

**Cuyahoga Falls City Council
Minutes of the Finance Committee Meeting
November 21, 2011**

Members: Kathy Hummel, Chair
Don Walters
Carol Klinger

Mrs. Hummel called the meeting to order at 6:30 p.m. All members were present.

The minutes from the November 7, 2011 Finance Committee meeting were approved as submitted.

Legislation Discussed:

Temp. Ord. B-114

Temp. Ord. B-115

Sub. Temp. Ord. B-116 (dated 11-21-11)

Temp. Ord. B-117

Discussion

Temp. Ord. B-114

An ordinance authorizing the Director of Public Safety to enter into a contract or contracts, according to law, for the purchase of self-contained breathing apparatus sets and a rescue intervention pack, and declaring an emergency.

Chief Moledor stated they are looking to replace their SCBA air packs, which is the equipment that protects their lungs. They went to bid and did extensive testing on the units. This is the one that they decided would best suit their purpose. There was one vendor that provided this unit. This legislation will allow them to get approximately half of what they need. They are hoping to purchase the remaining units at the beginning of next year. The oldest units they currently have are 15 years old and are not in compliance or in the shape they prefer. The bid came in slightly under \$103,000 and is for just over half of what they need.

Mr. Walters moved to bring out B-114 with a favorable recommendation, second by Mrs. Klinger. Motion passed (3-0).

Temp. Ord. B-115

An ordinance authorizing the Director of Public Service to enter into a contract or contracts without competitive bidding with Genuine Parts Company for the operation of an automotive parts shop in a City facility located at 2560 Bailey Road, and for the purchase of auto and truck parts, for a period not to exceed three years, and declaring an emergency.

Mrs. Carr stated that budget constraints have helped them to look outside of the box when looking to cut expenses. This legislation deals with garage expenses and is to purchase auto equipment, parts and supplies similar to the NJPA contract. It will give them more buying power, eliminate multiple purchase orders, help with ordering, deliveries and pick-ups. Other entities that have joined this program are the cities of Detroit, Chicago and Louisville, KY and also the Cleveland RTA. There is currently a City stocking employee who will be retiring so the City would not need to backfill his position. They have been working with AFSCME, who understands the situation. Don Williams stated when he took over the Garage in 2002, one of his pet peeves was the parts area. There is a half million dollars in parts, much of which is obsolete because the City no longer has the vehicles that need those parts. He attended a presentation from NAPA and also visited the Cleveland RTA. He was impressed with what NAPA did at the RTA. He said he typically runs between 84 and 90 open purchase orders from different vendors for parts. This would consolidate everything into one purchase order with NAPA.

Dave Bigham stated he works for Integrated Business Solutions for this area. This is a program for General Parts Company. NAPA is 52% of that business. This program started 19 years ago when they were approached by the city of Richmond, Virginia who asked if they could help them with their inventory. This program is designed to lower transaction costs, improve inventory effectiveness and increase overall efficiency. As the City rotate vehicles out of service, NAPA will rotate the parts. The program is customized to fit the needs of the City. They also do heavy duty parts. They will act as a procurement agent and can supply virtually everything, except gasoline. They have different methods of tracking inventory and will take care of pick-up, delivery and freight. There are 224 sites across the country, many of which are municipalities but there are also some private businesses. When NAPA owns the inventory, the City will have no shrinkage, no duplication, no surplus, and no obsolescence. There will also be one invoice at the end of every month, and the invoice can be as detailed as the City wants. There will be fewer purchase orders, backorders, receipts, invoices, and credits. Mr. Rubino asked if they would have employees physically in a location. Mr. Bigham stated they would have one full-time and one part-time employee working between 7:00 a.m. and 10:00 p.m., although they may find they do not have to cover the entire time span. Mrs. Carr stated that the current City employee goes home at 3:00 p.m. so the second shift has difficulty getting parts. During storm season, if a vehicle cannot get a part, there may be a truck down. NAPA will have an on-call system so if something is needed in the middle of the night, they can get it for us. Mr. Bigham added that the individuals on-call would probably be contacted through cell phones and will have a window of time in which to respond. Their goal is to make sure the City keeps its vehicles on the road, especially during an emergency. Mr. Rubino asked about the current annual budget. Mr. Brodzinski stated they are looking at \$430,000. Materials and labor would be on top of that. This would be treated as one vendor for the City but NAPA would be purchasing from several vendors. Mrs. Carr stated they will provide NAPA with a vendor list for them to go through. The City would not be putting anyone out of business, and, in fact, they may actually gain business because NAPA will be looking for vendors. Mrs. Klinger asked about transferring the current inventory. Mr. Bigham stated they will come in and do an inventory and separate the parts by what is obsolete to the fleet, what is completely obsolete, and what is still active. NAPA would handle the parts at zero cost until they are depleted at which time they would bring in NAPA-owned stock. They would deplete the usable inventory as quickly as possible and will try to arrange returns of the obsolete items with the vendors. They have set up in the past through eBay and others as a way to liquidate completely obsolete parts, and the City would be the recipient of any proceeds. Mrs. Klinger asked if NAPA would be able to use government pricing when negotiating by acting as the City's agent. Mr. Bigham indicated they would. He stated that in a number of cases, they have been able to come in with prices that were under the state price because of the payment terms. If there is a state contract price, they enforce it. Mrs. Klinger asked how long it would take to deplete the obsolete inventory. Mr. Bigham felt it would take 6 to 18 months. It would depend because some parts do not get used or consumed as rapidly. Mrs. Klinger thought this would be a great program if it would eliminate \$500,000 in inventory.

