



THE CITY OF KEY WEST

Post Office Box 1409 Key West, FL 33041 (305) 809-3883

MEMORANDUM

TO: Jim Scholl, City Manager
FROM: Steve McAlearney, Director of Engineering
DATE: November 16, 2018
RE: Agreement for Traffic Signal Maintenance

ACTION STATEMENT:

Authorize the City Manager to execute new *Agreement for Traffic Signal Maintenance* between the City of Key West and Keys Energy Services.

BACKGROUND:

Under Resolution Nos. 01-169, 11-145 and 16-029, Keys Energy Services (KEYS), acting through the Utility Board of the City of Key West (City), has historically provided certain repair and replacement services for traffic signals and cross-walk lights. Currently, traffic signals are maintained by KEYS under *Agreement for Traffic Signal and Street Light Maintenance* effective January 27, 2016 (Resolution 16-029); however, based on review of internal costs versus current cost reimbursement schedules, KEYS is requesting a revised agreement in lieu of terminating such services to the City. The proposed agreement including traffic signal location Schedules A and B, with effective date of January 27, 2019, is attached.

Notable agreement revisions include:

- Clarification of KEYS and City responsibilities (e.g., mast arms);
- Inventory maintenance including restocking and disposition of obsolete materials;
- Compensation to capture employee direct costs, training, certification and equipment associated with repair and maintenance of facilities;
- Recognizing the City right to renegotiate agreement following Florida Department of Transportation (FDOT) assuming maintenance of FDOT signals as of July 1, 2020.

Key to the Caribbean - Average yearly temperature 77°

- City responsibility for repair of traffic signals resulting from natural disasters (i.e., hurricanes). FDOT currently has responsibility for assessment and repairs of FDOT signals following such events.
- City pre-approval of planned upgrades.
- Establishing an initial agreement term of five (5) years, with automatic 5-year renewals. One-year notification by either party required to terminate agreement.

KEYS is professionally and technically capable of maintaining the CITY's existing traffic signals and cross-walk lights, as well as traffic signals and cross-walk lights that may be installed in the future.

PURPOSE AND JUSTIFICATION:

Traffic signals and cross-walk lights require periodic maintenance including inspections, repairs and timing adjustments. KEYS will provide repair and replacement services for the facilities described in Schedules A and B in accordance with the proposed agreement.

This new *Agreement for Traffic Signal Maintenance* effective January 27, 2019 will replace the current *Agreement for Traffic Signal and Street Light Maintenance* between the City and KEYS.

This *Agreement for Traffic Signal Maintenance* will support *A transportation system which is aesthetically attractive, functional, efficient, safe and environmentally sensitive* (Strategic Plan Infrastructure Goal #1) and *Long-term sustainability of the City's hard assets* (Infrastructure Goal #4).

FINANCIAL ISSUES

To provide required traffic signal maintenance services, KEYS will invoice the City as follows:

1. \$37,500.00 per quarter to compensate KEYS for internal costs such as employee direct costs (normal hours, duty pay and overtime), training, certifications and equipment costs associated with the repair and maintenance of the facilities. The internal cost compensation will increase 3% upon each annual contract renewal.
2. Cost per quarter for materials issued from inventory or purchased from vendors to maintain, repair, or replace the facilities in Schedules A and B. In addition, the net book value less any proceeds received by KEYS for the disposition of obsolete materials will be included. KEYS shall not bill the City more than \$20,000 for such obsolete materials in any single contract year.

3. For repairs and/or replacement of infrastructure as a result of 3rd party damage, KEYS will invoice the CITY for actual labor, material and transportation costs, along with applicable overhead rates. If City is unable to recover from 3rd party applicable overhead rates, said overhead rates will be waived by KEYS and issue a credit on the next quarterly invoice.

Funding for traffic signal maintenance is included in budget account number 102-4102-541-4601.

RECOMMENDATION

Authorize the City Manager to execute the *Agreement for Traffic Signal Maintenance* between the City of Key West and Keys Energy Services.