MATRIX CONSULTING GROUP

October 27, 2025

Michael Allen
Community Development Director
City of El Segundo
350 Main Street
El Segundo, CA 90245

Dear Mr. Allen:

Matrix Consulting Group, Ltd. is pleased to present our best and final offer (BAFO) to conduct a comprehensive citywide staffing assessment for the City of El Segundo. All aspects of our initial submittal remain valid as originally proposed except as specifically modified by the following points:

Comparative Survey: We will include in our project task plan the following scope of work to conduct a high-level comparative assessment of budget and staffing allocations. By reallocated hours among the project team, we are able to incorporate this additional scope in our original proposed budget of **$99,900** for this engagement.

The project team will conduct an assessment comparing key organizational characteristics of the City of El Segundo against five comparable local government entities in the greater Los Angeles metropolitan area. The specific communities utilized will be approved in advance by the City. This comparative will include the following elements: Overall organizational structure, annual budget allocations for each department, total staffing allocation by department, and allocation of specific service functions by department/division. This comparative benchmarking effort will provide insights into both resource and staffing allocations and typical organizational structures.

TASK RESULT

Comparative benchmarking assessment comparing the City of El Segundo's organizational structure, budget and staffing allocations against five comparable local governments.

- **Fleet Management Assessment:** As requested, we have proposed a fleet management assessment evaluation as an optional service. The fleet management assessment will include a review of existing fleet operations, right-sizing study, replacement plan development, and outsourcing analysis. The budget for the fleet assessment would be a not-to-exceed fixed price of **$34,900** as shown in the following budget.

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TASK	Fleet Lead	Fleet Analyst	Total Hours	Total Fee
1. Fleet Profile	4	16	20	$3,760
2. Utilization Review	12	38	50	$9,530
3 Replacement Plan	16	24	40	$8,040
4. Outsourcing Analysis	12	24	36	$7,080
5, Final Report	8	16	24	$4,720
Total Hours	**52**	**118**	**170**	
Hourly Rate	$240	$175		
Professional Fees	**$12,480**	**$20,650**		**$33,130**
Travel Expenses				$1,770
Total Project Cost				**$34,900**

A more detailed task plan for the fleet management assessment is provided on the following pages.

Should you have questions or require additional information, please let me know. We look forward to the opportunity to work again with the City of El Segundo. I can be reached at the address and phone number below or at apennington@matrixcg.net.

ALAN D. PENNINGTON
President
Matrix Consulting Group, Ltd.

PROJECT TASK PLAN

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We will accomplish all items requested in the RFP through the following activities or tasks.

TASK 1: PERFORM A CURRENT STATE ANALYSIS

This task involves reviewing data as it is submitted and meeting with stakeholders to build an understanding of the fleet organization and create a fleet profile. We will build a detailed current inventory listing fleet data by department, year, and model, which will be the basis for future studies. The inventory will also reflect unit and VINs, purchase date, current odometer, anticipated mileage, and capital and operating costs.

In addition to the inventory, the Fleet Profile will provide an overview of the organization, job descriptions, facilities, budget, policies, and use of technology. A draft fleet profile will be submitted to allow the City to edit or add to the information collected. The report will conclude with a list of challenges and opportunities noted during early analysis. The final version of this assessment will be the baseline upon which all future deliverables are built.

TASK RESULT

We will create a Current State Assessment Report documenting the current inventory and staffing as well as existing Fleet Services operational policies and processes.

TASK 2: CONDUCT A RIGHT-SIZING STUDY

We will use the data from the fleet profile and interviews with fleet users/managers to understand how fleet assets are used and identify opportunities to right-size the fleet and right-type individual assets. We will comprehensively review the utilization and allocation of all fleet assets. We closely follow the U.S. federal government's approach to fleet rightsizing, known as the Vehicle Allocation Methodology (VAM). This involves several steps:

1. Non-emergency response assets: Review the data to identify the average utilization for each class of vehicles and determine utilization thresholds for each class.
2. Emergency response assets: Understand the number of shifts, staffing, vehicles per shift, and reserves for each functional area.
3. Interview supervisors/managers who best understand the use of each asset (non-emergency and emergency response). Clarify whether the asset is the right-type for the job.

4. Identify whether the usage patterns justify an alternative fuel vehicle such as electric vehicles (EVs), plug-in hybrid electric vehicles (PHEVs), and "conventional" hybrid electric vehicles (HEVs) or whether other sustainable fuels may be suitable for the asset.

