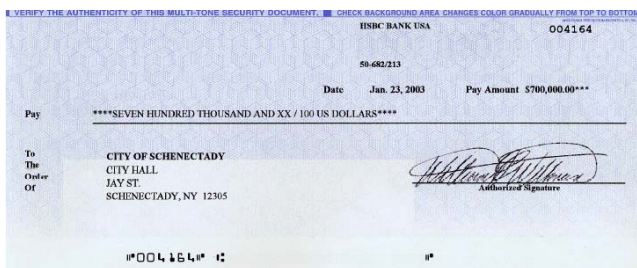


Case Study - City of Schenectady

“The results tell the story - \$700,000 - Wow! Thanks to Cost Control Associates for finding money even after our utility company had twice-before performed audits”.



Background

The City of Schenectady, on the banks of the Mohawk River, has a rich history. From one of the earliest and largest General Electric plants to the manufacturing of locomotives, this City has a history of manufacturing successes.

Like many other cities, the City of Schenectady has experienced a huge decline in its manufacturing employment and tax base. This erosion of the City's manufacturing base has resulted in some financial challenges.

Director of Finance, Mike Strenka, was hired with a mandate to produce significant cost savings for the City. One area that immediately caught his interest was the nearly \$1.0 million per year the City was spending on street

lighting for the approximately 4,600 lights in the City.

The utility company maintained detailed inventory and billing records and had twice-before performed physical inventories to insure the accuracy of its billing. In addition, the City's Bureau of Traffic and Signal Control maintained a detailed inventory of all facilities, but it had been several years since a complete physical inventory was used to update these records.

Goals and Constraints

The City was searching for ways to insure that the utility company's billing was accurate. The City also wished to have a current physical inventory to update its own inventory records. Because of budget constraints, the City had no internal resources available for this effort and there was no money available to hire outside consultants.

Solutions

Cost Control Associates' specialized street lighting services were just the right solution. These specialized services are offered to municipalities as part of its **Cost Recovery and Reduction™** program. Cost Control Associates' review included:

- ✓ A complete physical survey

- ✓ Comparison of survey results to utility company records
- ✓ Refund computation and negotiation
- ✓ Recommendations to reduce on-going costs
- ✓ Provision of detailed inventory record

Fees for Cost Control Associates' services were paid out of the refunds and savings they produced.

Results

Cost Control Associates' field personnel drove every street in the City to record data on each street lighting facility. A comparison of this data to the inventory record used by the utility company for billing revealed hundreds of discrepancies. After months of working with the utility company to resolve these inventory differences, a final inventory was agreed upon.

Although the utility company records were in poor condition making an exact refund calculation impossible, the refund negotiation led by Cost Control Associates produced a whopping \$700,000 refund. In addition, the corrections to the inventory cut annual street lighting costs by nearly \$100,000.

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