



FAYETTEVILLE CITY COUNCIL  
AGENDA  
APRIL 4, 2011  
5:00 P.M.  
LAFAYETTE ROOM

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**1.0 CALL TO ORDER**

**2.0 INVOCATION**

**3.0 APPROVAL OF AGENDA**

**4.0 OTHER ITEMS OF BUSINESS**

4.1 Discussion of COF IT Outsourcing Feasibility Study Report by RHJ Assoc.

Presented By: Kristoff Bauer, Assistant City Manager

4.2 Traffic Stop Forum Action Plan

Presented By: Assistant Chief, Phil Cannady, Fayetteville Police Department

4.3 Taxicab Fare Rate Increase

Presented By: Marion Wilson, Code Enforcement Administrator

4.4 Threats Assessment for City Council/Public Meetings

Presented By: Captain Kenneth Eaker, Fayetteville Police Department

4.5 Update on the 2011-2012 Annual Action Plan

Presented By: Victor Sharpe, Community Development Director

4.6 Update on City-wide Remapping with Unified Development Ordinance (UDO) Zoning Districts

Presented By: Karen S. Hilton, AICP, Manager, Planning and Zoning Division

4.7 250th City Celebration

Presented By: Doug Hewett, Assistant City Manager

4.8 Proposed Service Standards for Garbage Collection

Presented By: Jerry Dietzen, Environmental Services Director

4.9 Local Preference Policy

Presented By: James Rose, PWC Chief Administrative Officer

**5.0 58>CI FBA9BH**

## CLOSING REMARKS

### **POLICY REGARDING NON-PUBLIC HEARING AGENDA ITEMS**

Anyone desiring to address the Council on an item that is not a public hearing must present a written request to the City Manager by 10:00 a.m. on the Wednesday preceding the Monday meeting date.

### **POLICY REGARDING PUBLIC HEARING AGENDA ITEMS**

Individuals wishing to speak at a public hearing must register in advance with the City Clerk. The Clerk's Office is located in the Executive Offices, Second Floor, City Hall, 433 Hay Street, and is open during normal business hours. Citizens may also register to speak immediately before the public hearing by signing in with the City Clerk in the Council Chamber between 6:30 p.m. and 7:00 p.m.

### **POLICY REGARDING CITY COUNCIL MEETING PROCEDURES SPEAKING ON A PUBLIC AND NON-PUBLIC HEARING ITEM**

Individuals who have not made a written request to speak on a non-public hearing item may submit written materials to the City Council on the subject matter by providing twenty (20) copies of the written materials to the Office of the City Manager before 5:00 p.m. on the day of the Council meeting at which the item is scheduled to be discussed.

***Notice Under the Americans with Disabilities Act (ADA):*** *The City of Fayetteville will not discriminate against qualified individuals with disabilities on the basis of disability in the City's services, programs, or activities. The City will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities so they can participate equally in the City's programs, services, and activities. The City will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all City programs, services, and activities. Any person who requires an auxiliary aid or service for effective communications, or a modification of policies or procedures to participate in any City program, service, or activity, should contact the office of Ron McElrath, ADA Coordinator, at [rmcelrath@ci.fay.nc.us](mailto:rmcelrath@ci.fay.nc.us), 910-433-1696, or the Office of the City Clerk at [cityclerk@ci.fay.nc.us](mailto:cityclerk@ci.fay.nc.us), 910-433-1989, as soon as possible but no later than 72 hours before the scheduled event.*

## CITY COUNCIL ACTION MEMO

**TO:** Mayor and Members of City Council  
**FROM:** Kristoff Bauer, Assistant City Manager  
**DATE:** April 4, 2011  
**RE:** **Discussion of COF IT Outsourcing Feasibility Study Report by RHJ Assoc.**

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**THE QUESTION:**

Council has requested a briefing on the results of this study delivered to Council in March of 2007 providing analysis and recommendations regarding the outsourcing of IT services.

**RELATIONSHIP TO STRATEGIC PLAN:**

**BACKGROUND:**

Staff has previously provided Council a copy of the Jacobstein, RHJ, final report, but it is attached for easy reference. As included in the transmittal message, there were several issues that led to the City Council rejecting the option of outsourcing part of the IT networking function to PWC including:

- 1). The cost of the proposal would have represented a significant increase to the City.
- 2). PWC cost allocation schedule was high due to the higher cost of PWC employee wages and benefit rates.
- 3). The proposed contract did not include provisions for cost containment.
- 4). The proposal was that PWC would not perform all IT functions but only the Network administration.
- 5). A key element for success was lacking in the form of two willing participants.

Staff will explore these issues and others related to this study and discuss analysis currently in progress related to improving the operation of this function.

**ISSUES:**

**BUDGET IMPACT:**

**OPTIONS:**

**RECOMMENDED ACTION:**

This is for presentation purposes only.

**ATTACHMENTS:**

Jacobstein Study 2007  
Jacobstein Study 2007 (Variance Analysis)

**COF IT OUTSOURCING  
FEASIBILITY STUDY REPORT**

**Prepared by**

**RHJ Associates, Inc.**

# INFORMATION TECHNOLOGY OUTSOURCING FEASIBILITY STUDY

## Executive Summary

By way of introduction, RHJ Associates, Inc. (RHJA) authored the City's Strategic Technology Plan in 2001 and reviewed and updated it with City Administration in 2003 and 2004. An original recommendation of the plan was to merge a common subset of City of Fayetteville (COF) Information Technology (IT) functions into PWC Information Systems department.

In 2006, The Fayetteville City Council identified "City and PWC Departmental-Function Consolidation: Directions and Actions" as a top priority on its *2006-2007 Policy Agenda*. Acting on the Council's agenda, the City and PWC engaged RHJA to examine the feasibility of consolidating City Information Technology (IT) and PWC Information Systems (IS) departments. This essentially outsources IT services and support from one organization to another. In addition, at the request of PWC, a Request for Proposals (RFP) was issued for "IT Services" to private companies to compare and contrast the advantages of PWC vs. external consolidation.

It is important to note that the "service and support" of information technology is the subject of this study. The level, timing and priorities of information technology investment and expenditures remains with the City under all scenarios. Information included was current as of February 1, 2007.

This report assesses the feasibility of outsourcing COF IT to either PWC or an external provider. Our assessment identified three alternatives in addition to maintaining the status quo and offers the pros and cons of outsourcing as well as recommendations for the COF/PWC decision makers.

## Assumptions

The following assumptions guided this study:

- ◆ All employees affected by an outsourcing arrangement retain employment and will not be penalized financially at the time support is transferred.
- ◆ Employees affected by a transfer retain like compensation and benefits.
- ◆ The COF IT Systems Support Manager would remain as a City employee regardless of any changes in City IT oversight.

- ◆ COF Public Safety dedicated IT Staff would remain in the Police Department and provide service and support for information technology within the confines of Public Safety.
- ◆ Only common technologies that are service core competencies are under consideration. The City will continue to support the non-outsourced technologies.
- ◆ Optional, extra cost services are at the discretion of the City.

## **Project Administration**

### **Project Teams**

In pursuit of this project, RHJA assembled four project teams made up of COF and PWC personnel. The members of the teams are listed in Appendix A.

To ensure management oversight, a Steering Committee was formed to provide direction to RHJA and the other project teams. The Steering Committee, consisting of executive management representatives from both COF and PWC, facilitated the project and assisted in ensuring that assignments were communicated and deadlines met.

The Human Resources Team tended to the details surrounding employee issues of compensation, benefits and communication. Any time employees and jobs are affected, it is essential that all involved are informed as to the process, progress and possible alternative outcomes.

An understanding of the current technology, how it is supported, and what consistencies or inconsistencies exist between portfolios of the City and PWC was required to determine which technologies and systems fit an outsourcing model and which did not. The Technology Team addressed these issues and furnished data necessary for us to examine areas where potential opportunities exist.

Last, the financial costs of technology and its support for each organization were examined. The Finance Team was instrumental in researching costs, aggregating and disaggregating costs, and supplying this data in usable formats for analysis.

### **Project Methodology**

RHJA convened team meetings to identify sources of data and information, assign tasks to the various members and issue minutes of the meetings. We are grateful to the team members, to a person, as they willfully, actively and diligently participated in advancing the project's objectives.

## Communication

Transparency of the project was a key objective. It was important that individuals in each organization received open and consistent facts about the study. The following addressed this:

- ◆ To keep COF and PWC staff informed, the City's Information Office developed an informative article on the project for inclusion in the City's *Inside Track* publication.
- ◆ Separate group meetings with each of PWC IS and COF IT staff were held to discuss the project and concerns, and to obtain input and feedback. In addition to the technical staffs, members of both the Steering Committee and Human Resources Team were present.

## Technology Synergy

To determine the extent of common technology and support that could be provided by external parties, the following data were obtained.

- ◆ An inventory of each organizations' technology assets that included hardware, software, network, maintenance costs, and systems used by the departments.
- ◆ Meetings with each COF IT staff member that provided a forum where COF employees could meet PWC IS management, discuss their interests, day-to-day responsibilities, background, training, and experience, and have a subsequent tour of PWC facilities.
- ◆ The list of services and support that COF IT and PWC IS provide to their users. This facilitated identification of like, common services with those unique to one organization or the other.

