



CITY of NOVI CITY COUNCIL

Agenda Item 1
January 9, 2012

SUBJECT: Acceptance of proceeding with items approved and deferred in the 2011-12 budget (Civic Center roof, Single axle dump truck, Customer Relations Management software, Gasboy Fuel Management System, and Senior van).

SUBMITTING DEPARTMENT: City Manager's/Finance

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

City Council requested several appropriations be brought back to City Council for consideration after completion of the June 30, 2011 audit, which is also being presented on this agenda. The General Fund results reflect a positive result (net increase in fund balance of approximately \$460,000) for the fiscal year ended June 30, 2011.

General Fund Summary

| | | | |
|------------------------------------------------------------|---------------|----|-------------------|
| Beginning Fund Balance July 1, 2010 | | \$ | 9,710,402 |
| Estimated 2010-11 from Proposed Budget for 2011-12: | | | |
| Revenue | \$ 29,511,084 | | |
| Expenditures | (28,853,772) | \$ | 657,312 |
| Projected Fund Balance, June 30, 2011 | | \$ | <u>10,367,714</u> |

| | | | |
|----------------------------------------------------------------|---------------|----|-------------------|
| Beginning Fund Balance July 1, 2010 | | \$ | 9,710,402 |
| Actual 2010-11: | | | |
| Revenue | \$ 29,747,750 | | |
| Expenditures | (28,041,077) | \$ | 1,706,673 |
| Rollover expenditure items included in budget amendment 2012-1 | | \$ | (589,400) |
| Fund Balance, June 30, 2011 | | \$ | <u>10,827,675</u> |

Net difference in estimated for 2010-11 budget and actual unaudited results **\$ 459,961**

General Fund revenue \$237,000 (0.8%) better than anticipated; expenditures \$223,000 (0.8%) lower than anticipated, for a net increase in fund balance of approximately \$460,000. Additional information can be found in the audit presentation and report included on this agenda.

The 2011-12 budget includes \$281,000 for communication equipment and other enhancements for the City Council Chambers. The City has approximately \$172,000 in PEG cable fees available for this project. The City administration proposes to use the proceeds to begin the design phase of this project. The City administration received a consulting fee estimate of \$9,000 for the design phase, and will proceed with obtaining Requests for

Proposals pursuant to City Council's direction in the budget process to use only PEG fee revenue for the project.

RECOMMENDED ACTION: Acceptance of proceeding with items approved and deferred in the 2011-12 budget (Civic Center roof, Single axle dump truck, Customer Relations Management software, Gasboy Fuel Management System, and Senior van).

| | 1 | 2 | Y | N |
|------------------------|---|---|---|---|
| Mayor Gatt | | | | |
| Mayor Pro Tem Staudt | | | | |
| Council Member Casey | | | | |
| Council Member Fischer | | | | |

| | 1 | 2 | Y | N |
|-------------------------|---|---|---|---|
| Council Member Margolis | | | | |
| Council Member Mutch | | | | |
| Council Member Wrobel | | | | |

Recommended Items

General Fund

| | |
|----------------------------------------|-----------|
| Civic Center Roof | \$220,000 |
| Single Axle Dump Truck | \$180,000 |
| Customer Relations Management Software | \$ 24,000 |
| Gasboy Fuel Management System | \$ 27,215 |

\$451,215

Parks, Recreation and Cultural Services Fund

| | |
|---------------------------------------------|-----------|
| Senior Van (extended Econoline Paratransit) | \$ 35,000 |
|---------------------------------------------|-----------|

Completed Items

| | |
|----------------------------------|-------------|
| Additional Pension Contributions | \$100,000 ✓ |
|----------------------------------|-------------|

The following items have been dropped from the recommended list:

Facilitate Pro License \$12,500

The Internet-hosted license software application, Facilitate Pro, was requested in the 2011-2012 budget to use as an on-line tool for staff training, hosting of webinars, the ability to conduct meetings at multiple locations simultaneously, and for brainstorming sessions. An initial purpose was to use Facilitate Pro as the means to conduct the yearly City Council Strategic Goal Setting session in an effort to reduce costs. However, due to the expenditure deferment it is no longer timely to consider.

