

# **SMITHVILLE BOARD OF ALDERMAN**

## **WORK SESSION**

July 7, 2020 5:00 p.m.  
City Hall Council Chambers

**Due to the COVID-19 pandemic this meeting was held via teleconference.**

**Mayor, Aldermen, City Administrator, City Staff and City Attorney attended via the Zoom meeting app. The meeting was streamed live on the city's YouTube page with a link on the city's Facebook page. Attendance in person by members of the public was not be permitted.**

### **1. Call to Order**

Mayor Boley called the Work Session meeting to order at 5:01 p.m. Board members present via Zoom: John Chevalier, Marv Atkins, Steve Sarver, Melissa Wilson and Jeff Bloemker. Dan Ulledahl joined the meeting at 5:10.

Staff present via Zoom: Cynthia Wagner, Nickie Lee, Chuck Soules, Dan Toleikis, Jack Hendrix, Matt Denton, Jason Lockridge, Linda Drummond and City Attorneys John Reddoch and Scott Sullivan.

### **2. 2020 Tax Rate Update**

Dan Toleikis, Finance Director, explained that we have to file the 2020 tax rate with the counties by September 1 in order to meet State deadline. The county has to issue us what are called post-BOE number and we usually get those in late July or early August. The City must either publish public notice on the hearing in one newspaper in general circulation of Clay and Platte Counties or publish public notice of the hearing in at least three public places in the political subdivision. Either must take place seven days prior to the public hearing. Two readings of an Ordinance setting the tax rate are required.

The City received the pre-BOE letters last week, so we have some assessed value information that was included in the staff report. Dan stated that it is highly unlikely that we will have the post-BOE information in time to have the first reading on August 4 and a second reading on August 18. We might be lucky enough to be able to do an emergency first and second reading on August 18. If not, Dan asked the Board to set aside a date to have a potential special meeting in late August, the later the better.

In the staff report Dan provided the last three years of history for the pre-BOE. The change from 2019 to 2020 is that assessed value is 3.8%. Dan did note that Clay County has an adjustment on our pre-BOE for the parcels that make up the TIF. Their assess value over and above what they were at the time that the TIF was established gets deducted out of are assessed values because those property taxes go back to the TIF.

Also included in the staff report were three years of history for the post-BOE. The increase for it is somewhere in the middle of 4.5% each of the last three years. We are anticipating something similar this year.

The Board set the date of August 31 at 5:30 p.m. for a special meeting if it is needed.

### 3. Discussion Schedule of Fees

Dan reported that included in the staff report on the Schedule of Fees were two changes staff is looking at for the Police Department. The first one is obtaining a copy of a video. We currently offer videos one of two ways, either a link to the video in the cloud or on a USB drive. In the past year, the USB drives have not been requested very often and they are a little time-consuming for staff. The cloud links are requested more often and are working great. The cloud links also allow us to social distance in light of COVID. Staff is making a recommendation to remove the USB option and only offer those video reports as a cloud link.

The second recommendation from staff is regarding municipal court fees. They are still listed in our schedule of fees. Municipal Court was transferred to Clay County on January 1, 2019 and at that time we did not know what effect it might have. Staff feels confident now that we are 18 months into the transfer that we do not need those in our Schedule of Fees.

The next item is regarding payments in lieu of dedication of land for recreation which is not part of the schedule of fees. This fee is directly stated in Section 425.220 of the Code of Ordinances, so it is not listed in the Schedule of Fees.

Jack Hendrix, Development Director, explained that Mayor Boley had requested that staff come up with a potential solution to the inequities, not just single-family developments through the subdivision ordinance. Jack proposed some language that could go into the Comprehensive Plan and the Parks Master Plan.

John Reddoch, City Attorney, has been working with staff for the best way to implement this, if the board implements it. Jack explained that the building permit fee version may not work legally and may need to go into a subdivision ordinance. Jack said the question is does the Board want to try to equalize the scenario such that all dwelling units provide some assistance for the park improvements? And, exactly how do they want to do this. Jack provided examples at the end of the memorandum of other communities and how what they are doing for this.