## Financial Considerations

From the onset of the project, concerns about the costs involved in restructuring City IT support were expressed by City and PWC management. Thus, a thorough understanding of the cost bases for the various components on the total technology environment was necessary. The teams were instrumental in defining and supplying the following:

- ◆ A common chart of general ledger accounts was agreed upon to the extent possible. The members of the finance teams provided cost information based on these accounts so that like costs could be derived.
- ◆ Employee costs were provided. These include direct costs such as salaries, benefits, longevity, accrued vacation and sick times, as well

as indirect costs attributable to office space, utilities and general overhead.

- ◆ Indirect cost calculations were provided by PWC and the City. The bases for deriving these costs differ between the two organizations.
- ◆ Both COF and PWC provided FY2006 actual costs for their technology.

### **External Service Alternative**

RHJA issued an RFP through the City's purchasing function to examine the alternative of using a private company to provide IT services and support to the City. A number of our clients have partially or fully outsourced their IT functions with successful results.

While Purchasing published an RFP announcement in the Fayetteville, Greensboro, and Raleigh newspapers, and sent invitations to a number of known firms that provide client IT services, only two companies registered for the RFP pre-proposal conference and only one, Information Control Systems, Inc. (ICS) submitted a response. The feedback we received from the vendor who declined to submit a proposal related to the requirement that they absorb and provide employment for the affected COF IT staff.

## **Analysis**

### **Scope**

The City and PWC are different entities, with significantly different cultures, engaged in different businesses, delivering different services through different operating procedures and processes, but ostensibly serving a similar constituent base. It is, however, to no one's benefit to disrupt the operation of either organization or to diminish the value of their services. Thus, the scope of any consolidated services, functions and support has been limited to those that can be reasonably assimilated by the servicing organization.

We have retained the categories used in the City's Strategic Technology Plan, Enterprise Technology and Vocational Technology, as they are just as relevant now as in 2001. We define "enterprise technology" as those technologies that serve the entire organization, that are common and consistent across departments, and generally conform to industry standards. "Vocational technology" is specific to meeting the needs of one or more departments. Examples are a general ledger system in finance (COF, PWC); a computer aided dispatch system in public safety (COF); and a customer information system (PWC).



The 2001 Technology Plan noted a large complement of enterprise technology components, service and support similar to both COF and PWC. Since then, the City has completed a major upgrade which furthered a common enterprise technology base. We did not identify any common vocational systems between PWC and COF.

## Outsourcing

There are varying degrees of technology “outsourcing”. The following differentiates the two models relevant to the alternatives presented below.

The first we describe as “facilities management”. This is where an external company provides turnkey services of the technology under contract. This includes management, staff, planning, operational support and the definition of how services are provided. Implicit in this model is that the client (COF) conforms to the provider’s (PWC) service and support practices. We have structured the PWC options to be consistent with this model as this is where the City would derive the greatest benefits.

The second is staff resourced based. The outsourcer supplies its own employees to augment those already on staff, expects a high degree of management of their employees’ workload by the client, and conforms to, rather than defines, the client’s operating environment. ICS’ proposal is based on this model.

## Alternatives

From a technical standpoint, there are many City technologies that can be serviced and supported with ease by non-City personnel. The majority of these fall into the category of enterprise technology. At this time, we did not identify any vocational systems that are candidates for outsourcing support other than directly to a particular system’s vendor.

As we reviewed and assimilated the information gathered for this study, we identified three rational alternatives in addition to maintaining the status quo. The list of technology covered (and not covered) by each alternative is Appendix C. (Note that we selected which technologies would be supported by PWC and ICS selected which they would support.)

Of special note is GIS (Geographical Information System). Both PWC and the City have common GIS software, but support is fractured. There is no central GIS function at PWC and various staff members update GIS as time allows. Thus, we have excluded GIS from consideration as neither the City nor PWC could benefit from its consolidation at this time.

### **COF IT Core Enterprise Technology Transfers to PWC (Option One)**

We define “Core Enterprise Technology” as technologies that are generally located and managed centrally. In this category we include the enterprise technology servers, wide area network, local area networks, the security associated with these, and the management of the attending software. There is a natural affinity between COF and PWC core enterprise technology.

### **COF IT Core and Distributed Enterprise Technology Transfers to PWC (Option Two)**

This encompasses Option One and adds distributed enterprise technology including personal computers, printers, PDAs, and other user appliances such as wireline telephones.

### **COF IT Data Center and Distributed Enterprise Technology Transfers to ICS**

This mirrors Option Two above but services and support are provided by ICS rather than PWC.

### **COF IT Service and Support Remains as a City Function**

Under this scenario, the City elects to retain the organizational status-quo.

If this alternative is selected, the City should seriously consider adding staff resources and making a greater investment in technology. The latter without the former would only increase the burden on IT and lower service levels to the organization. The former, with or without the latter, may cost less than outsourcing, but does not address many of the added values outsourcing may bring.

### **Considerations**

Ultimately, the decision to outsource any COF IT functions must be based on the benefits it provides. In our assessment, we advance the following variables in the “value equation”:

- ◆ **Employees:** The City has articulated an implied social contract with its IT staff that it is committed to maintaining their employment at no material financial penalty to employees at the time should they transfer to a new employer.
- ◆ **Management:** Does the City benefit from a transfer of service and support and can PWC or ICS reasonably and rationally assimilate support of COF IT functions into its operations.

- ◆ **Organization:** how is it staffed, managed and what services are provided.
- ◆ **Costs:** What are the incremental (reduced) costs to the City relative to their current expenditures.
- ◆ **Intangibles:** What improvements in efficiency, productivity, and customer service does a merger yield.
- ◆ **Barriers:** What factors exist that would compromise or thwart a successful agreement.

## Employees

The City has consistently maintained the position that no employee would lose a job as a result of an outsourcing arrangement. And that reasonable financial accommodation would be made to ensure that the employee income and benefit cost equation is maintained. Note that in each outsourcing alternative, affected COF employees are hired at will by the outsourcer and are subsequently governed by the policies and procedures of their new employer.

Based on this requirement, we identified the number of employees that would logically transfer to the outsourcer for each option, and as a result of the interviews with each City IT staff member, we designated which employees would be transferred as a result of an outsourcing agreement.

## Management

PWC and the City commit to technology very differently. PWC invests heavily in its technology, its technology support and keeping its portfolio current. PWC IS is well organized and well defined, has depth, breadth and experience in its management and employee ranks, and emphasizes needed training.

Technology expenditures in the City are lower priorities at budget time. The City's IT department is (and has been) understaffed and the current IT staff, while competent and dedicated, is stretched. Technology tends to be retained beyond its useful life which creates additional service and support demands.

## Organization

If COF elects to outsource services and support listed in Appendix C, we have designated one City employee for transfer should PWC Option One be selected and four<sup>1</sup> if either PWC Option Two or ICS was selected. Those

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<sup>1</sup> One employee designated to transfer under these options has since left the City's employment.

designated to transfer spend the vast majority of their time on the technologies to be supported.

## Costs

As mentioned earlier in this report, cost is a primary concern in the decision to outsource COF IT functions. It is therefore essential to identify the costs associated with a consolidation and those that are not, costs that are discretionary and those that are not, and what services, support and expenditures are included in an outsourcing arrangement and which are not.

Appendix B contains costing data and our estimate of the initial cost differential of each alternative. We have included Notes to the financials to explain our thinking in developing the pro-formas.

It only makes sense to consider outsourcing as an investment. Focusing on cost rather than “return on investment” overlooks the overall potential benefit to the City. Enhanced management, standards, policies, procedures, tools, leadership, efficiency, productivity leading to better services should all be considered in the context of cost/benefit equation.

## Intangibles

Outsourcing may be adopted for various reasons such as focusing the business on core competencies, reducing costs, enhancing efficiency and productivity, and/or improving customer service and support levels. For the City, we considered the following:

- ◆ **Bench Strength.** In addition to the City employee(s) that would be transferred, both PWC and ICS have personnel that can back-up and augment the skill sets necessary to support the depth and breadth of the City’s enterprise technology portfolio.
- ◆ **Management.** ICS, and PWC in particular, have proven and capable managers that effectively deal with leadership and management, planning and customer service issues as well as technical ones. Currently, the City’s IT department is led by the System Support Manager.
- ◆ **Standards, policies and procedures.** The City’s Strategic Technology Plan identified the need for more standards, policies and procedures. Many of these already exist at PWC and ICS may bring a number with them as well.
- ◆ **Service Levels.** To improve IT efficiency and customer service, the City needs more formalized, documented processes and staff productivity tools. A number of these already exist at PWC.

## Barriers

While outsourcing may intuitively make sense, it is not a step to be undertaken lightly. And while it may be beneficial to the City, there should be a likely probability the venture will be successful. We have identified a number of threats that must seriously be considered in the ultimate outsourcing decision. These are:

- ◆ The City IT staff has been reluctant to embrace an outsourcing arrangement and a number are somewhat hostile to the idea. While a PWC/COF IT consolidation was recommended in the City's Strategic Technology Plan and adopted as a goal of management, until recently, little effort has been made toward advancing the plan.
- ◆ As for PWC and City Government organizations, the cultures are different, the expectations are different and management styles are very different.
- ◆ PWC is reluctant to stray from its core business model by providing external non-utility related services.
- ◆ The City's IT customers will necessarily undergo change as new and different standards, policies and procedures are implemented regarding the way they receive technology support. Improved service levels may not be worth it to them.