Ford F-350 Pickup \$30,100

The truck scheduled for replacement has had some repairs that will extend the useful life for another year. The replacement will be submitted for request with the 2012-13 budget.



| | | | |
|---------------------------|---------------------------------------------------------------------------------------------------|--------------------------|----------------------------|
| Department or Fund | Department of Public Services | Priority and Year | 4 2011-12 |
| Funding Sources | 101-General | Useful Life (yrs) | 15 DPS CIP# DPS |
| Project Type | Replacement Project | Category | Other |
| Project Name | 1- Single-Axle 5-Cubic Yard Dump Truck With Front Plow and Underbody Scraper (replaces #670-1988) | | |

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project/Item Description (Be specific, give bullet point details on replacement items (e.g., year, model, make, mileage, condition, vehicle number, how many miles of road, feet of sidewalks, etc.) | Dump truck to replace existing truck (#670). The dump truck is used to transport materials and equipment, road maintenance and drainage work, and snow removal operations. The replacement truck will come equipped with a new V-Box insert which has the ability to reduce annual salt consumption by 30% compared to conventional methods. #670-1988 Ford Single-Axle Dump, poor condition, |
| Alignment with City Goals (City Master Plans, Council goals, etc) | Improve infrastructure and maintain a fiscally responsible government |
| Project Justification (Explain why it is needed or how it will change current services) | Request is to replace truck due to excessive use, rust, and frequent maintenance that take it out of service. Maintenance records and details for the truck are attached. Truck #670 is 22 years old and has more than 90,000 City miles and is in poor condition. |
| Operating Budget Impact (Will it generate revenue, will it require additional staff and/or equipment, more fuel, etc) | Estimated annual maintenance costs of \$1,000. |
| Strategic Priority | Infrastructure—maintain fleet to provide efficient critical city services |

Fiscal Summary:

| | Account Number | FY11-12 | FY12-13 | FY13-14 | FY14-15 | FY15-16 | FY16-17 |
|--------------------|--------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| Capital | | | | | | | |
| Engineering Costs | | | | | | | |
| Other Costs (ROW) | 101-442.20-984.000 | \$241,500 | | | | | |
| Construction Costs | | | | | | | |
| Operating | | | | | | | |
| Personal Services | | | | | | | |
| Supplies | | | | | | | |
| Other Svc/Charges | 101-442.20-935.000 | | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| Total | | \$241,500 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |



City of Novi

45175 W. Ten Mile Rd.
 Novi, MI 48375
 (248) 347-0446 Phone
 (248) 735-5682 Fax

Purchase Order

PO Number: 000093114

Issued Date: 09/15/2011
 Department: 442.20
 Ordered By: CHRISTINE SLATER
 Req#: 000003200

cityofnovi.org

Vendor Info:

06917
 TRI-COUNTY INTERNATIONAL
 TRUCKS INC
 113 S. DORT HIGHWAY
 FLINT, MI 48503

(734) 372-2700

Shipping Info:

CITY OF NOVI
 FIELD SERVICES COMPLEX
 26300 LEE BEGOLE DR.
 NOVI, MI 48375

Council Approved Date: 9/12/11

Description: INTERNATIONAL 7400 SBA 4X2 SINGLE AXLE V-BOX TRUCK

| Quantity | Unit of Measure | Items Description/Item Info/GL Distribution | Unit Price | Extended Price |
|----------|-----------------|------------------------------------------------------------|---------------|---------------------|
| 1.000 | EACH | INTER 7400 SBA 4X2 SINGLE AXLE V-BOX 101-442.20-984.000 | 156,895.00 | \$156,895.00 |
| | | | Total: | \$156,895.00 |

