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DEPARTMENT OF
PUBLIC WORKS

STREET DIVISION

CITY OF SACRAMENTO
CALIFORNIA

5730 - 24TH STREET
BUILDING NINE
SACRAMENTO, CA
95822-3699

916-449-5236

GEORGE PUCCINELLI
STREET DIVISION MANAGER

June 7, 1989

Joint Budget and Finance/Transportation
and Community Development Committee

Honorable Members in Session:

SUBJECT: COST COMPARISON OF IN-HOUSE VERSUS CONTRACT STREET BASE REPAIR

SUMMARY

During the Public Works Department's CIP review, Councilmember Pope requested a report on the cost of using in-house staff for street base repairs versus the use of outside contractors. This report compares these two methods and finds that in-house staff costs less than using contractors.

BACKGROUND

The City will receive at least \$4.2 million in Measure A funds for street maintenance in 1989-90. Staff requests that \$1.4 million of these funds be spent on in-house staff and start-up equipment for three street repair crews. These crews would be used primarily for base repair. Staff has conducted a survey of base repair charges by private contractors. The range of costs for private contractors was \$3.40 - \$4.50 per square foot for base repair work. In-house staff costs \$4.49 per square foot for the first year because of start-up equipment costs and \$2.85 thereafter. Therefore, over a five-year period, the City would save \$264,953 assuming that the same rate of inflationary factors applied to both outside contractors and City operations. The survey results and the cost calculations are displayed on Attachment A.

The cost of using City crews is very competitive after the first year start-up costs are recovered. The additional benefits to using in-house staff are as follows:

- Greater control over scheduling of work.
- City crews produce a better quality finish on road surface.
- City crews can clean alleys and drainage ditches during rainy periods or when temperatures prohibit laying asphalt.

The primary drawback to using City crews is the initial start up investment required for equipment.

POLICY CONSIDERATIONS

None.

MBE/WBE

None.

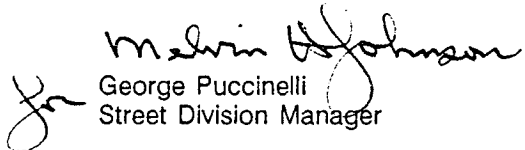
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RECOMMENDATIONS

This report is for information only.

Respectfully submitted,


George Puccinelli
Street Division Manager

Recommendation Approved:

Approved:

Solon Wisham, Jr.
Assistant City Manager


Melvin H. Johnson
Director of Public Works

Contact Person:
Bill Farley, Administrative Services Officer - 449-2013

All Districts
June 7, 1989

Survey of Base Repair Rates

<u>Firm</u>	<u>Square Foot</u>
1. Teichert and Sons	\$ 4.50
2. Granite Construction Co.	3.40

Cost of City Crews for Base Repair

(Figure based on daily expenditures and performance)

	<u>Cost</u>
Employee Services	\$2,223*
Equipment Rental	600
Materials	<u>600</u>
	\$3,423
Square feet repaired each day	1,200
Cost per square feet	=\$2.85

*Includes 10% non-productive time for inclement weather and 101% overhead