## Employee Impact

In keeping with the City's concern for the well being of employees affected by an outsourcing agreement, we examined factors that could or would impact them from both tangible and intangible perspectives. Key ones include:

**Compensation and benefits:** A financial impact analysis of each designated employee is included in Appendix B. Note the following:

- ◆ In each case, base salaries were held constant and the benefits package most similar to the ones each has at the City are used for comparative purposes.
- ◆ Longevity contributions are calculated differently at PWC than in the City. ICS does not offer longevity pay.
- ◆ PWC's retirement contribution is greater based on its tenure in the North Carolina Retirement System. ICS provides a 401k plan and matches 50% of the employee's contribution up to a maximum of 15% of the employees base salary.

- ◆ City employees are offered a number of employee paid optional, and portable, insurance benefits. These costs remain constant under the PWC options and are reduced under the ICS option as ICS provides a number at no cost to the employee.

**Career direction:** It was clear from discussions with City IT staff that each had different priorities for their employment future. In some cases, potential for increased compensation was a major consideration. In other cases, the employment security umbrella that the City provides was the most important. And potential skills advancement opportunities and technical challenges were also stated as motivating factors.

**Morale:** While some of the City's IT employees are open minded to an outsourcing arrangement, it was apparent that none of them understand what benefits the City would derive from such an agreement. Their assessment is that any deficiencies that exist in the City's IT service and support can be corrected with additional staff and additional investment in technology. They perceive PWC negatively and they believe that considering outsourcing as an alternative reflects unjustly and poorly on their abilities and performance.

### Financial Review

Appendix B provides summaries of the initial estimated costs of the three outsourcing alternatives. In developing the COF costs for the PWC options, we adopted PWC's costing methodology. ICS provided a lump sum, fixed fee and hourly rates for optional services. We based our calculations as follows:

- Personnel costs. We kept employee salaries the same and selected the benefits packages most similar to the what the employees currently subscribe to. The employee impact analysis is based on these premises.  
  
Temporary Services costs were left constant as we would expect they will be needed to backfill for the few vocational tasks that are currently performed by transferring employees (PWC Option Two and ICS).
- Operating expenses have been pro-rated based on the number of employees transferred. One for PWC Option One and four for PWC Option Two.
- One time expenses cover the costs of acquiring hardware and software that conform to PWC standards and assimilating the additional staff.
- The cost of technology, other than one time costs, remains the same as these expenditures are at the discretion of the City.
- All City Police Department IT costs are excluded.

## Conclusions

We provide our thoughts and recommendations on the three outsourcing alternatives.

We do not consider the ICS alternative viable. We believe that PWC Option One offers many benefits and a very high probability of success. We recommend that PWC Option Two be considered but with eyes wide open.

### ICS

We believe the ICS alternative should be rejected for the following reasons:

- It is little more than a transfer of City employees to a different organization. ICS is a “body shop” rather than a “facilities management” company. The City gets the same employees with the addition of an on-site manager.
- It offers very little in the way of added value. ICS maintains operations as is and adopts whatever City standards, policies and procedures that currently exist.
- While salaries and benefits would be comparable for the City employees transferred, the financial impact on the employees’ benefits is significant, especially for those with families.
- We discern very little benefit to the City and an overly and unnecessary risky career move for the employees.

### PWC Option One

We recommend that PWC and the City minimally adopt PWC Option One as it offers the following benefits:

- The technologies included are essential core competencies that PWC has in running its day to day business and have virtually the same service and support demands.
- One City employee would be transferred into the existing PWC organizational structure that currently has a staff of four. The City gets access to back-up resources and deeper skill sets.
- The tangible impact on the employee is positive.
- PWC, through its provision of fiber optic cable connectivity to City facilities, already contributes to the support of these City technologies.

- These core enterprise technologies lend themselves to location independent management and administration and most can be located at PWC with no material impact to the City.

### PWC Option Two

This alternative encompasses PWC Option One. We believe this alternative offers the following benefits to the City:

- PWC brings established, formal and professional management to the City's enterprise technology environment.
- PWC IS has well defined standards, policies and procedures in the way it plans, communicates, and provides its services, a number of which could be immediately adopted to the benefit of the City.
- The City gets access to more resources and broader skill sets that can be applied to meeting service objectives.
- We are confident that the City's technology users will experience improved service and support based on the broader pool of available resources.
- COF IT can focus exclusively on vocational technology projects, an area that has a large backlog and latent demand. The opportunity cost of this is significant.

That said, we recommend that PWC and the City examine this option and have an open and candid dialog about whether its adoption would be fruitful. Consider the following:

- PWC and City executive management must agree and have the will to support this arrangement.
- Four City employees are designated for transfer including the employee referenced in PWC Option One. Two of the additional three were openly averse to transferring to PWC.
- The increased PWC provided services and support included in this alternative will require a much higher level of "vendor management" by the City than does PWC Option One. This would require that a suitable City liaison, agreeable to PWC, be committed to the success of the arrangement.
- Logistical support is a greater issue than it is in Option One as the additional technologies included in this option are resident at City facilities.



- City employees would be expected to adapt to PWC providing its enterprise IT service.
- Some support responsibilities among transferring and remaining COF IT staff would need to be realigned.
- PWC and the City have different accounting models. Agreement on the cost basis and cost structure must be developed, initially and going forward.
- PWC has a history of seeking productivity and efficiency improvements in the provision of its services. It is possible, and perhaps even likely, over time, PWC will maintain service levels to the City at reduced staffing levels.

### **Action Plan Items**

If the City and PWC elect to enter into a service and support agreement, we consider the following components essential in implementing it:

- Agreement on costs. What's included and how they are calculated, What's excluded.
- A detailed employee financial impact analysis and employee transition plan.
- A Service Level Agreement that articulates the details of what services are and are not provided, the expectations of both PWC and City in providing and receiving these services, a description of how the "contract" will be administered by each party singularly and both parties collectively, performance measurement criteria and reporting, and dispute resolution.
- A detailed technical transition project plan covering staff, technology, logistics, and timing that identifies responsibilities and authorities.
- A communication plan that keeps City "customers" up-to-date on the progress and status of the project.
- A training plan to familiarize City staff with how to request support, updated standards, policies and procedures, and usage of PWC provided tools in the delivery of services.

## **Appendix A Project Teams**

### Steering Committee

James Rose (PWC)  
Stanley Victrum (COF)

### Technology Team

Tracey Glover (COF)  
Barney McClure (PWC)  
Traci Tyndall (PWC)  
David Wilkes (COF Public Safety IT)  
Jimmy Womble (PWC)

### Human Resources Team

Shirley Pillow (PWC)  
Margaret Weaver (COF)

### Financial Team

Tracey Broyles (COF)  
Nancy Grim (COF)  
Charlotte Morrison (PWC)  
Georganna Simpson (PWC)

## Appendix B Cost Analysis

### Notes to Financials

1. IT support Costs for COF Police and Fire and Rescue are not included in the cost variance analysis.
2. COF Personnel expenses are based on FY2006 Actuals of the employees that would be expected to transfer.
3. Current COF operating and indirect costs have been allocated at 14.3% for each employee that would transfer.
4. Current COF Technology costs are FY2006 actuals.
5. Indirect costs are allocated over the entire organization. Overall COF costs will not necessarily decrease by the reduction and reassignment of IT staff and equipment. Nor will overall PWC indirect costs necessarily increase with the addition of COF staff and equipment. For the purposes of this analysis, COF indirect costs for the transferred staff and equipment are replaced with PWC indirect costs for the transferred staff and equipment.
6. The COF IT expenses associated with Temporary Services are currently applied to distributed enterprise technology support. These costs would remain but be allocated for vocational technology support.
7. The cost of technology (i.e. hardware, software, maintenance, telephones) is independent of the service provider. The City continues to bear these costs. Technology is a discretionary expense of the City and is included for informational purposes only.
8. Since there is no planned co-mingling or transfer of any assets between the City and either outsourcer, depreciation has not been considered as part of the financial equation.
9. ICS pays for short term and long term disability insurance and \$50,000 of term life insurance at no cost to the employee.
10. Accounted for differently.
11. Includes the City's share of overhead allocated to all PWC departments.
12. Includes a share of PWC IS management and support staff.

13. It is recommended that accrued vacation time be included at the time employees transfer and accrued sick leave be paid by the City as it is incurred.

