not recommend continuing the supplementation practice after the new service becomes operational. Street sweeping routes can be created to continue providing this service with the new equipment and personnel.