

LRB-FISCAL REVIEW SECTION ANALYSIS

FINANCE AND PERSONNEL COMMITTEE

ITEM 3, FILE # 020104

MAY 8, 2002

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File # 020104 is a resolution authorizing the Milwaukee Police Department (MPD) to outsource brake repairs for MPD vehicles.

Background

1. This resolution authorizes MPD to seek competitive bids for brake repairs of department vehicles.
2. Common Council Resolution, File # 990089 established a procedure requiring city departments to request formal authorization and approval from the Common Council to outsource or privatize any city service or function which may result in the reduction, elimination or privatization of any city positions.

Discussion

1. A component of the 2002 MPD budget plan included the implementation of a pilot program for outsourcing a portion of its fleet repairs. This program, if and when implemented, is to then be evaluated to determine if significant cost savings can be realized by the outsourcing of fleet maintenance.
2. This resolution would authorize the **process** of acquiring competitive bids for brake repairs in conjunction with oil changes, currently performed by private contractors. The oil change contract is currently up for bid and MPD proposes that a combined outsourcing package include oil changes, brake inspection and brake repairs with a required turnaround time of one day.
3. The reasons for this proposal, per MPD, are to shorten the time required to perform brake repairs and to lower the cost to the city. MPD anticipates that a private contractor would be able to perform comparable brake repairs in approximately 45% less time at two-thirds of the cost of DPW-Fleet Services.
4. MPD anticipates that the outsourcing of brake repairs would relieve the backlog experienced by DPW-Fleet Services. MPD states that no layoffs or position reductions would occur within Fleet Services. **However, Fleet Services states that layoffs would be possible as brake repairs are a reimbursable and that Fleet Services has counted on the revenue generated by brake repairs.**
5. Fleet Services states that it is difficult to *standardize* the cost relative to a brake repair job as there are various types of brake repairs which determine their time and cost. Additionally, Fleet Services, upon inspection of the vehicle, may also

determine another needed repair (*e.g.* wheel bearing replacement) which will add to the turnaround time and cost of the service.

Fiscal Impact

1. MPD estimates that it will save approximately one-third of its current brake repair costs by outsourcing this service.
2. Over a twelve-month period spanning 2000-2001, MPD spent \$177,858 on brake-related repairs for 610 MPD vehicles. This is an average of \$291.57 per vehicle. **Based upon this 2001 cost, the savings accrued to MPD, per MPD's one-third savings estimate, for brake repairs would be approximately \$58,410, not including cost savings relative to a one-day turnaround requirement in the service contract.**

Further Information

1. DPW-Fleet Services may bid for these brake services.
2. Any contract with a private sector bidder resulting from the competitive process will require Common Council approval.

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