**COF IT Feasibility Study**  
**Financial Pro-forma**  
**Summary - PWC Option 1**

<b>Account</b>	<b>Sub Account</b>	<b>Note</b>	<b>Current COF Cost</b>	<b>COF Cost at PWC</b>	<b>Change in Cost to COF</b>
<b>Totals</b>	<b>Recurring</b>	<b>1</b>	<b>\$ 782,564</b>	<b>\$ 854,988</b>	<b>\$ 72,424</b>
	<b>One Time</b>			<b>\$ 64,205</b>	
Personnel		2			
	Salaries		\$ 54,162	\$ 54,162	\$ -
	Overtime		\$ -	\$ -	\$ -
	Accrued Vacation	13	\$ 1,471	\$ 1,471	\$ -
	Accrued Sick Leave	13	\$ 9,921	\$ 9,921	\$ -
	Longevity		\$ 1,354	\$ 2,389	\$ 1,034
	FICA/Medicare		\$ 4,247	\$ 5,005	\$ 758
	Medical		\$ 5,185	\$ 13,815	\$ 8,630
	Dental		\$ 300	\$ 368	\$ 68
	Insurance		\$ 1,582	\$ 1,323	\$ (259)
	Retirement		\$ 2,731	\$ 6,713	\$ 3,981
	Temporary Services		\$ -	\$ -	\$ -
	Training/Certification		\$ -	\$ -	\$ -
	EE Awards/Administration		\$ -	\$ 1,041	\$ 1,041
	PWC Benefits Contribution		\$ -	\$ 8,703	\$ 8,703
	<b>Subtotals</b>		<b>\$ 80,953</b>	<b>\$ 104,909</b>	<b>\$ 23,956</b>
Operating		3			
	General Supplies and Materials		\$ 764		
	Postage, Printing		\$ 63		
	Travel and Mileage		\$ 1,056		
	Training		\$ 1,369		
	Professional Memberships		\$ 220		
	Subscriptions		\$ -		
	Other		\$ 62		

**COF IT Feasibility Study**  
**Financial Pro-forma**  
**Summary - PWC Option 1**

<b>Account</b>	<b>Sub Account</b>	<b>Note</b>	<b>Current COF Cost</b>	<b>COF Cost at PWC</b>	<b>Change in Cost to COF</b>
	PWC Aggregated Allocation			\$ 16,173	
	<b>Subtotals</b>		\$ 3,534	\$ 16,173	\$ -
Technology		4, 7			
	Computer Equipment		\$ 90,637	\$ 90,637	
	Equipment Leases		\$ 29,562	\$ 29,562	
	Equipment Maintenance		\$ 64,415	\$ 64,415	
	Computer Software		\$ 28,268	\$ 28,268	
	Software Licenses and Maintenance		\$ 239,015	\$ 239,015	
	Network Maintenance and Security		\$ 90,923	\$ 90,923	
	Technology Supplies		\$ -	\$ -	
	Data Communications (fiber, telephone)		\$ 145,141	\$ 145,141	
	<b>Subtotals</b>		\$ 687,961	\$ 687,961	\$ -
Indirect		3, 5			
	Depreciation	8	\$ -		
	Space/Rent		\$ 5,923	\$ 6,954	
	Telephone Debt Service		\$ 940		
	Insurance and Bonds		\$ -		
	Administration	11	\$ 2,815	\$ 13,287	
	IT Administration	12		\$ 23,315	
	HR		\$ 438		
	Financial Services		\$ -		
	Other		\$ -		
	Utilities	10		\$ 2,389	
	<b>Subtotals</b>		\$ 10,116	\$ 45,945	\$ -

**COF IT Feasibility Study**  
**Financial Pro-forma**  
**Summary - PWC Option 1**

<b>Account</b>	<b>Sub Account</b>	<b>Note</b>	<b>Current COF Cost</b>	<b>COF Cost at PWC</b>	<b>Change in Cost to COF</b>
<b>One Time Move Expenses (PWC options only)</b>					
	UPS			\$ 15,827	
	Furniture			\$ 1,450	
	Software Licenses			\$ 3,838	
	Laptops			\$ 2,450	
	Telephones			\$ 400	
	New Servers (3)			\$ 15,000	
	Server Racks			\$ 12,740	
	Network Equipment			\$ 6,000	
	Backup Storage for COF Data			\$ 6,500	
	<b>Subtotal</b>			<b>\$ 64,205</b>	

**COF IT Feasibility Study**  
**Financial Pro-forma**  
**Summary - PWC Option 2**

<b>Account</b>	<b>Sub Account</b>	<b>Note</b>	<b>Current COF Cost</b>	<b>COF Cost at PWC</b>	<b>Change in Cost to COF</b>
<b>Totals</b>	<b>Recurring</b>	<b>1</b>	<b>\$ 989,588</b>	<b>\$ 1,187,745</b>	<b>\$ 198,157</b>
	<b>One Time</b>			<b>\$ 88,617</b>	
Personnel		2			
	Salaries		\$ 161,902	\$ 161,902	\$ -
	Overtime		\$ -	\$ -	\$ -
	Accrued Vacation	13	\$ 8,026	\$ 8,026	\$ -
	Accrued Sick Leave	13	\$ 11,932	\$ 11,932	\$ -
	Longevity		\$ 4,851	\$ 7,140	\$ 2,289
	FICA/Medicare		\$ 12,757	\$ 13,610	\$ 854
	Medical		\$ 21,904	\$ 41,297	\$ 19,393
	Dental		\$ 1,200	\$ 1,099	\$ (101)
	Insurance		\$ 4,752	\$ 3,956	\$ (797)
	Retirement		\$ 8,204	\$ 20,065	\$ 11,861
	Temporary Services	6	\$ 11,500	\$ 11,500	\$ -
	Training/Certification		\$ -	\$ -	\$ -
	EE Awards/Administration		\$ -	\$ 3,110	\$ 3,110
	PWC Benefits Contribution		\$ -	\$ 26,015	\$ 26,015
	<b>Subtotals</b>		<b>\$ 247,028</b>	<b>\$ 309,652</b>	<b>\$ 62,624</b>
Operating		3			
	General Supplies and Materials		\$ 3,058		
	Postage, Printing		\$ 251		
	Travel and Mileage		\$ 4,225		
	Training		\$ 5,475		
	Professional Memberships		\$ 880		
	Subscriptions		\$ -		
	Other		\$ 246		
	PWC Aggregated Allocation			\$ 41,605	



**COF IT Feasibility Study**  
**Financial Pro-forma**  
**Summary - PWC Option 2**

<b>Account</b>	<b>Sub Account</b>	<b>Note</b>	<b>Current COF Cost</b>	<b>COF Cost at PWC</b>	<b>Change in Cost to COF</b>
	<b>Subtotals</b>		<b>\$ 14,135</b>	<b>\$ 41,605</b>	<b>\$ -</b>
Technology		4, 7			
	Computer Equipment		\$ 90,637	\$ 90,637	
	Equipment Leases		\$ 29,562	\$ 29,562	
	Equipment Maintenance		\$ 64,415	\$ 64,415	
	Computer Software		\$ 28,268	\$ 28,268	
	Software Licenses and Maintenance		\$ 239,015	\$ 239,015	
	Network Maintenance and Security		\$ 90,923	\$ 90,923	
	Technology Supplies		\$ -	\$ -	
	Data Communications (fiber, telephone)		\$ 145,141	\$ 145,141	
	<b>Subtotals</b>		<b>\$ 687,961</b>	<b>\$ 687,961</b>	<b>\$ -</b>
Indirect		3, 5			
	Depreciation	8	\$ -		
	Space/Rent		\$ 23,693	\$ 27,816	
	Telephone Debt Service		\$ 3,759		
	Insurance and Bonds		\$ -		
	Administration	11	\$ 11,261	\$ 53,150	
	IT Administration	12		\$ 58,006	
	HR		\$ 1,751		
	Financial Services		\$ -		
	Other		\$ -		
	Utilities	10		\$ 9,555	
	<b>Subtotals</b>		<b>\$ 40,465</b>	<b>\$ 148,527</b>	<b>\$ -</b>

**COF IT Feasibility Study**  
**Financial Pro-forma**  
**Summary - PWC Option 2**

<b>Account</b>	<b>Sub Account</b>	<b>Note</b>	<b>Current COF Cost</b>	<b>COF Cost at PWC</b>	<b>Change in Cost to COF</b>
<b>One Time Move Expenses (PWC options only)</b>					
	UPS			\$ 15,827	
	Furniture			\$ 5,800	
	Software Licenses			\$ 15,350	
	Laptops			\$ 9,800	
	Telephones			\$ 1,600	
	New Servers (3)			\$ 15,000	
	Server Racks			\$ 12,740	
	Network Equipment			\$ 6,000	
	Backup Storage for COF Data			\$ 6,500	
	<b>Subtotal</b>			<b>\$ 88,617</b>	

**COF IT Feasibility Study**  
**Financial Pro-forma**  
**Summary - ICS**

<b>Account</b>	<b>Sub Account</b>	<b>Note</b>	<b>Current COF Cost</b>	<b>COF Cost To ICS</b>	<b>Change in Cost to COF</b>
<b>Totals</b>	<b>Recurring</b>		<b>\$ 989,588</b>	<b>\$ 1,119,973</b>	<b>\$ 130,385</b>
	<b>One Time</b>			<b>\$ -</b>	
<b>ICS Fixed Fee</b>				<b>\$ 348,566</b>	<b>\$ (348,566)</b>
<b>Personnel</b>					
	Salaries		\$ 161,902		
	Overtime		\$ -		
	Longevity		\$ 4,851		
	Accrued Vacation	13	\$ 8,026	\$ 8,026	\$ -
	Accrued Sick Leave	13	\$ 11,932	\$ 11,932	\$ -
	FICA/Medicare		\$ 12,757		
	Medical		\$ 21,904		
	Dental		\$ 1,200		
	Insurance	9	\$ 4,752		
	Retirement		\$ 8,204		
	Temporary Services	6	\$ 11,500	\$ 11,500	
	Training/Certification		\$ -		
	EE Awards/Administration		\$ -		
	PWC Benefits Contribution		\$ -		
	<b>Subtotals</b>		<b>\$ 247,028</b>	<b>\$ 31,458</b>	<b>\$ (215,570)</b>
<b>Operating</b>					
	General Supplies and Materials		\$ 3,058	\$ 3,058	
	Postage, Printing		\$ 251		
	Travel and Mileage		\$ 4,225		
	Training		\$ 5,475		
	Professional Memberships		\$ 880		
	Subscriptions		\$ -		