<u>City</u>	<u>Park Fees in lieu of dedication</u>
Gladstone	\$10,000 (the lesser of \$200.00 per acre or \$50.00 per dwelling unit)
Kansas City	\$33,000.00 (Single Family) Actual formula for KC uses census density of: 3.7 for single family (\$39,387.10) 3.0 for two family (\$31,935.49) 2.7 for multifamily (\$28,741.94)

Kearney	\$65,000 (Residential only)
Liberty	\$74,400 (Residential)
Platte City	\$46,500 (residential) *\$61,380 (commercial and industrial) Commercial and Industrial developments are calculated by assuming 4 houses per acre on the land.
Smithville	\$125,000 (residential subdivisions only)

Jack stated that if the Board wished to include industrial and commercial subdivisions as well, we would need John's help crafting something that sets the standards.

Mayor Boley said he asked staff to look into this because we have a lot of large lot subdivisions coming in. During the Comprehensive Planning and the Strategic Planning process we talked about needing multi-family housing. We have seen more commercial development come into Smithville and all those have impacts on our park system. One of the main pillars that came out of the planning sessions was improvements to the parks and trails. The voters also spoke in the election when they said yes to a sales tax for parks and trails.

Alderwoman Wilson said we do need to look at leveling that across the board. She said we need this the multi-family that may be coming but did not know about commercial. She thinks we really need to look hard at leveling that across the new developments.

Mayor Boley asked Jack if he was correct and developments like Brandywine Cove and Whiskey Ridge do not pay a parks fee?

Jack said that was correct, if they are zoned A1 with ten-acre lots or if they are zoned AR they are in the agricultural districts. The current version says residential only.

Mayor Boley said they are not raising cattle and horses in those subdivision, they are single family homes with people living in them that use the park system.

Alderman Bloemker said he echoed the sentiments of Alderwoman Wilson. He said our voters spoke and our constituents clearly spoke throughout the planning process that parks are a priority. He encouraged staff find a solution and bring it forward so we can level things out.

Mayor Boley asked if the Board had any objections to moving forward on this?

The Board had no objections.

The Mayor directed staff to move forward with the all residential and also bring forward an example for commercial.

Jack explained that this will first have to go to the Planning Commission before it comes to the Board.

#### 4. Discussion of Revenue

Dan went over the chart of our revenues by source, what we budgeted, where we are year-to-date as of June 30, a projection for FY20 and a raw number for what we are thinking FY21 might look like.

TOTAL REVENUES, BY SOURCE	FY20 Budget	FY20 YTD*	FY20 Projection	FY21 Budget
PROPERTY TAXES	867,480.00	881,441.68	889,440.00	886,950.00
SALES AND USE TAXES	1,500,700.00	1,034,655.57	1,550,500.00	1,590,830.00
FRANCHISE TAXES	875,740.00	403,553.28	703,050.00	681,430.00
OTHER TAXES	318,350.00	222,456.29	320,910.00	322,040.00
LICENSES, FEES, AND PERMITS	382,690.00	257,054.18	352,500.00	327,620.00
INTERGOVERNMENTAL REVENUES	44,800.00	23,787.80	29,000.00	49,280.00
CHARGES FOR SERVICES	234,880.00	63,999.76	175,440.00	241,090.00
FINES AND FORFEITS	167,310.00	88,772.50	149,160.00	168,980.00
INTEREST	150,000.00	85,499.68	113,260.00	42,000.00
DONATIONS	3,580.00	-	3,580.00	4,750.00
OTHER REVENUE	-	946,493.41	470.00	400.00
DEBT ISSUED	-	-	-	-
TRANSFERS IN	-	88,385.65	184,130.00	197,880.00
<b>TOTAL REVENUES</b>	<b>4,545,530.00</b>	<b>4,096,099.80</b>	<b>4,471,440.00</b>	<b>4,513,250.00</b>

\* year-to-date is through June 30, 2020

Dan explained that one of the taxes under the franchise tax is a tax that utilities pay. It is basically a transfer that we do from our water fund to the general fund. In the audit last year, the auditors suggested that instead of calling that a Franchise Tax we treat as a transfer.

