

Contracted Grounds Maintenance – Fuel Surcharge



Wichita Park & Recreation

April 12, 2022



Background



- Approximately 3,500 acres of City-owned Park and right-of-way property maintained (mowed) by grounds maintenance contractors
- RFP in January 2020 – 9 vendors selected to split up the necessary properties
- Contract was for 1-year term plus two options for 1-year renewals (currently in 3rd and final year)
- Renewals do not include any price adjustments



Analysis



- 5 of 9 vendors are registered Disadvantaged/Emerging Business Enterprises and most are small local businesses.
- Fuel is a significant expense for contracted grounds maintenance. Fuel prices are significantly higher than when contracts were initially negotiated. Vendors concerned about absorbing the impact of these prices.
 - \$2.50/gallon when contracts were negotiated (January 2020) and \$2.20 during 2020 maintenance season.
 - Increased steadily from \$2.90 in April 2021 to \$3.47 in September 2021.
 - Most recent data – \$3.67 in February 2022.
- Staff proposes paying a fuel surcharge to ensure viability of the vendors and continuity in grounds maintenance services.
 - 3% surcharge when fuel cost exceeds \$3.40 (according to <https://gasprices.aaa.com/?state=KS>).
 - Price on Monday determines if surcharge is added to that week's work orders.



Financial Considerations



- Estimated expense for contracted grounds maintenance in 2022 is \$3,185,355.
- Proposed surcharge would add a maximum of \$95,561 to the cost of contracted grounds maintenance.
- Staff will incorporate any increased funding in the 2022 Revised Budget.



Legal Considerations



- The Law Department has reviewed and approved the form contract amendment and will review each individual vendor contract amendment as they are finalized.



Recommended Action



- It is recommended that the City Council approve the form contract amendment for fuel surcharge payments for the Park and Recreation Department grounds maintenance contracts.



Questions?