TERMS AND CONDITIONS

- Documentation - Show our department code and Purchase Order number on ALL Invoices, Labels and Shipping papers.
- Mail Invoice to: City of Novi, Attn: Finance Department, 45175 W. Ten Mile Rd, Novi, MI 48375.
- Sales and Use Tax - All sales are tax exempt: Certificate No. 38-6032551

For the City of Novi

By: _____
 Purchasing Manager

By: _____
 Finance Department

| | | | |
|------|----------------|-------------------------------|----------------------------------------------------------------------------|
| 1.00 | Each Wing Plow | 15,000.00 | \$15,000.00 |
| | | Sub -total: | \$171,895.00 |
| | | Inflation: | \$5,000 - 7,000 (new model year equates to a new chassis for the truck) |
| | | Estimated Grand Total: | <u>\$180,000</u> |

Single Axle Truck with V-Box and Liquid Tanks



MEMORANDUM



TO: CLAY PEARSON, CITY MANAGER
FROM: BECKY AROLD, FLEET MANAGER/ANALYST-PLANNER *BA*
ROB HAYES, DPS DIRECTOR/CITY ENGINEER *RH*
SUBJECT: FUEL MANAGEMENT SYSTEM UPGRADE, FUELING OPTIONS
DATE: JANUARY 5, 2012

*Add'l Background
for gas system
in FY 2011/12
Budget.*

One item deferred for potential procurement until 3rd Quarter FY11/12 is an upgrade to the City's automated fuel management system for a budgeted cost of \$27,215. This memorandum provides the rationale for this needed upgrade and summarizes alternatives that Department of Public Services staff members have explored in regard to providing fuel for the City's fleet.

Fuel Management System Upgrade

As background, DPS operates the City's fueling station at the Field Services Complex (see photograph below). The station was installed in 1985 and consists of three 10,000 gallon underground storage tanks and three corresponding fuel pumps. Two of the pumps dispense 87 octane regular unleaded gasoline, and the other pump dispenses No. 2 diesel fuel. The tanks were last upgraded in 1993 and the pumps were overhauled in 2010. *



City of Novi Fuel Station at Field Services Complex

Currently, fuel consumption is monitored by an automated fuel management program known as GasBoy that was installed as part of the 1993 tank upgrade. The existing GasBoy system provides limited fuel use data and allocates fuel charges to the appropriate City departments. GasBoy consists of electronic keys that are issued to each City vehicle

operator to gain access to the pumps, and a database that reports the quantity of fuel used by each key holder.

The proposed upgrade to the GasBoy fuel management system would use wireless communications technology with ring-shaped receivers installed on the fuel ports of all vehicles and pieces of equipment in the City's fleet (see attached brochure). The fuel pumps would be equipped with new dispensers that would only allow City vehicles installed with the ring technology to receive fuel. Also, this new technology would eliminate the need for operators to use keys to be able to dispense fuel.

The primary advantages of upgrading the fuel management system to a wireless system are:

- **Control:** only vehicles programmed with the wireless/ring technology would be able to receive fuel, plus the system would be programmed to limit the amount of fuel dispensed for each vehicle based on its tank capacity. Currently, there is not a comprehensive set of controls that would prevent an employee with a GasBoy key from dispensing fuel into his/her personal vehicle, or from dispensing fuel into separate containers for personal use. The ring technology eliminates individual keys that could otherwise be used interchangeably for different vehicles. *
- **Data Acquisition:** a variety of management reports would be available to allow the City to better manage fuel use and procurement. Data would be transmitted directly to the system's database, and the system would report additional parameters such as preventive maintenance due dates based on vehicle mileage, the cost to re-fuel each vehicle per use and over a specified period of time, and remaining underground storage tank volume to allow for proper and timely reordering of fuel. *

* The City's current fuel management system is nearly 20 years old. Because the City expends \$20,000 to \$30,000 each month for fuel, safeguarding and enhancing the management of this commodity is essential. As part of the DPS's shared services initiative, the Northville Public School District has expressed an interest in participating in the bidding process for this new system. If pricing is favorable, Northville Schools would procure and install an identical system at its bus garage. *