The purpose of this review is mostly to investigate how COVID-19 is having an impact on our revenues.

#### Property Taxes

Property taxes are billed every November and are due in December, we receive most of the money in January and February. We have collected \$881,000 so far and that represents about 97% collection rate. Historically our collections have improved over the last few years from about 85% to more than 99% last year. Due to COVID-19 potentially having financial impacts on property owners we do not anticipate that collection for the rest of this year to reach the 99% rate. The projection of \$889,000 represents a 98% collection rate. Dan said the real question is how COVID-19 is going to impact people paying their property taxes this coming December 2020. To get the budget figure for next year of \$887,000 we used the current Pre-Board of Equalization assessed value numbers multiplied by a

4.2% increase, which is a little bit on the conservative side on the assessed value figures. Staff estimates that our property tax rate will stay the same, but we dropped our collection rate down to 92%. We are associating the dip from 98% last year to 92% next year due to COVID-19.

Alderwoman Wilson asked how staff came up with 92%?

Dan said it was just an educated guess. He explained that we believe it is going to decrease and it is difficult to know just how far it will decrease. Dan has had conversations with the City's financial advisor, Todd Goffoy, and we feel that it will fall like it did in 2007-2009. Staff looked at the data from the Kansas City metropolitan area since we do not have much data from that time for Smithville.

Alderwoman Wilson asked if we should drop it to 90%?

Dan said that the 90% is a more conservative number and he would change it.

Mayor Boley asked if staff knew what our lowest percentage has been since 2000?

Dan explained that our data only goes back to 2013.

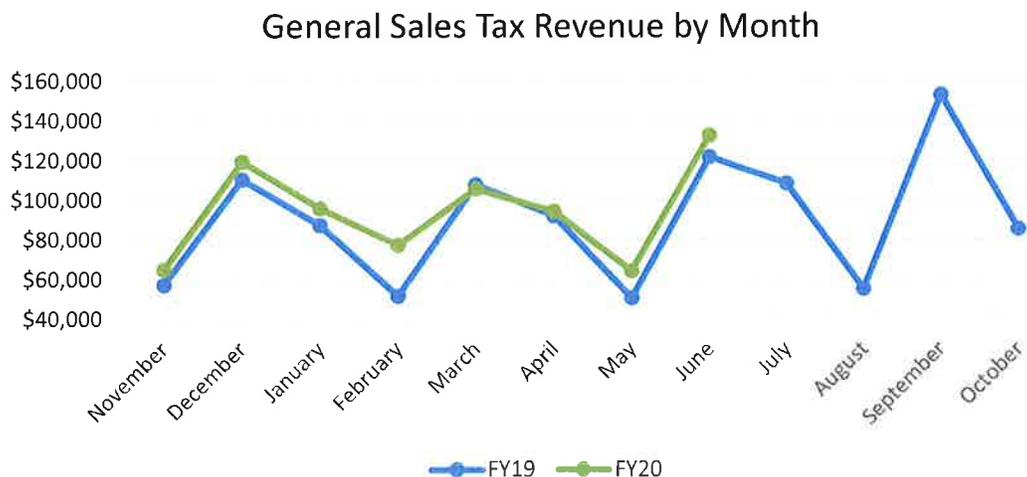
Alderwoman Wilson asked if staff could reach out to Clay County and get the data history.

Dan said that he would reach out to them.