**COF IT Feasibility Study**  
**Financial Pro-forma**  
**Summary - ICS**

<b>Account</b>	<b>Sub Account</b>	<b>Note</b>	<b>Current COF Cost</b>	<b>COF Cost To ICS</b>	<b>Change in Cost to COF</b>
	Other		\$ 246		
	<b>Subtotals</b>		<b>\$ 14,135</b>	<b>\$ 3,058</b>	<b>\$ (11,077)</b>
Technology					
	Computer Equipment		\$ 90,637	\$ 90,637	
	Equipment Leases		\$ 29,562	\$ 29,562	
	Equipment Maintenance		\$ 64,415	\$ 64,415	
	Computer Software		\$ 28,268	\$ 28,268	
	Software Licenses and Maintenance		\$ 239,015	\$ 239,015	
	Network Maintenance and Security		\$ 90,923	\$ 90,923	
	Technology Supplies		\$ -	\$ -	
	Data Communications (fiber, telephone)		\$ 145,141	\$ 145,141	
	<b>Subtotals</b>		<b>\$ 687,961</b>	<b>\$ 687,961</b>	<b>\$ -</b>
Indirect					
	Depreciation		\$ -		
	Furniture and Fixtures		\$ -		
	Space/Rent		\$ 23,693	\$ 29,616	
	Telephone Debt Service		\$ 3,759		
	Insurance and Bonds		\$ -		
	Administration		\$ 11,261	\$ 8,446	
	IT Administration				
	HR		\$ 1,751	\$ 1,314	
	Financial Services		\$ -		
	Other		\$ -		
	Utilities			\$ 9,555	
	<b>Subtotals</b>		<b>\$ 40,465</b>	<b>\$ 48,930</b>	<b>\$ 8,466</b>

**COF IT Feasibility Study**  
**Financial Pro-forma**  
**Estimated EE Impact**

Employee		Current COF		Expected PWC		Expected ICS	
		City Paid	ee Paid	PWC Paid	ee Paid	ICS Paid	ee Paid
<b>Derrick Bowens</b>							
	Longevity	1,354		2,389		0	
	Retirement	2,731	3,331	6,713	3,393	1,625	3,250
	Medical		618		372		807
	Dental		60		0		332
	Insurance		613		613		138
	Subtotals	4,085	4,623	9,101	4,378	1,625	4,526
				5,016	244	(2,461)	96
	Impact				5,260		(2,364)
<b>Tina Boyce</b>							
	Longevity	1,808		1,772			
	Retirement	2,065	2,519	4,979	2,517	1,205	2,410
	Medical		3,033		3,240		9,614
	Dental		366		504		1,178
	Insurance		1,716		1,716		895
	Subtotals	3,873	7,634	6,750	7,976	1,205	14,097
				2,877	(342)	(2,668)	(6,463)
	Impact				2,535		(9,131)
<b>Robert Hime</b>							
	Longevity	852		1,502			
	Retirement	1,718	2,095	4,222	2,134	1,005	2,044
	Medical		4,592		5,400		9,614
	Dental		366		504		1,178
	Insurance		362		362		362
	Subtotals	2,570	7,415	5,725	8,400	1,005	13,198
				3,155	(985)	(1,565)	(5,783)
	Impact				2,170		(7,347)

**COF IT Feasibility Study  
Financial Pro-forma  
Estimated EE Impact**

Employee		Current COF		Expected PWC		Expected ICS	
		City Paid	ee Paid	PWC Paid	ee Paid	ICS Paid	ee Paid
Ulrich Johannes							
	Longevity	838		1,477			
	Retirement	1,689	2,060	4,152	2,099	1,005	2,010
	Medical		618		372		807
	Dental		60		0		332
	Insurance		1,819		1,819		1,088
	Subtotals	2,527	4,558	5,629	4,290	1,005	4,237
				3,102	268	(1,522)	321
	Impact				3,370		(1,201)

## **Appendix C**

### **Service and Support Cross Reference**

## COF IT Outsourcing Cross Reference Services Table

COF Function/Service		PWC Option One	PWC Option Two	ICS	Description
		Included in Fixed Costs (Y/N)			
AS/400 Support		N	N	N	JDE Edwards Platform
Asset Management		Y	Y	Y	Enterprise hardware, software - core
Asset Management		N	Y	Y	Desktops, remote devices
Cabling (Physical)		N	N	N	Cable installation
Cabling (Planning)		N	Y	N	Voice and data installation and planning assistance
Cell Phones		N	N	N	Wireless phones
Computer Operations		Y	Y	Y	Enterprise Servers - core
Computer Operations		Y	Y	Y	Vocational Servers - Windows/Unix
Copiers		N	N	N	Management, maintenance and oversight
Desktop Systems		N	Y	Y	Maintenance and Support, including laptops
Disaster Recovery		Y	Y	Y	Planning, testing - Enterprise core
Enterprise Hardware and Security - core		Y	Y	Y	Servers, Wide and Local Area Networks
Desktop Security		N	Y	Y	PCs
Enterprise technology and support standards, policies and procedures		N	Y	N	PWC Standards, policies and procedures
Enterprise usage standards, policies and procedures		N	N	N	City Standards, policies and procedures
GIS		N	N	N	All functions
Hardware Purchase, Installation and Maintenance - core		Y	Y	Y	COF Purchases equipment and parts
Hardware Purchase, Installation and Maintenance - Desktops, remote devices		N	Y	Y	COF Purchases equipment and parts
Help Desk Support - Enterprise/core		Y	Y	Y	Repair, acquisition of parts. Not payment.
Help Desk Support - Desktops, remote devices		N	Y	Y	Enterprise Technology



## COF IT Outsourcing Cross Reference Services Table

COF Function/Service		PWC Option One	PWC Option Two	ICS	Description
		Included in Fixed Costs (Y/N)			
Help Desk Support		N	N	Y	Vocational Applications
Local Area Network		Y	Y	Y	Support and Maintenance - all sites excluding PD
Mobile Data Terminals		N	N	N	Police Department field units
Network Administration		Y	Y	Y	Data, Video
PDA's		N	Y	N	Blackberrys etc
Printer repair		N	Y	Y	Courtesy printer
Programming Support		N	N	N	Vocational
Records Management		N	N	N	Storage and retention policies
Software Acquisition and Deployment		Y	Y	Y	Enterprise Products, installation and support - core
Software Acquisition and Deployment		N	Y	Y	Enterprise Products, installation and support, Desktop
Software and Licenses core		Y	Y	Y	Management and acquisition, not payment
Software license compliance		N	Y	Y	Enterprise Desktop, PC products
Software Maintenance		Y	Y	N	Enterprise Server and Network
Software Maintenance		N	Y	N	Desktops, other soft devices
Software Systems Analysis		N	N	N	Vocational Systems
Technology Planning		Y	Y	Y	Enterprise Server and Network Technology - core
Technology Planning		N	Y	Y	Enterprise Desktop
Telephone Wireline Support		N	Y	N	Avaya System
Training		N	Y	N	Coordination, enterprise SW
Vocational Software		N	N	N	See Vocational Software Cross Reference
Web development, content and publishing		N	N	N	City e-government services
Wide Area Network		Y	Y	Y	Support and maintenance - all sites including PD

## COF IT Outsourcing Cross Reference COF Applications

<b>Applications</b>	<b>Supported</b>	<b>Supported</b>	<b>Supported</b>	<b>Usage</b>	
	<b>By PWC Option One</b>	<b>By PWC Option Two</b>	<b>By ICS</b>		
	<b>Y/N</b>	<b>Y/N</b>	<b>Y/N</b>		
Adobe Creative Suite	N	N	N		
Airport Systems	N	N	N	FIDS, HVAC, Pegasus, fingerprint	
AS/400	N	N	N	JD Edwards	
AutoCAD	N	N	N		
BZNP	N	N	N	Network Player Management Software	
Client Access	N	Y	N	AS/400 PC Access SW	
Community 2020 (HUD)	N	N	N	Community Development	
Compliance Suite (ASTD)	N	N	N	HR Development	
Crystal Reports	N	N	N	Planning	
Dameware	N	N	N		
DataEase	N	N	N	HR Development	
Debt Setoff	N	N	N	Finance	
Equifax	N	N	N	Finance	
Finish Lynx	N	N	N	Recreation	
Folio	N	N	N	Attorney, Manager's Office and HR	
FreeLance	N	N	N	GIS	
Front Range	N	N	N	HEAT	
GIS	N	N	N	ESRI Products	
Hy-TEK	N	N	N	Recreation	
Image Cast	N	N	N		
JAWS (Vision impaired)	N	N	N	Community Dvlp, Recreation	
Kronos	N	N	N	Transit	
League Scheduler	N	N	N	Recreation	
Let's Edit	N	N	N	City Manager	
Logics - Permits and Licenses	N	N	N	Finance	
Macromedia	N	N	N	All Depts	
Main Trac	N	N	N	Customer Focus, Engineering, P&R	
Mavis Beacon	N	N	N	Community Dvlp, Recreation	
McAfee EPO	N	N	N		
MS Money	N	N	N	P&R	