Mr. Walters commented on the \$24,000 to enter into the contract and also the mark-up on the price of parts. Mr. Brodzinski stated there will be situations throughout the year when there could be an emergency situation and they do not have time to shift hours so someone may have to come in. Also, if they do not buy enough parts volume, there could be a residual cost at the end of the month. They are going to reconcile every month the work orders to parts bought and the purchase price. The City will know next year if this plan is not working. However, from what he has seen, he thinks it will be a success. This is the City's potential maximum exposure. Mrs. Carr believed they would hit their goal every month and they have the ability to expand. Right now, this is addressing the Street Department and Garage. They would like to expand it to Parks and Rec. and other departments. She sees the City's purchasing growing. The mark-up is ten percent. Right now, if an individual off the street goes into a NAPA store, the mark-up is 38%, and for the City it is 28%. The mark-up under this contract is lower. Mr. Bigham added that on non-NAPA products, the most the City would pay is what it is paying right now. There is a savings on a lot of parts. That is where they offset some of the expenses they incur. Mrs. Hummel asked if there was any other amount NAPA would be getting paid besides the 10% mark-up and the amount at the beginning. Mrs. Carr stated there was not. Mrs. Hummel asked to see a copy of the agreement before she votes next week. She

asked if NAPA served any entities similar in size to Cuyahoga Falls. Mr. Bigham stated the closest is the RTA fleet. They typically do not approach cities that are not large enough to make this deal work. Mrs. Hummel commented that NAPA appeared to also provide office products and sand and gravel and thought the City could possibly benefit in those areas. Mrs. Carr stated they would have to do a comparison. It may be an opportunity because CUE is going to do a transition. If NAPA's costs are cheaper, she would have no problem switching. She added that the City currently has better salt prices, however. Mrs. Hummel asked what the 2011 numbers were for Garage and Sanitation. Mr. Brodzinski did not know those off the top of his head but they were in the same ballpark as 2012. A lot of the departments rely on the Garage. This contract will help bring down costs without impacting service. Mrs. Hummel asked to have the 2011 numbers through October 31 on what has been spent or encumbered in these funds by way of comparison. Mr. Rubino confirmed that NAPA would be doing background checks on any employees it hires. Mrs. Pyke stated the website talked about public school bus fleets and asked if anyone has contacted the Cuyahoga Falls School System. Mr. Bigham stated they have not but would like to.

Mrs. Hummel pointed out this is for a period not to exceed three years but there is an escape clause at the end of one year. She felt this was a very innovative program and was looking forward to seeing what happens.

Mrs. Klinger moved to bring out B-115 with a favorable recommendation, second by Mr. Walters. Motion passed (3-0).

Sub. Temp. Ord. B-116 (dated 11-21-11)

An ordinance amending Sections 151.01 and 151.05 of Title Five, Part One of the Codified Ordinances, relating to sick leave and vacation for eligible employees, and declaring an emergency.

Mr. Brodzinski stated this is a result of the completion of the various union contracts within the City. Contracts were approved with five unions through 2013. This legislation reinstates sick leave incentive and vacation sell-off for nonbargaining employees. It mirrors what was settled with the unions. Mr. Janis stated the purpose for the substitute was to close some loopholes. One dealt with earning sick leave while on sick leave. Line 63 puts a cap on earning vacation at 12 weeks while on sick leave. Also, employees wanting to cash in sick leave when they retire will not receive the payment until after they actually retire. There were also some housekeeping items. Mrs. Hummel stated that Council received this substitute tonight and has not had time to read it. She stated she may want to have another committee meeting on it if she had questions after reading it. An amendment could be made on the floor of Council.

Mr. Walters moved to bring out Sub. B-116 (dated 11-21-11) with a favorable recommendation, second by Mrs. Klinger. Motion passed (3-0).

Temp. Ord. B-117

An ordinance amending Section 303.10 of Title One, Part Three of the Codified Ordinances, relating to impounded vehicles, and declaring an emergency.

Chief Pozza stated he met Norton Police Chief Hete at a conference he attended in Chicago. A lot of Chicago police departments were attaching a fee on impounded vehicles. Norton began doing the same thing and has received \$16,000 in revenue. This extra revenue can help enhance training and equipment purchases. When someone is arrested and their car is towed, they will now be required to pay a \$50 administrative fee to cover the Department's time and paperwork. The administrative fee is in addition to towing fees. As an example, Chief Pozza stated the Department towed 790 cars in November which would work out to \$39,000 in revenue. The program has worked in Norton without any complaints. He thought this would be a good way to bring revenue into the Police Department. The fee does not cover the Department's actual costs but he did not want to get greedy. The towing company would most likely collect the fee, however, individuals could pay it at the Police Department if they chose to. They will work out the logistics on how the towing company will pay the City. B&B has no issues with this legislation. Mrs. Klinger asked what happened when vehicles were abandoned. Chief Pozza stated that B&B gets the title to

the vehicle if no one claims the car. Mrs. Klinger pointed out that the way the legislation is written, B&B would be required to pay the \$50. Chief Pozza stated it would be his recommendation that the City not ding B&B for the \$50 in that instance. Mrs. Hummel asked how many abandoned vehicles there were. Chief Pozza was not sure but said he could see how many titles have been applied for this year. The fee would also apply to cars towed due to a snow ban. Mrs. Hummel asked that language be provided to address Mrs. Klinger's concern to not collect \$50 on cars that the towing company is getting title for.

Mrs. Klinger moved to bring out B-117 with a favorable recommendation, second by Mr. Walters. Motion passed (3-0).

Mrs. Hummel stated that last year, Mrs. Carr had provided a list of people who were retiring and who may or may not be replaced. She asked for the same information during this year's budget talks.

Mrs. Hummel also requested that Mrs. Truby arrange for an update on Portage Crossings to be given next week. Everyone on Council is getting questions from residents.

The Committee meeting adjourned at 7:35 p.m.