



# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-2-27 (3)

DATE: February 27, 2013  
TO: Board of Commissioners  
FROM: Michael Mirra, Executive Director  
RE: Inter-local Agreement with King County Housing Authority for the purpose of Vehicle Management/Maintenance

### **Background**

This resolution would authorize me to sign the agreements necessary to use a vehicle management/maintenance firm for our fleet of vehicles that the King County Housing Authority (KCHA) uses. This arrangement would address serious shortcomings in our present services from the City of Tacoma. It will also save money. The Board considered and tabled this resolution at its January meeting. It asked the staff to provide more information about the proposal. That information appears below. I hope this additional information answers the Board's questions adequately to permit its approval of this resolution.

Currently Tacoma Housing Authority does not have a formal process of maintaining and managing our fleet of vehicles. THA staff has met with Automotive Resource International (ARI) to discuss the possibility of obtaining their services to manage THA's vehicles. ARI is currently contracted with King County Housing Authority (KCHA) to manage KCHA's 200 plus vehicles.

ARI services will include:

- Purchasing vehicles at a lower cost by using their buying power with manufacturers and doing the research to find the lowest price available;
- A vehicle management/maintenance contract system will keep track of when the vehicles should be serviced;
- The ability to use any auto repair/service in the State of Washington as well as nationwide, including deeper discounts on their contracted pricing with major repair shops; and
- A Customer Service department that has ASE Certified mechanics that have the ability to verify and approve that the cost of a given repair is within industry standards to avoid large repair bills.

THA currently uses the City of Tacoma's fleet department and, for work that cannot be completed by fleet, Courtesy Auto for vehicle maintenance. In 2012, THA spent approximately \$25,000 on routine and extraordinary vehicle maintenance.

THA does not currently have a vehicle management program. The City does not provide this service. We are excited to use the service ARI has available for this. THA will pay \$5-\$10 per vehicle per month for this service. ARI will track the mileage and fuel use for each THA vehicle and provide reminders for routine maintenance services. Using this service will also allow THA to move away from the fleet fuel card system that requires THA to purchase fuel from specific vendors. ARI will provide a fuel management system that will allow staff to purchase fuel at any service station; making it more convenient and efficient for staff.

During the January Board meeting, commissioners asked for detail about the wage rates of City of Tacoma fleet staff versus vendors that THA would use with ARI. Below is a table comparing City of Tacoma's fleet department to two other ARI vendors for an oil change service:

	Average Employee Hire /Hr. Rate	Average hourly rate charged to THA	Cost of Materials	Total Average Cost to THA	Time	Benefit to THA
<b>City of Tacoma (Vehicle &amp; Equip shop Attendant)</b>	\$22.40	\$88.00	\$32.57	75.00	3 days or more	
<b>Jiffy Lube</b>	\$18.54	\$29.95	Included with Contracted price	\$30.00	30 minutes	Contracted price with ARI; less THA employee down time without a vehicle
<b>Courtesy Auto</b>	\$19.95	Flat Rate of \$12.00	28.23	\$40.00	1 hour	Less THA employee down time without a vehicle

Importantly, the City will outsource body work and major repairs to local mechanics, likely using the same type of private firms that ARI would suggest. Yet the City would still charge its markup rates. When the City outsources work, THA has no control over the prices THA is charged or wages outsourced labor is receiving. The ARI contract would give THA more control over this.

Commissioners had expressed concern that ARI vendors might not be earning a "living wage" as compared to City of Tacoma staff. The average Jiffy Lube wage is \$38,563 per year. 30% of the gross monthly income for a household making \$38,563 is \$964, which is equal to the fair market rent for a 2 bedroom apartment in Tacoma.

Another issue with continuing to use the City of Tacoma's fleet service is the amount of time it takes to complete the work. A vehicle will be out of service for up to 3 days even for an oil change, and around 20 days for major work. There is competition with other City of Tacoma departments that utilize the fleet services such as Public Works, Tacoma Police, etc. The City's own vehicles get first priority. In addition, the City of Tacoma will outsource certain services because they do not perform them. These tasks include:

- Body work if the vehicle was in an accident. With fleet, the vehicle is sent to a body shop for body work and painting. With the ARI contract we can work directly with a body shop of our choice minimizing the down time of the vehicle.
- Major repairs such as engine and transmission replacement.

Overall, THA will get a better scope of service, more affordable rates, and faster turnaround time by engaging in ARI's services. We will also gain a management service that is not in place today.

Signing an Inter-local Agreement with KCHA will allow THA to combine its vehicles with KCHA's vehicles under one contract with ARI. The larger volume of vehicles under contract will bring down the monthly cost of the management service.

Fleet management and maintenance costs are included in the 2013 budget.

The THA Asset Management Committee supports this proposal.

### **Recommendation**

Approve Resolution 2013-2-27 (3) authorizing the Executive Director to execute an Inter-Local Agreement with King County Housing Authority to contract with ARI for vehicle maintenance and management services.





# TACOMA HOUSING AUTHORITY

## RESOLUTION 2013-2-27 (3)

### INTER-LOCAL AGREEMENT WITH KING COUNTY HOUSING AUTHORITY FOR THE PURPOSE OF VEHICLE MANAGEMENT/MAINTENANCE

**WHEREAS**, Tacoma Housing Authority currently does not a formal fleet vehicle management/maintenance program in place;

**WHEREAS**, Automotive Resource International (ARI) is currently contracted with King County Housing Authority (KCHA) for their vehicle maintenance/management program;

**WHEREAS**, this agreement will allow THA to use of any auto repair/service shop in the State of Washington;

**WHEREAS**, this agreement will allow THA to have a vehicle management program for its fleet of vehicles;


**WHEREAS**, fleet management and maintenance costs are included in the 2013 budget.

**WHEREAS**, entering into this Inter-Local Agreement combines KCHA vehicles and THA vehicles resulting in a lower monthly rate for vehicle maintenance and fleet management.

***Resolved by the Board of Commissioners of the Housing Authority of the City Of Tacoma, Washington, that:***

Approves Resolution 2013-2-27 (3) authorizing the Executive Director to execute Agreement to execute an Inter-Local Agreement with King County Housing Authority (KCHA) for the purposes of contracting with ARI for a vehicle management program.

**Approved:** February 27, 2013

  
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Janis Flauding, Chair