## COF IT Outsourcing Cross Reference COF Applications

<b>Applications</b>	<b>Supported</b>	<b>Supported</b>	<b>Supported</b>	<b>Usage</b>	
	<b>By PWC Option One</b>	<b>By PWC Option Two</b>	<b>By ICS</b>		
	<b>Y/N</b>	<b>Y/N</b>	<b>Y/N</b>		
MS Project	N	Y	N	Project Management	
MS SQL Server	N	Y	N	IT & Management Services	
MS Visio	N	Y	N	IT	
MS Works Database	N	N	N	Inspections	
Nero	N	N	N	IT	
Opac	N	N	N	HR	
PC Anywhere	N	Y	N	IT	
Permit IT	N	N	N	Inspections	
Pitney Bowes Mail SW	N	N	N	Management Services	
PonTem (Cemetery)	N	N	N	P&R	
Positive Pay	N	N	N	Finance	
Presenter Series Courseware	N	N	N	IT	
Project Quickstart	N	N	N	City Manager's Office	
Quadrant (JDE Adjunct)	N	N	N	Finance	
Quickbooks	N	N	N	Management Services	
Recordables Inc, TrackComp, Trackability	N	N	N	Risk Mgmt	
RecTrac	N	N	N	P&R	
Reflections (remote connections)	N	Y	N	Finance, Inspections, Risk Mgmt, Planning, IT	
Silver Fiche	N	N	N	Management Services	
TRAK (Gas Pump)	N	N	N	Solid Waste	
Trapeze Midas	N	N	N	Transit	
Veritas	N	Y	N	IT	
Winfax	N	Y	N	City Manager's Office	

## VARIANCE ANALYSIS

### COF vs. PWC Allocated Costs

The following explains the large, unfavorable variances to COF that appear on page B-5 of RHJA's *COF IT Outsourcing Feasibility Study Report* dated March 31, 2007. In most cases, we allocated costs to each transferred City ee in the same way as if PWC had hired them off-the-street. The exception is IT Administration which represents a real, tangible benefit to COF that COF does not currently have.

#### Medical - \$19,393

PWC's cost of medical insurance is much higher due to the increased risk of its employees. PWC Aggregates the actual cost of its premiums into its overhead and charges 24.43% against each employee salary. COF assesses the actual cost to each employee.

Opinion: The actual cost of the additional four ees would be (marginal) less.

#### Retirement - \$11,861

COF contributes 4.92% of salary to retirement. PWC contributes 11.87% per employee salary. These are costs are higher as PWC only recently joined the NC retirement plan.

Opinion: Actual PWC costs.

#### PWC Aggregated Operating Cost Allocation - \$27,470

This number represents an allocation of actual FY2006 operating expenses for the IS (16.67% - 3 additional ees) and telecom (25% - 1 additional ee) cost centers for FY2006. Note we only allocated those categories that we believed PWC would actually incur expenses for the additional employees. The biggest item is rent.

Office supplies	7,435.33	16.67%	\$	1,239
Business travel	920.44	16.67%	\$	153
Telephone exp	32,882.45	0.00%	\$	-
Computer equipment	70,899.55	0.00%	\$	-
Photocopier expense	941.95	16.67%	\$	157
Temporary personnel	3,600.00	16.67%	\$	600
Management consulting	115,593.20	0.00%	\$	-
Contractual services	32,602.18	0.00%	\$	-
Misc General Expense	299.49	16.67%	\$	50
Dues and Fees	3,133.50	16.67%	\$	522
Publications and	10,074.20	16.67%	\$	1,679

COF/PWC Outsourcing Study  
 Variance Analysis

Subscriptions				
Freight	1,817.33	16.67%	\$	303
Maint agreements/non-	749.00	16.67%	\$	125
Computer systems cont	497,269.10	0.00%	\$	-
Employee welfare	77.00	16.67%	\$	13
Emp education seminar	30,954.52	16.67%	\$	5,159
Education assistance	374.67	16.67%	\$	62
Fleet services	367.21	16.67%	\$	61
Allocated rents	91,848.96	16.67%	\$	15,308
Allocated fiber	41,571.99	0.00%	\$	-
	<u>943,412.07</u>			<u>25,432</u>

Office supplies	1,735.72	25.00%	\$	434
Business Travel	363.82	25.00%	\$	91
Telephone	43,602.80	0.00%	\$	-
Computer equipment	32,309.08	0.00%	\$	-
Photocopier expense	941.96	25.00%	\$	235
Misc General Expense	59.74	25.00%	\$	15
Publications and				
Subscriptions	282.01	25.00%	\$	71
Freight	1,643.47	0.00%	\$	-
Maint agreements/non-	77,749.48	0.00%	\$	-
Computer systems cont	213,987.85	0.00%	\$	-
Employee welfare	10.50	25.00%	\$	3
Emp education seminar	27,713.62	25.00%	\$	6,928
Fleet services	257.97	25.00%	\$	64
Allocated rents	33,326.40	25.00%	\$	8,332
Allocated fiber	194,104.63	0.00%	\$	-
	<u>851,926.95</u>			<u>\$ 16,173</u>

Opinion: Other than perhaps, rent, these are fair representations of costs that will be incurred by PWC.

**Administration - \$41,889**

COF has a much lower indirect overhead allocation than PWC. COF's method is complex and iterative. PWC aggregates its overhead (\$4,116,601) and assigns a share to each department. It is 5.81% for IS. This represents the increased allocation to IS for four employees.

Opinion: These are very soft costs.

**IT Administration - \$58,006**

This is a pro-rated share of PWC IS management and support staff salaries and benefits. It includes Barney, Traci, Jimmy and Charlotte.

Opinion: This is where the real value in outsourcing to PWC is. COF gets the professional IT management it has lacked for at least the last seven years (and has had no expense for). A bargain at twice the price.

**Utilities - \$9,555**

PWC aggregates the cost of utilities and allocates a share to each department. This represents the share of adding four ees to PWC IS.

Opinion: Fair costs.

**Accrued Sick Leave – Range: \$0 to \$11,932**

This is a liability on COF's ledger.

Opinion: COF should reimburse PWC as incurred.

## CITY COUNCIL ACTION MEMO

**TO:** Mayor and Members of City Council  
**FROM:** Tom Bergamine, Chief of Police  
**DATE:** April 4, 2011  
**RE:** **Traffic Stop Forum Action Plan**

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**THE QUESTION:**

Does the City Council wish to support and recommend implementation of the Traffic Stop Forum Action Plan?

**RELATIONSHIP TO STRATEGIC PLAN:**

Goal 2 - Growing City, Livable Neighborhoods - A Great Place To Live

**BACKGROUND:**

Recently, concerns have been raised in the community regarding Police Department traffic stop procedures. As a result of those concerns, The City Manager and Chief Bergamine participated in several meetings with community leaders to discuss recommendations for changes to current traffic stops procedures and requested the Department of Justice provide their review and assessment of current procedures. Chief Bergamine participated in a community forum on March 10, 2011 where further discussion was held and community input was received. City Council requested information regarding the outcome of the community discussions and recommended changes suggested by the Police Department and Department of Justice.

**ISSUES:**

Perception, communication and training for both community and police.

**BUDGET IMPACT:**

Cost associated with the purchase and installation of additional in-car cameras and training suggested by the Department of Justice.

**OPTIONS:**

- Department of Justice Policy review and report.
- Purchase and installation of in-car cameras.
- Police Department and community training.

**RECOMMENDED ACTION:**

Accept recommendations proposed in presentation.

## CITY COUNCIL ACTION MEMO

**TO:** Mayor and Members of City Council  
**FROM:** Development Services, Housing and Code Enforcement Division  
**DATE:** April 4, 2011  
**RE:** **Taxicab Fare Rate Increase**

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**THE QUESTION:**

Should the taxi fare rates be increased?

**RELATIONSHIP TO STRATEGIC PLAN:**

Goal 2: Growing City, Livable Neighborhoods-A Great Place To Live-Improve Mobility within the City; Transportation.

**BACKGROUND:**

Fayetteville Code of Ordinances Section 26-106 authorizes the City Council to establish the maximum rate fare to be charged by taxi operators. The last revision to the maximum rate fares was April 28, 2008. On January 12, 2011, the Fayetteville Taxicab Franchises through their representative, Joseph Robinson, submitted a written request to the City Council for a fare increase of the existing rates. The existing rate fares are a \$2.00 drop fee, \$2.10 per mile, and a \$15.00 an hour wait time. The proposed increase is \$2.10 drop fee, \$2.40 per mile, and a \$18.00 an hour wait time. The City Council referred the request to the Taxi Review Board for further study. Staff conducted a survey of all 47 licensed taxi franchise operators on the proposed rate fare increase. 30 operators responded, 26 of those were in favor of the proposed increase. On March 15, 2011, the Taxi Review Board heard testimony related to the proposed rate fare increase. The Board voted in favor of passing the proposed increase to the City Council for consideration with no recommendation.

**ISSUES:**

N/A

**BUDGET IMPACT:**

N/A

**OPTIONS:**

- For City Council to set the matter for public hearing
- For City Council to take no further action

**RECOMMENDED ACTION:**

For discussion purposes only

**ATTACHMENTS:**

Current City of Fayetteville Taxi Rate Fee Chart  
Proposed Rate Fare Increase from Joseph Robinson



*City of Fayetteville*

**EFFECTIVE 4/28/2008**

**Rate of Fare**

The franchise owner has been approved by the City of Fayetteville, NC to operate a taxicab.

The maximum rate of fare to be charged shall be established by the city council from time to time, and a copy thereof shall be maintained in the taxi inspector's office.