5. Determine a disposition for each asset and a common specification for classes of assets.

Representative questions used in interviews include:

Utilization Questions

- What is the main job this vehicle performs?
- Describe how this supports the organization's mission.
- Does the vehicle need special equipment to accomplish the tasks?
- What is the normal/maximum daily range of the vehicle?
- How many people will be transported per trip on a regular basis?
- How much and what type of cargo will the vehicle haul on a regular basis?
- Is the vehicle shared with other employees or other departments?
- Describe any emergency response requirements.
- How many days per week and hours per day is this vehicle required?

Empirical data and interview results will be compiled and analyzed to determine the current use of the asset and its future disposition. From our analysis, we will recommend one of the following outcomes for each vehicle in the fleet:

Retain	Keep current unit in service and replace according to a multi-year replacement plan based on optimum lifecycles.
Replace	Asset is overdue for replacement and should be replaced immediately.
Right-Type	The asset is not the best for the job and should be replaced with a different asset at the end of the current lifecycle.
Eliminate	Utilization does not justify retention of the asset.
Right-Fuel	Usage patterns indicate that the asset is a candidate for alternative fuels.
Other	May include borrow, pool, rent, reimburse or additional analysis.

We will provide a complete record of the analysis criteria, the recommendation for each asset in the fleet, and its impact on future replacement planning.

In addition to these final dispositions, we will measure the impact of the recommended changes in terms of capital and operating budget and emissions reductions.

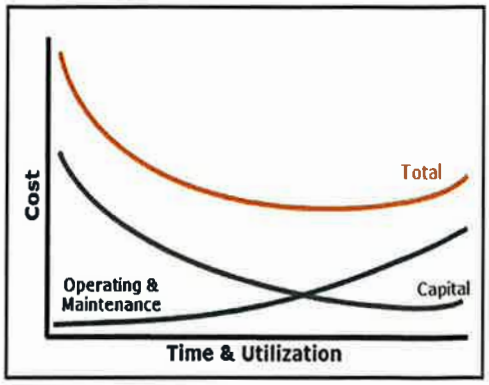
TASK RESULT

We will provide a Utilization Report.

TASK 3: CREATE A FLEET REPLACEMENT PLAN

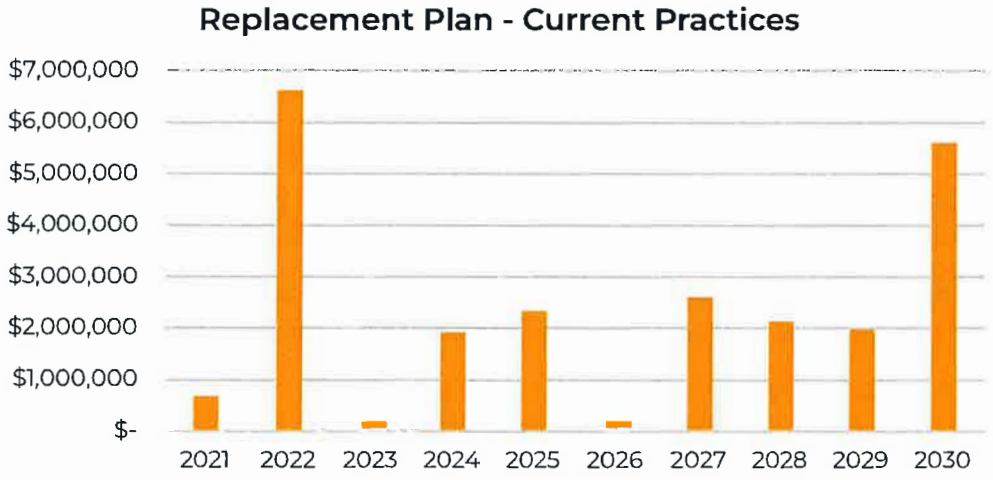
In Task 3, we will use our fleet modelling tool to create a ten-year replacement plan that reflects when each asset should be replaced and accounts for the costs of that replacement.

Equipment capital costs tend to decline over time (because annual depreciation is highest in the initial years of ownership), while operating and maintenance costs increase. The combination of these two basic curve functions results in a "U-shaped" total cost curve. The economic theory of vehicle and equipment replacement predicts that vehicles and equipment should ideally be replaced during the flat portion of the curve, when annual operating costs begin to outweigh capital costs. Replacing an asset at this point produces the lowest lifecycle costs. The chart to the right, which is from APWA's publication "Managing Public Equipment", illustrates this concept.