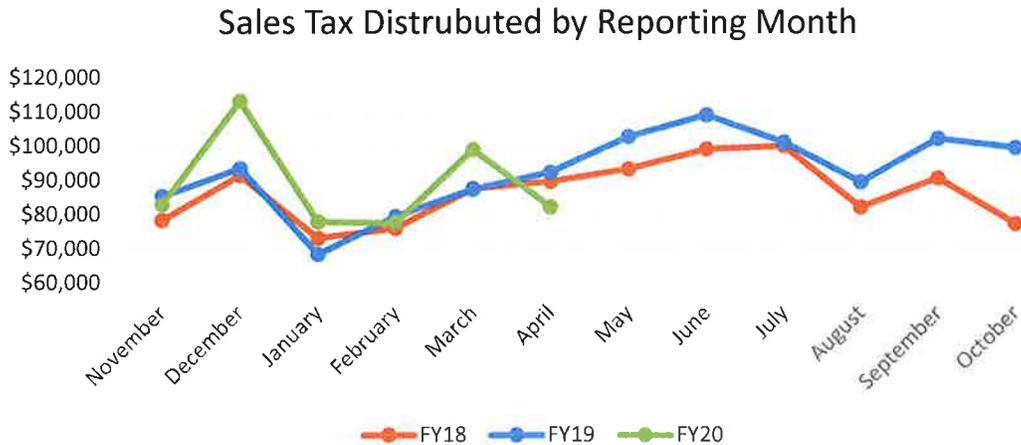
### **Sales and Use Tax Revenue**

Dan explained that from last year to this year we assumed a 2% growth in sales and a small incremental amount for sales from the TIF district. To date we are at just over \$1,000,000 in sales revenue.

The following graph shows general sales tax revenue received each month beginning with November 2018. FY20 revenue has exceeded FY19 revenue in every month except March 2020

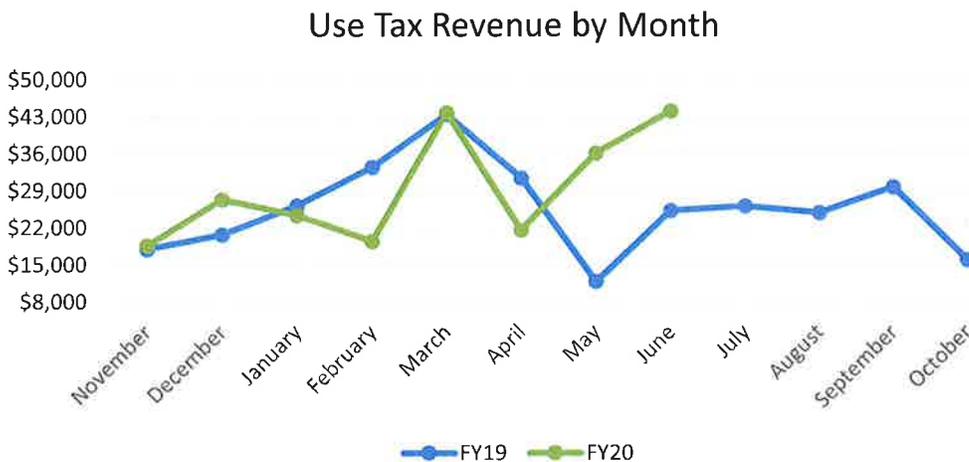


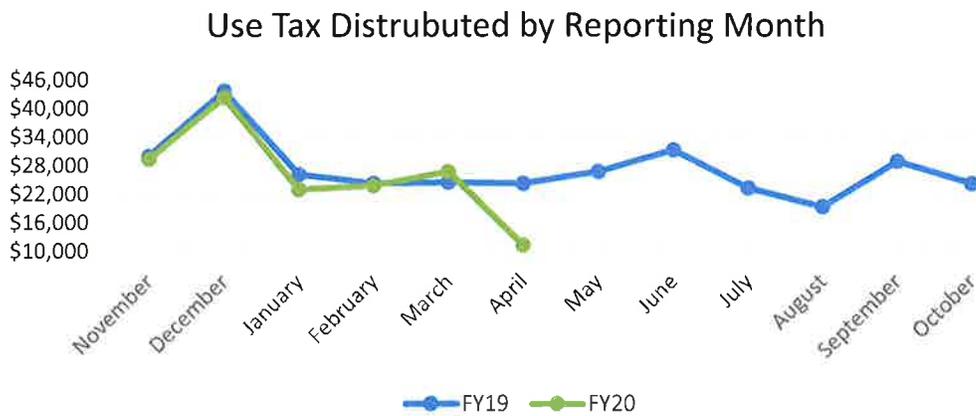
The next graph rearranges the monthly sales tax revenue data from the month it was received by the City to the month for which sales were reported.