(Sec.26-106 of the City of Fayetteville Ordinance)

David E. Steinmetz  
Taxi Inspector

<b>TAXICAB RATE CARD (Effective 04/28/2008)----IF METER IS NOT OPERATING, DO NOT PAY</b>	
<b>MILEAGE RATES:</b>	<b>EXTRA CHARGES FOR ITEMS HANDLED BY DRIVER:</b>
First 1/6 Mile (or Fraction)-----\$2.00	Hand Bags in Excess of One Person \$0.10
Each Additional 1/6 Mile-----\$ .35	Foot Lockers/Duffel Bag \$0.50
<b>SHARED RIDE METER:</b>	Trunks \$1.00
Rate No.:	Trunks Requiring Two Men to Handle \$1.50
1--First 1/6 Mile (or Fraction)----\$2.00	Groceries in Bags & Packages in Arms No Charge
Each Additional 1/6 Mile-----\$ .35	<b>BULKY ITEMS:</b>
2--\$2.00 drop & \$.35 for each 1/4 Mile	Fifty cents (\$.50) for each article, container, or commodity
3--\$2.00 drop & \$.35 for each 1/3 Mile	(such as, but not limited to, bags, cartons, boxes or crates of
4--\$2.00 drop & \$.35 for each 1/2 Mile	groceries, coals, feed, fertilizer, rolls of roofing paper, etc.)
	weighing more than fifty (50) pounds.
<b>WAITING TIME:</b> Each 1minute period (or Fraction)-----	\$ .25 or \$15.00/hour
<b>There will be an additional surcharge of \$1.00 per trip between 12:00 A.M. &amp; 5:00 A.M.</b>	
Rates are applicable to all points in Fayetteville and within five miles of the city limits	
<b>NO CHARGE MAY BE MADE IN EXCESS OF RATES SHOWN &amp; NO PAYMENT MADE IN EXCESS OF AMOUNT ON METER</b>	

*City of Fayetteville*

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Joseph A. Robinson  
890 Santiato Drive  
Fayetteville, NC 28314-6527  
[robijacdm@msn.com](mailto:robijacdm@msn.com)  
(910 309-7176)

January 12, 2011

RE: Centrodyne Silent 600 Series Taximeter

City Manager and City Council

It has come to my attention after checking with Centrodyne Corporation of America that fare increment can only be change in .05 not .02 increments. Therefore, each 1/6 mile will need be increase to .40 = \$2.40 a mile and wait time to .30 a minute = \$18.00 a hour. All members of the Fayetteville City Taxicab Association (FCTA) will be notify on January 13, 2011.

Sincerely,



Joseph A. Robinson

To: City Manager and City Council

Revised Copy dated January 12, 2011

From: Fayetteville Taxicab Franchises

Re: Proposal taxicab rate increase

We like to request that the city council consider increasing the maximum taxicab fare. Our last rate increase had been approved to .10 a mile overall with an effective date of April 28, 2008.

Drop First 1/6 mile is \$2.00 change with an increase Drop to \$2.10  
Each addition 1/6 mile is .35 = \$2.10 a mile change with an increase to .40 = \$2.40 a mile  
These are the proposals rates and drops in various cities throughout the country.

Rates	Fayetteville	Wilmington	Philadelphia	Raleigh	Durham	Minneapolis
Per Mile	\$2.40	\$2.10	\$2.30	\$4.45	\$2.00	\$2.20
Drop	\$2.10	\$2.00	\$2.70	\$3.50	\$3.60	\$2.50

Joe Robinson of Light Force Taxi Service will be our representative at city council. He will provide evidence in support of proposed rate increase. Many owners and operators feel or express their belief that a rate increase for the taxicab industry was necessary and well overdue.

Franchises fee \$15.00

Taxicab Permit approximately \$30.00 increase July 2010

Quarterly inspection \$200.00 annually

NC State inspection Fees?

Oil changes monthly \$30.00

Transmission oil changes every 60,000 miles

Commercial liability insurance \$800.00 - \$900.00 Every 6 months

All overall maintenance has gone up ?

Vehicle registration \$75.00

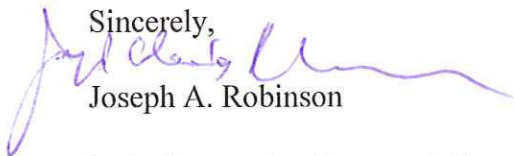
Fuel cost \$3.10 a gallon and rising

Meals ?

Misc. paperwork ie. Money receipt book, invoice book, log-in sheets, cartridge, postage

Dispatch fees \$33.00 daily, Fayetteville City Taxicab Association (FCTA) dues a month

Sincerely,



Joseph A. Robinson

Incl.: Supporting documentations/Petition for rate increase

## CITY COUNCIL ACTION MEMO

**TO:** Mayor and Members of City Council  
**FROM:** Tom Bergamine, Chief of Police  
**DATE:** April 4, 2011  
**RE:** **Threats Assessment for City Council/Public Meetings**

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**THE QUESTION:**

Does the City Council wish to implement changes to the current level of security provided during City Council/Public meetings?

**RELATIONSHIP TO STRATEGIC PLAN:**

Goal 2 - Growing City, Livable Neighborhoods - A Great Place To Live

**BACKGROUND:**

During the City Councils' Strategic Planning Retreat, there was discussion regarding the City's current security practices and procedures during City Council/Public meetings. As a result of that discussion, Mr. Iman instructed the Police Department to conduct a threat assessment of City Hall and identify any recommendations to address or improve security.

**ISSUES:**

The presentation is provided for information purposes and for City Council to provide further guidance.

**BUDGET IMPACT:**

None at this time, but depending on City Council's guidance, there could be expenditures required to implement changes.

**OPTIONS:**

This presentation is provided for information purposes and for City Council to provide further guidance.

**RECOMMENDED ACTION:**

That City Council provide guidance.

## CITY COUNCIL ACTION MEMO

**TO:** Mayor and Members of City Council  
**FROM:** Victor Sharpe, Community Development Director  
**DATE:** April 4, 2011  
**RE:** **Update on the 2011-2012 Annual Action Plan**

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**THE QUESTION:**

Is the 2011-2012 Annual Action Plan consistent with the priorities, goals and objectives of the 2010-2015 Consolidated Plan?

**RELATIONSHIP TO STRATEGIC PLAN:**

More Attractive City - Clean and Beautiful; Revitalized Downtown - A Community Focal Point; Growing City, Livable Neighborhoods - A Great Place to Live and Greater Tax Base Diversity - Strong Local Economy.

**BACKGROUND:**

- The City of Fayetteville updated its Consolidated Plan last year. This plan is a comprehensive plan addressing the City's housing, homeless, community development, and economic development needs for the five-year period of 2010-2015.
- The plan contains goals, objectives, and implementing strategies for each of the plan's elements. The Annual Action Plan describes the activities to be funded or implemented.
- The 2011-2012 Annual Action plan is consistent with the 2010-2015 Consolidated Plan.
- In an effort to provide citizens an opportunity to participate in the process of developing the Annual Action Plan, the Community Development Staff held six citizen participation meetings. These meetings were held in various locations throughout the City.
- A staff public hearing was held on March 10, 2011 and the Fayetteville Redevelopment Commission will hold the official public hearing on April 14, 2011.
- A draft copy of the plan will be made available in various locations for review and comments for 30 days from March 31, 2011 through April 29, 2011. A presentation of the proposed activities will be made at the meeting.

**ISSUES:**

- The funding amount for the Community Development Block Grant (CDBG) and HOME Investment Partnership programs are still pending.
- For planning purposes we are using a 7.5% reduction of the current year CDBG allocation (\$1,568,083) and a 9% reduction of this year's HOME allocation (\$893,673).
- CDBG funding with a 7.5% reduction is \$1,450,477; HOME funding with a 9% reduction is \$813,242.

**BUDGET IMPACT:**

- Cost allocation for the Community Development Department paid to the City's general fund from CDBG funds is currently \$135,000. This revenue amount will be reduced by 7.5 % (\$10,125).
- The City's required 25% match of HOME funds will be reduced by 9%. The current HOME match is \$178,735. A 9% reduction could decrease the City's required match by (\$16,086).

**OPTIONS:**

Presented for informational purposes.

**RECOMMENDED ACTION:**

This item will be placed on the City Council's April 26, 2011 agenda for consideration.

**CITY COUNCIL ACTION MEMO**

**TO:** Mayor and Members of the City Council  
**FROM:** Karen S. Hilton, AICP, Manager, Planning and Zoning Division  
**DATE:** April 4, 2011  
**RE:** **Update on City-wide Remapping with Unified Development Ordinance (UDO)  
Zoning Districts**

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**THE QUESTION:**

What questions have emerged during the first two community meetings on the remapping?

**RELATIONSHIP TO STRATEGIC PLAN:**

Greater Tax Base Diversity: Strong Local Economy  
A Growing City: Livable Neighborhoods - A great place to live  
More Attractive City: Clean and Beautiful

**BACKGROUND:**

The remapping of every property in the City of Fayetteville is a necessary step in implementing the Unified Development Ordinance adopted by the City Council on December 13, 2010. To help the property owners understand the changes, staff has scheduled three 4-hour community meetings over the last week in March and first week in April. These meetings will be designed as an open house; or drop by format.

**ISSUES:**

Staff will briefly summarize the frequent questions and comments received during the first two community meetings.

**BUDGET IMPACT:**

None.

**OPTIONS:**

No action required.