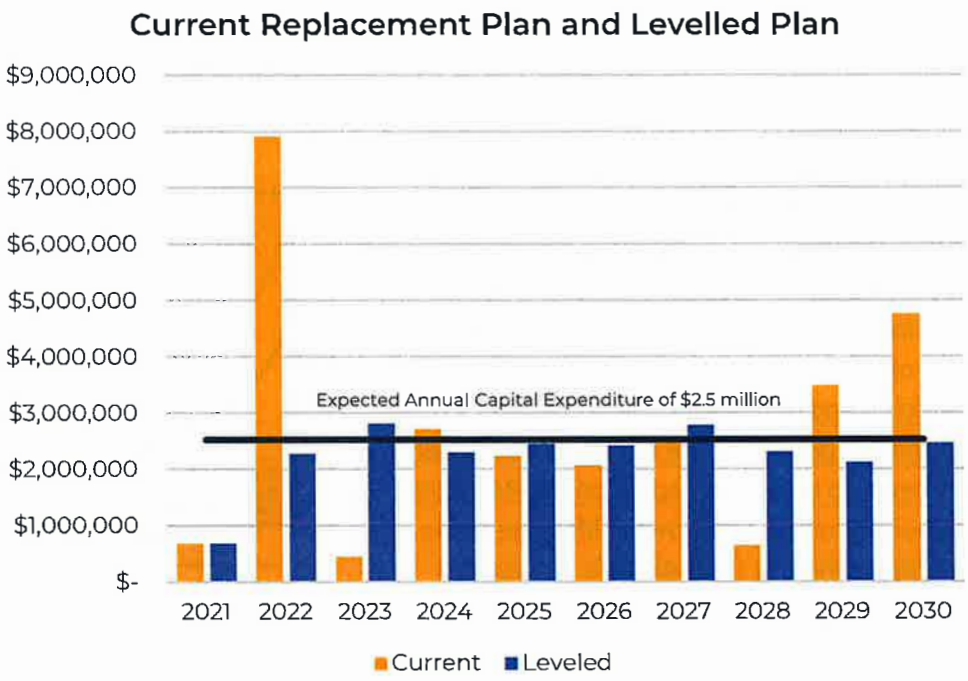


The total cost curve can vary significantly for different types of equipment. Factors that impact total costs and lifecycle timing include purchase prices, differences in operating environments, utilization levels, maintenance practices, rates of depreciation, etc. Consequently, replacement criteria must be developed for all types of equipment in a fleet.

The move to optimum lifecycles will result in savings in TCO. Our model will demonstrate the savings potential for various levels of spending. We will also generate a multi-year replacement plan for the fleet reflecting the new recommended lifecycles. In a recent example, a client had a plan that looked like the graph below:



This plan made for inconsistent budget requirements. We recommended a levelled plan that provided more predictability for budget needs.



In addition to reviewing acquisition and replacement, we will determine whether the methods used to dispose of vehicles and equipment are timely and yield the best rate of return.

TASK RESULT

We will create a replacement plan for the City's fleet.

TASK 4: EVALUATE OPPORTUNITIES FOR OUTSOURCING

In this task we will consider alternatives to providing inhouse maintenance. Maintenance outsourcing can follow several different models:

- Limited outsourcing. Best-in-class fleets typically outsource 10-15% of maintenance. The repairs that are outsourced are typically specialty work beyond the capabilities of the shop.
- Third-party vendor on site. A maintenance company will operate out of a City-owned facility and provide parts, mechanics, tools and equipment as well as supervisors to manage the shop.
- City-managed outsourcing to off-site vendors. The City will contract with a variety of vendors for all of their maintenance needs. The City will manage which repairs are handled by which vendors.
- Fleet Management Company (FMC) managed outsourcing. The City will contract with an FMC who will operate a call center to coordinate all maintenance requirements.

We will do a cost-benefit analysis of each option and recommend the strategy best suited to the City based on costs, levels of service and control.

TASK RESULT

We will provide a chapter in the final report reflecting the outsourcing cost-benefit analysis.

TASK 5: COMPILE A FINAL REPORT AND IMPLEMENTATION PLAN

Upon the conclusion of the preceding tasks, we will prepare a detailed report summarizing the results of each of the previous work tasks and clearly delineating the recommended changes and associated costs. The report will be structured as follows:

- Executive Summary
- Introduction, Methodology, and Project Approach
- Fleet Profile
- Utilization Review
- Replacement Plan
- Outsourcing
- Recommendations Summary and Prioritization (Implementation Plan)

This report includes specific, actionable recommendations for improvement and an implementation plan. Once the draft report is complete, we will submit it to the City Project Lead and work with them to clarify any questions. Once the report is checked for factual accuracy and comments returned to our project team, we will make the necessary edits and produce a final version.

TASK RESULT

We will provide a draft and final report in the format described.