

Council Questions/Comments and Staff Responses Report for February 25, 2013

as of February 25, 2013 at 6:57am

CONSENT AGENDA:

Alderman: Rob Fazzini

Item 6C: Request to Approve Lease Agreement for Multi-functional Devices (MFD)- for City Departments

Question: The cost of purchase over five years is \$27,203 less than to lease, but that does not consider the cost of money if purchased. At a modest 4% interest rate, the interest cost to pay up front \$423,606 would be \$84,721 for five years. This actually makes the purchase more expensive. Also, the purchase would need to add the cost of maintenance and supplies. The obsolescence issue is better handled with the lease option. In the lease option the machine will be returned to the lessor at the end of the five years and replaced with an up to date machine, but at what cost?

Staff Response: It is agreed that the lease is more expensive than a cash purchase; however the leasing option provides the City the opportunity to upgrade all equipment throughout the life of the lease and all toner purchases and maintenance costs are included in the contract price. The present value of the annualized purchase over the 5 year time period as an ordinary annuity presents the lease purchase at approximately \$26,000 higher than the outright purchase of the equipment. Although the purchase price is cheaper, there are significant non-monetary factors which have influenced staff's recommendation to proceed with a lease. First, an outright purchase would lock the City into the current technology assigned to these devices. If staff and/or council wished to implement new technology, the City would need to purchase new devices. This is the predicament that City has currently experienced in all departments. Through a lease, the City has the opportunity to upgrade the technology of these devices on a cheaper and timelier basis. Since the City does not directly own the machines it is easier and cost effective to swap out a lower technology for a higher technology. Bear in mind, each machine cost approximately \$13,300 (at today's prices) so the \$26,000 would be eliminated after the upgrade of two out of the thirty-two machines. Second, the Ricoh lease provides an economy of scales which will allow the City to purchase toner and other printer supplies as part of a group of hundreds of local governments rather than as a single user. This savings can be significant over the time period of the overall lease. Finally, a lease provides the City an inexpensive insurance policy where if a machine becomes inoperable, the defective machine can, quickly and efficiently, be swapped with minimal impact to daily City operations.

Alderwoman: Judy Stearns

Item 6C: Request to Approve Lease Agreement for Multi-functional Devices (MFD)-for City Departments

Comment: I believe there are less expensive options.

Questions:

1. How many machines will the city actually be replacing?
 - a. **Staff Response:** As stated in the backup report, staff is proposing leasing thirty-two (32) devices. These devices will be replacing the same number of existing devices, plus will be allowing staff to eliminate other existing devices (i.e. laser printers, fax machines). Staff is targeting elimination of nineteen (19) of these other devices through this process.
2. Will the older machines be discarded?
 - a. **Staff Response:** The existing multi-functional devices that would be replaced with Council approval will be removed and recycled by Ricoh USA as the new devices are put into place. For security purposes, the local storage device will be securely erased and/or removed from each of the MFD's being replaced.
3. The city must own now some newer machines as well. How many machines are less than 5 years old?
 - a. **Staff Response:** Assuming Council's approval for this project, the majority of MFDs within the City will be replaced. Some smaller MFDs, laser printers and fax machines,

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- will not be replaced. The age of these devices ranges from approximately thirteen (13) years down to less than one (1) year.
4. What is the purchase price of the machines?
 - a. **Staff Response:** The spreadsheet provided within the staff backup report addresses lease versus purchase costs. The totals near the bottom of the page show a five year lease cost for the hardware only as \$189,233.40 and the upfront purchase cost for the same hardware as \$162,000. Whether leased or purchased outright, the estimated “click-charge” for each monochrome or color pages are identical.
 5. How many machines per department?
 - a. **Staff Response:** Most departments have a single MFD. However, some of the larger departments, with more geographically dispersed locations, have more. The Fire Department, for example, has an MFD at each station. All of these MFDs are sized appropriately (and therefore priced appropriately) for the volume of prints/copies/faxes at each location.
 6. Why couldn't machines be shared and consolidated?
 - a. **Staff Response:** As mentioned in the staff backup report, this is exactly what staff is trying to accomplish with copiers/laser printers/fax machines/scanners wherever possible. This is how staff hopes to attain a net reduction of nineteen (19) devices.
 7. What less expensive option(s) were explored?
 - a. **Staff Response:** Staff (I.S. and Purchasing) reviewed multiple purchasing cooperative contracts and determined the US Communities contract (lead agency during competitive bidding process was the City of Los Angeles) to be the most cost effective. Staff believes the hardware and maintenance/supply costs of the agreement to be cost effective.

Alderman: Rob Fazzini

Item 6D: Miller Park Zoo Veterinary Agreement with University of Illinois College

Question: Does making calls to two local veterinarians who either declined to bid or who estimated a price of nearly double the recommend bid satisfy our “competitive bidding” requirement?

Staff Response: The Council Memo should be adjusted to state that “this is a unique services provided by a Veterinarian with an existing contract”. The City intended to enter into a contract billed hourly with an up to \$25,000 limit, to provide some assurance that this was reasonable, Staff contacted two other Veterinarians. If the hourly services for the year are anticipated to go over \$25,000, this contact will come back before Council.