Alternatives

Bulk gasoline and diesel are currently procured through a cooperative agreement with the City of Sterling Heights and 20 other member communities in southeast Michigan. Compared to the State of Michigan's fuel contract, the fuel pricing that the City receives through the cooperative is less expensive. *

To determine if cost savings could be derived, DPS staff evaluated these alternatives to the status quo as it pertains to fueling the City's fleet:

Procuring Fuel from a Local Commercial Fueling Station

An analysis was performed to determine whether it would be more cost effective to use a local card-based commercial fueling system such as Wright Express, Pacific Pride or Sunoco Fleet. Our analysis determined that, on average, the City would spend

approximately 10% more annually to discontinue use of the current fueling system at DPS and use a card-based system at a local commercial fleet fuel retailer:

Fuel System Outsourcing - Cost Analysis Summary

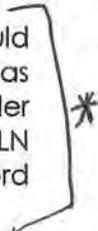
| | |
|--------------------------------------------------|----------|
| Monthly Fuel Cost Using Current Fuel System | \$36,529 |
| Monthly Fuel Cost Using Fleet Fuel Card System | \$40,138 |
| Additional Monthly Cost - Fleet Fuel Card System | \$ 3,608 |
| Additional Annual Cost - Fleet Fuel Card System | \$43,301 |

Using a Nearby Government Agency's Fuel Station

As part of DPS's evaluation of potential shared services opportunities, staff inquired with surrounding municipalities and other governmental agencies to determine if the City would benefit from using another agency's station (and thereby decommissioning the fuel station at the Field Services Complex). Staff visited the fuel facilities at Novi Community Schools, Northville School District, Walled Lake Consolidated Schools, the City of Northville, and the City of Wixom. The only potentially feasible alternative identified would be for the City's light fleet (e.g., patrol cars, passenger cars, pickup trucks, SUVs) to use Novi Community Schools' gasoline pump located at the bus garage on Eleven Mile Road; however, the district's tank capacity is only 300 gallons, so Novi's use of this pump would be limited. All other agencies were eliminated from consideration because of various stated reasons that included: disinterest in establishing a shared services arrangement, fuel types that would not comply with Novi's requirements, and the prohibitive distance to fuel stations from Novi's fleet locations.

Allowing other Government Agencies to Use Novi's Fuel Station

DPS staff also inquired with local governmental agencies to determine if they would benefit from using the City's fuel station. The only entity that expressed an interest was The Library Network (TLN), located off of Meadowbrook Road near Eleven Mile. In order to become a member of the fuel cooperative led by the City of Sterling Heights, TLN must submit documentation identifying it as a public agency. We are still awaiting word from TLN as to the status of getting this necessary documentation submitted.



