

## **A New Road Maintenance Model for Gustavus Proposed by Council Member Mike Taylor**

**Purpose:** Develop a new maintenance model to make City road maintenance more efficient and cost effective by transferring road maintenance decision making to the contractor and achieving more favorable road maintenance pricing through a longer-term contract. The contractor would be delegated authority to make decisions about maintenance needs and priorities while working within a function budget. Transferring authority to the contractor is intended to reduce the need for city staff to plan, direct and oversee routine road maintenance activities, freeing these resources for other City priorities. A longer-term contract is intended to improve the contractor's operational efficiency, which should be reflected in its bid prices. This objective is attained by providing the contractor with a longer commitment of consistent work (reduces contractor risk), allows the contractor longer-term planning of its operations, and allows the contractor to amortize fixed costs over a longer period.

**Contractor Duties:** The contractor would be responsible for inspecting roads regularly, determining maintenance needs, scheduling work, and completing the work. The contractor would be responsible for acquiring and maintaining, fueling, and operating equipment needed to maintain city roads. The basic service of the contract is routine road maintenance such as grading, road repairs (gravel additions), brushing, snow plowing, sanding, ditch cleaning, road berm removal, road sign installation and maintenance, culvert maintenance and bridge maintenance that are assessed, prioritized, and executed by the contractor under its delegated authority. The contract would also allow minor road construction and improvement projects such as new ditch construction, culvert installation, minor roadway improvements, etc. but at the discretion and authority of city staff acting on project specific plans and quotes. Larger projects such as major road construction, multiple culvert installations, and bridge repairs or construction may be subject to broader contract solicitation. The contractor work would not be exclusive to only city work but would be allowed to augment its work with other customers as its schedule allows.

**Contractor Oversight by the City:** The contractor's work would be monitored by the City Administrator to assure roads are being maintained in accordance with the City's and the public's expectations described in the contract. The City Administrator may meet occasionally with the contractor to help align priorities or consider/plan road improvements. The City Administrator may relay maintenance needs as observed by city staff or reported by the public to the contractor for action. The City Administrator would occasionally inspect roads or visit work sites to monitor work effectiveness. The City Administrator would also approve invoices from the contractor.

**Contract Development.** The City Administrator would draft a contract for use with a selected contractor. The contract details would be reviewed and approved by the City Attorney. The contract would be for a three- to five-year term but may provide for price adjustments during the term to reduce bid prices for indeterminate and unquantifiable risks. The contract will describe the contractor's role and responsibilities and those of the City. It would identify the point of contact (POC) for contractor and City. The contract will set forth rates and provide a means to adjust rates for inflation or changing conditions, license and insurance requirements, invoicing, etc. The contract would be the basis for clarification of responsibilities and resolution of any conflicts. There would be a means for terminating the contract for the City or contractor convenience.

**Contractor Selection and Award:** The City would issue an RFP for a contractor to take responsibility for the road maintenance function as it were a City department. The RFP would require the contractor to propose how they would perform the service and hourly rates for equipment and labor or unit prices for specific tasks. The contractor would describe how they would inspect roads and determine needs for service. The City would select a contractor based on the following criteria:

- General contractor license;
- Insurance and bonding qualifications;
- Experience performing road maintenance and heavy civil construction; (Heavily weighted);
- Local preference (Heavily weighted);
- Resources and equipment available or committed to be available;
- Hourly equipment and service rates and unit prices offered for specific tasks (rates to be compared to rates the city has paid in the past or those in effect in similar cities in the region);
- Means and methods of performing the service (i.e. the proposer's rationale for prioritizing road maintenance);
- Minimum contract amount for covering fixed costs;
- Local office, equipment garages and maintenance facilities;
- Availability of service (Year-round service is a minimum requirement);
- Contractor staff, employees, to be available and assigned to the work; and,
- Any limitations or exclusions from the service that may affect quality and quantity of road services.

The City Administrator and Mayor, with help from a selection team of experienced council members or others, would review proposals resulting from the RFP. The City Administrator would negotiate with the selected proposer determined as the best qualified to perform the services. The City Administrator would make a recommendation to the council as to whether to award a contract and to whom. The council, if it agrees, would award the contract and the City Administrator would then assure all required submittals are in place and issue the contract.