**RECOMMENDED ACTION:**

No action required.

**ATTACHMENTS:**

Flyer of Meeting and Hearing dates



# City-Wide Rezoning With New UDO Zoning



## FUTURE BY DESIGN



CREATING A SUSTAINABLE COMMUNITY

### ATTENTION Fayetteville Property Owners:

With the adoption of the City's new **Unified Development Ordinance (UDO)**, all property within the City of Fayetteville is being rezoned to the appropriate UDO zoning districts. The UDO and the zoning district map control what kinds of development are allowed on land in the City. City planning staff will hold a series of community meetings in **March** and **April** (see below for dates) to explain this process and answer your questions.

In nearly all instances, the new zoning districts established during this process will be the closest possible to the existing zoning districts. In addition to the community meetings in March and April, all public libraries in the city, the Planning Office in City Hall, and the City's website will have answers to frequently asked questions about the process, charts describing the uses and standards in each new zoning district, and copies of the existing and proposed zoning maps. Please check [www.cityoffayetteville.org](http://www.cityoffayetteville.org) for additional information identifying the proposed zoning and the hearing for your property, or contact **433-1FAY (1329)** with any questions you may have.

#### Community Meeting Dates and Times

<b>March 29</b>	Tues. 4-8 p.m.	Kiwanis Recreation Center 352 Devers Street
<b>March 31</b>	Thurs. 5:30-9:30 p.m.	City Hall 433 Hay St.
<b>April 5</b>	Tues. 1-5 p.m.	Kiwanis Recreation Center 352 Devers Street

#### Public Hearings

(WATCH FOR NEWSPAPER ADS.  
You may not receive another notice.)

	<u>Zoning Commission</u>	<u>City Council</u>
<b>Cycle 1:</b>	May 10 (Tues.)	May 23 (Mon.)
<b>Cycle 2:</b>	June 14 (Tues.)	June 27 (Mon.)





**CITY COUNCIL ACTION MEMO**

**TO:** Mayor and Members of City Council  
**FROM:** Doug Hewett, Assistant City Manager  
**DATE:** April 4, 2011  
**RE:** **250th City Celebration**

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**THE QUESTION:**

Does Council wish to adopt the 250th Anniversary Celebration Plan?

**RELATIONSHIP TO STRATEGIC PLAN:**

Greater Community Unity - Pride in Fayetteville

**BACKGROUND:**

The year 2012 marks the 250th Anniversary of the City of Fayetteville! A celebration will bring together the community. We would like to invite interested organizations, businesses and individuals to help us make this a fun-filled and action-packed year of celebration by participating in a variety of ways. Citizens may consider selecting some point in Fayetteville's history to reenact. Organizations may like to plan a historically-themed event. Some might be interested in volunteering their time and talents to other events.

To ensure Greater Community Unity, staff proposes the formation of an ad hoc committee to develop a plan for the 250th Celebration in FY 2012.

**ISSUES:**

N/A

**BUDGET IMPACT:**

This event will call for \$50,000 and matching funds from other organizations.

**OPTIONS:**

Adopt this celebration plan or vote on an alternative at a future meeting.

**RECOMMENDED ACTION:**

Staff also recommends funding this effort at \$50,000 that will hopefully provide matching funds from other organizations.

## CITY COUNCIL ACTION MEMO

**TO:** Mayor and Members of City Council  
**FROM:** Jerry Dietzen, Environmental Services Director  
**DATE:** April 4, 2011  
**RE:** **Proposed Service Standards for Garbage Collection**

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**THE QUESTION:**

Does Council wish to allow changes in service standards for garbage collection in order to increase efficiency.

**RELATIONSHIP TO STRATEGIC PLAN:**

Goal 3: More efficient City government - Cost effective service delivery

Objective 2. Services delivered in a cost effective manner

Goal 4: More attractive City - Clean and beautiful

Objective 1. Clean and beautiful community with less trash and less visual blight

**BACKGROUND:**

More and more cities are utilizing fully-automated side loading garbage trucks and are seeing reduced costs due to the one-man operation versus two-men on a rear loading machine. Fayetteville currently uses semi-automated rear loaders. The savings come from the reduction of one employee per truck or route and the associated reduction of workers compensation claims due to a reduction of injuries related to pulling, pushing, cart lift mishaps, lifting and throwing non-containerized trash into the rear hopper. Some cities have seen production improvements as well, however the largest advantage is the reduction of the number of employees and fewer on-the-job injuries.

**ISSUES:**

Moving to the use of fully-automated trucks will require City residents to change how they prepare their garbage for collection. Residents will be required to use only city issued carts and will not be allowed to place garbage in bags, boxes or personal containers for collection at the curb.

Residents will also be required to place carts so there is no obstruction from parked cars, mailboxes, other carts, etc.

Residents may be required, as in other cities, to lease an additional cart for overflow garbage.

**BUDGET IMPACT:**

The recommended service standards will aid in more efficient collection of solid waste.

**OPTIONS:**

1. Authorize the City Manager to direct staff to implement new service standards for residential curbside garbage collection as submitted or as amended.
2. Ask staff to review other options.
3. Take no action and have staff continue to operate as is.

**RECOMMENDED ACTION:**

Authorize the City Manager to direct staff to implement new service standards for residential curbside garbage collection in order to begin the use of fully-automated garbage trucks.

**CITY COUNCIL ACTION MEMO**

**TO:** Mayor and Members of City Council  
**FROM:** James Rose, PWC Chief Administrative Officer  
**DATE:** April 4, 2011  
**RE:** **Local Preference Policy**

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**THE QUESTION:**

Whether Council desires to amend its purchasing policy to allow a preference for local businesses.

**RELATIONSHIP TO STRATEGIC PLAN:**

More Efficient City Government - Cost Effective Service Delivery

**BACKGROUND:**

As directed by City Council at their February work session, we have surveyed other municipalities regarding adoption of local preference policies. Attached are the results of that survey which indicate that none of the municipalities contacted have adopted such policies with specific preferences. Also attached, for informational purposes, is a report showing the total dollar amounts spent by the City and PWC with local businesses since 2004.

After much discussion internally, staff recommends that the City Council not adopt a local preference policy with specific discounts, for the following reasons:

\*To maintain the integrity of the current competitive bid process. There are specific statutory guidelines for purchases over \$30,000 that promote competition; this spirit of competition should exist for purchases under \$30,000.

\*The legality of a local preference policy has not been tested in the court system in North Carolina; therefore no case law can be referenced to support such a policy. While the School of Government has issued opinions on this subject, it has not been tested in a formal, legal environment.

**ISSUES:**

N/A

**BUDGET IMPACT:**

N/A

**OPTIONS:**

- 1) Not adopt a local purchasing preference with specific discounts as recommended by staff.
- 2) Provide further direction to staff.

**RECOMMENDED ACTION:**

Staff recommends that City Council not adopt a local purchasing preference with specific discounts.

**ATTACHMENTS:**

Local Purchasing Preference Survey  
Local Purchases by City and PWC



<b>City or Town</b>	<b>"Local Preference " Policy in Place</b>	<b>Remarks</b>
City of Greenville Angele Brinkley Purchasing Manager 252-329-4462	No	They presented a report to their governing board. They are following their current practices which are governed by the General Statutes.
City of Greensboro Ron Goodwin Purchasing Manager 336-373-2192	No	They identified areas they could purchase locally and still be in compliance (less than \$30,000 and Professional Services), however, they have no policy giving preference.
City of Raleigh Ellis Wheeler Purchasing Manager 919-996-4979	No	Ran reports showing their local purchases and explained what they are doing currently. 78% of purchases under \$30,000 went to local vendors. Ellis stated that to him "Local" is not currently defined (some consider NC local, while other want to define as City or County)
City of Wilmington Daryle Parker Purchasing Manager 910-342-2735	No	They are reporting to their governing board April 4th. They are <u>not</u> recommending a "Local " policy.
City of Durham Lynette McRae Purchasing Supervisor 919-560-4132	No	No local preference policy.
Town of Chapel Hill Coco Hall Purchasing & Contracts Manager	No	Resolution in place supporting local procurement when those products are available, meet Town standards, are within statutory requirements and have been competitively bid.

**PWC LOCAL EXPENDITURES**

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11 (THROUGH 03/23/11)</u>
<b>LOCAL ACCOUNTS PAYABLE</b>	\$7,963,226.52	\$8,429,750.82	\$11,064,731.44	\$13,897,335.65	\$13,760,573.36	\$13,011,152.00	\$11,553,475.83	\$8,090,037.50
<b>LOCAL P-CARD EXPENDITURES</b>	\$579,095.67	\$583,843.41	\$1,376,904.00	NOT AVAILABLE	\$530,072.24	NOT AVAILABLE	\$447,495.46	\$370,220.96
<b>TOTAL</b>	\$8,542,322.19	\$9,013,594.23	\$12,441,635.44	\$13,897,335.65	\$14,290,645.60	\$13,011,152.00	\$12,000,971.29	\$8,460,258.46

\*P-Card Expense only through 01/31/11

**COF LOCAL EXPENDITURES**

	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY10 (THROUGH 03/23/11)</u>
<b>LOCAL ACCOUNTS PAYABLE (Includes procurement card)</b>	\$8,286,435.76	\$9,854,634.40	\$9,250,558.94	\$8,767,651.17	\$11,952,266.08	\$8,782,601.90	\$10,883,910.00	\$8,810,116.27