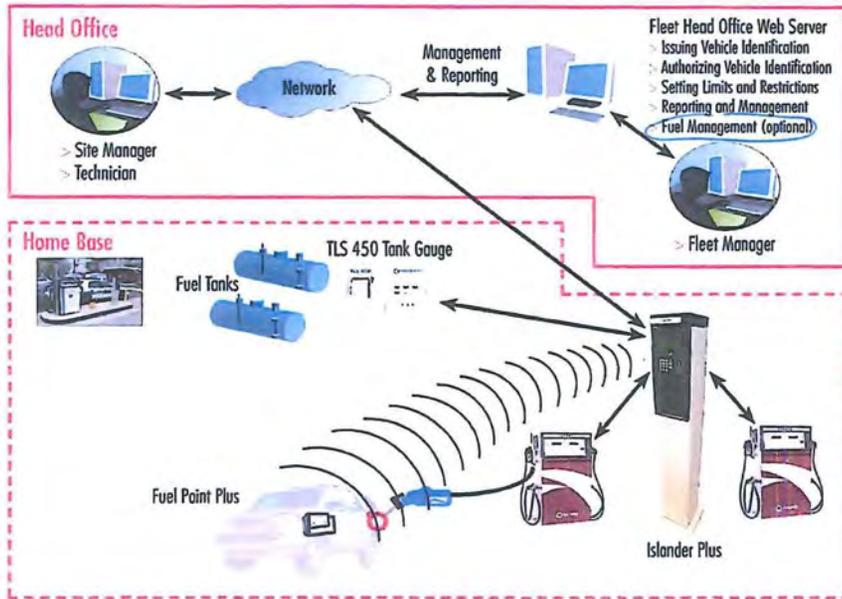
Recommendation

In addition to procuring the upgraded fuel management system, we recommend that the City continues to purchase fuel from the Sterling Heights cooperative, and to operate the fuel station at the Field Services Complex. We will continue to explore other shared services opportunities to leverage our in-house fueling capabilities with other governmental entities.



Please contact us if you have any questions, comments or concerns in regard to this issue.

- cc: Victor Cardenas, Assistant City Manager
- Sue Morianti, Purchasing Manager
- Rob Petty, Chief Information Officer



Gasboy® PLUS Series Fleet Management Systems

The Gasboy PLUS series is a new generation of fleet management systems for today's operators. They're the heart of your turnkey Gasboy fleet solution, with choices to get what you need today and build your system as your operation grows. Gasboy and technology partner Orpak®

bring you world class performance in the PLUS series fleet management systems. All Gasboy products are supported by the world's largest network of fleet product distributors and authorized service contractors. Superior technology and proven solutions add up to a better tomorrow.





Complete solutions from a single supplier.

You don't have to construct your own system from different suppliers and take chances on compatibility and responsibility. Success is simple with turnkey solutions from Gasboy, a trusted supplier to fleet operators for more than 80 years.

Fleet Head Office is Gasboy's web-based, enterprise-wide software that consolidates data from multiple sites and generates superior management reports.

- > Manage your operation from anywhere: the office, home or on the road.
- > Customizable reports are easy to configure to your specific needs.
- > Schedule proactive vehicle maintenance based on accurate and timely information.
- > Set restrictions for specific vehicles or drivers per day/week/month, geographic location, fuel type and more

CFN™ PLUS is Gasboy's new generation web-based site controller. It's the heart of your total, turnkey Gasboy solution for fleet and commercial (non-payment) applications.

- > Interfaces seamlessly to Fleet Head Office, Gasboy Atlas® dispensers, ICR PLUS, Fuel Point® PLUS and more
- > Hardened for the tough outdoor or indoor environment of fleet operations

ICR PLUS is Gasboy's island card reader for use with CFN PLUS. It supports multiple access technologies, including web-based and contactless systems.

- > Lighted terminals available 24/7/365 for unattended sites
- > Cost-effective way to offer functionality at multiple fuels islands at the same location

- * **Islander™ PLUS** combines the functionality of CFN PLUS and ICR PLUS in a single package hardened for the fuel island.
 - > Cost-effective way to offer functionality at sites with a single fuel island
 - > Lighted terminals available 24/7/365 for unattended sites
 - > Supports multiple access technologies, including web-based and contactless systems

- * **Fuel Point™ PLUS** is the industry's only truly wireless vehicle identification system. Gasboy's highly secure, hands free, wireless

vehicle identification, authorization and control system uses radio frequency identification.

- > Tamper resistant components assure nozzle is inserted into an authorized vehicle before fueling
- > Vehicle module provides accurate odometer readings and other information directly from the vehicle bus, eliminating human error
- > Eliminates the need for keys, cards, or vouchers that can get lost or be misused

Fuel Truck Controller is a mobile fueling system that brings fleet fueling to heavy or

stationary equipment from a tanker truck. It's fully compatible with the other Gasboy PLUS series so that transaction information stored on the Fuel Truck Controller uploads into the Fleet Head Office when the tanker truck returns to the fuel island.

- > Extends your fleet management system to stationary equipment
- > Adds mobility to your system
- > Fully compatible with site controller and fuel island parts of the system