Alderman: Rob Fazzini

Item 6F: Amendment to the Current Agreement with Republic (American Disposal Services)

Question: Are there any legal issues by City of Bloomington signing an amendment to a contract that was originally signed jointly with the Town of Normal?

Staff Response: There is nothing in the original agreement which prohibits each municipality from individually extending the contract. In any event, the issue is moot since Normal has also extended the contract for one year.

Alderman: Jim Fruin

Item 6H: Lake Bloomington Lease Transfer Petition for Lots 6 & 7, Block 2 of Camp Kickapoo from William R. and Mary E. Masters to Jeffrey A. and Diana L. Lowe

Question: The pages in the packet do not match-up with the reference in the Agenda. Perhaps a copying issue?

Staff Response: See Addendum #2 for correction.

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Alderman: Rob Fazzini

Item 6J: Petition from James A. Shirk and Beer Nuts, Inc. requesting approval of a Final Plat for Foundry Subdivision located south of Washington Street west of McLean Street

Question: Was there any neighbor input sought? If no, why not? If yes, should that have been shared in the recommendation?

Staff Response: There were two public meetings in front of the Bloomington Planning Commission and the Zoning Board of Appeals. The Final Plat are “expedited” final plats, therefore no additional public input is required under current City Code.

Alderman: Rob Fazzini

Item 6K: Petition Tiehack Development, Inc. requesting approval of a Final Plat for the Villas at Spring Ridge Fourteenth Addition, located west of Hershey Road and north of General Electric Road

Question: Was there any neighborhood input sought? If no, why not? If yes, should that have been shared in the recommendation?

Staff Response: Public input was not part of the final plat approval. This is not required under current City Code since typically there are public input meetings associated with the original preliminary plans or rezoning aspects of the development.

REGULAR AGENDA:

Alderman: Rob Fazzini

Item 7B: Eagle View Park

Question: Was one of the reasons that the \$600,000 was not included in the Capital Improvement Fund budget for 2014 because staff was pursuing alternative grant/financing options that appeared at budget time to be viable?

Staff Response: Mayor Stockton and City Manager Hales have decided to pull the above listed item from the City Council Agenda. Discussion of this topic will be added to the Saturday Budget Work Session Agenda on March 2, 2013.

Alderman: Jennifer McDade

Item 7B: Eagle View Park

Comments: It appears to me that there is some confusion regarding the actions of our committee as related to this item. As chair of the committee, I apologize if my actions led to any of this confusion. That said, I want to let the council know that I believe we should spend the 7B time discussing some of the questions raised by our committee as outlined by Alderman Mathy in his email and raised at the committee meeting by me (I will list those here also). I discussed this by phone with the Mayor yesterday (Saturday) and with David Hales today (Sunday).”

Questions:

1. What is the total amount of the FY13 surplus?
2. What have we committed to in terms of a reserve policy? What is that dollar amount? Staff Response
3. When do we expect to hear back from the IDNR Director regarding the additional extension? Staff Response
4. What options do we have for spreading the expense between FY13 and FY 14?

I hope to discuss these and other questions during our time. Once we have discussion, I want to share my intent to make a motion to table Item 7B until the 2nd council meeting in April. Among my reasons for doing so is to wait to hear back from the IDNR Director as well as allow us to have FY14 budget discussions as a council.

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Alderman: Jamie Mathy

Item: 7B: Eagle View Park

Comments: I am concerned with spending \$600,000 on building a new park for multiple reasons. I know that we have a responsibility to our citizens and our business community for quality of life in Bloomington, as I fully support maintaining what we already have. I also feel we also have a responsibility to those same groups to keep our financial house in order.

Additionally, we have a responsibility as citizens of the State of Illinois to be responsible with their money as well, even if they are not willing to be. Yes IDNR is willing to give us \$400,000 for this project, but should they be offering it, and should we be accepting it, especially given light to Friday news announcement that a bill has been proposed to make the 5% state income tax level permanent?

Questions:

1. At the Infrastructure Committee meeting, I thought we voted to send the project out to bid to see if our older estimates were close to accurate, not also approve the \$600k to build the park?
2. As I look at aerial photos of the area, it looks like Walt Bitner Park was designed to have access that crosses Towanda Barnes Road into the subdivision. Walt Bitner Park is actually more central to the entire area than the new park on the south end would be. What would be the cost to put in a stop light and cross walk at Rave Road and Towanda Barnes to provide safe access? (A link to the map I'm looking at it here: <http://goo.gl/maps/6k6p4>)
3. The new park design is great, and I love the services that it would provide. However, as I understand it, building a new park would add to our budget every year permanently. What is expected ongoing cost to maintain and operating the park each year?
4. If we put in the stoplight/crosswalk to Walt Bitner Park, which has already been added to our operating budget, could upgrades be done there to add some amenities that the proposed park would offer, while still keeping our operating costs at a responsible level?
5. I also know many doctors and business people who have not been paid by the state for bills in over 18 months. The state is broke. What happens if they decide there is no money to pay us for this project? Is that a possibility?

Staff Response: Mayor Stockton and City Manager Hales have decided to pull the above listed item from the City Council Agenda. Discussion of this topic will be added to the Saturday Budget Work Session Agenda on March 2, 2013.

Prepared by: Barbara J. Adkins, Deputy City Manager