Dan explained that in the sales tax data reports he can see how many businesses we have registering sales and how many businesses have reported for each of those months. The FY20 sales tax data above for November 2019, December 2019, and January 2020 reflect nearly 100% of all businesses reporting their sales data for those months. The February 2020 sales data reflects about 88% of businesses reporting, the March 2020 sales data reflects about 82% of businesses reporting, and the April 2020 sales data reflects only about 53% of businesses reporting. All three of these data points will move higher on this graph.

The following graph shows use tax revenue received each month beginning with November 2018, and that data rearranged from the month it was received by the City to the month for which sales were reported.





Use tax data has a bit more of a lag in the reporting than sales tax data, and also a larger number of businesses who report. The FY20 use tax data for December 2019 and March 2020 reflect nearly 100% of quarterly and annual submitters reporting. However, the November 2019 – March 2019 use tax data reflects about 80-85% of monthly submitters reporting, and the April 2020 use tax data reflects only about 47% of monthly submitters reporting. All FY20 data points should continue to move a bit higher on this graph.

The draft FY21 Budget amount is based 2.6% growth in sales and use taxes, and this includes projected new sales at the Smithville Marketplace.

Alderman Ulledahl asked what type of businesses would not report on a specific time?

Dan explained that some business report monthly, some quarterly and some annually. He said we also have businesses that ship items to Smithville.

Mayor Boley said we also have businesses that are seasonal.

### **Franchise Taxes**

Dan explained that we have seen general decline in Franchise Taxes over the last few years these are due to people moving away from having cable service or home phone service.

### **Other Taxes**

This includes Fuel Tax, Motor Vehicle Fees, and Road and Bridge Tax. Indications are that these tax revenues have remained as projected in the FY20 Budget and COVID-19 has not had a significant impact on them.

### **Licenses, Fees, And Permits**

Residential building permits are down in 2020 when compared to 2019. It is difficult to tie this directly to COVID-19, but staff believes it is playing a part. However, we have seen the revenue from two commercial building permits associated with the TIF, which made up a significant amount of the expected loss from residential permits. Overall, staff anticipates a loss of \$48,200.

The draft FY21 budget is based on a conservative residential building permit count for 2021.

### **Intergovernmental Revenue**

At the time school was closed due to COVID-19, the two SRO officers were placed into the normal patrol schedule. Reimbursement from the school for the officers' pay and benefits stopped. Staff anticipates a loss of \$12,070.

Additionally, staff postponed participation in the DWI Enforcement Grant program due to COVID-19. Staff anticipates a loss of \$3,000.

The draft FY21 budget includes a return to normal for Intergovernmental Revenue, which could change based on the school's reopening timeline, and reinstatement of the DWI Grant program

Alderwoman Wilson asked if staff had reached out to the school about possible reimbursement for the second SRO?

Cynthia said that she had not had any conversations with the school about it.

Alderwoman Wilson said she believes it is time for them to cover the cost for the second SRO.

Alderman Bloemker said he agreed.

Mayor Boley said there was a joint meeting for the Board and School Board coming up and it could be discussed then.

Alderwoman Wilson said she realized they had already set their budget, but we could possibly look at phased increases for the next school budget year.

### **Charges for Services**

Spring and summer youth and adult recreation programs were canceled due to COVID-19. Staff anticipates a loss of \$17,230.

Additionally, the start of the Smith's Fork Campground season was delayed from April 1 to June 1. Staff anticipates a loss of \$33,020.

The draft FY21 budget includes a return to normal for youth and adult recreation programming and campground operations.

Mayor Boley asked if for month to month, are we up on our numbers for the months we have been open?

Dan said when the campground opens on April 1 that is our highest grossing day because everybody calls then and books the entire summer. This year we had that

happen when we opened June 1. This year our June revenue is going to look higher than June last year.

Mayor Boley asked for the booking numbers for this year.

Cynthia said that Matt does have those numbers and has provided it to her. She said that she has not had a chance to look at it yet, but she will forward the information to the Board.

Mayor Boley said the campground is one area where we could make up some of our lost funds where we cannot with the youth sports.

Cynthia said that the uniforms purchased for the spring sports will be used for fall so we will not be out the money for them.

Matt explained that the campground had sold out for all of June and July.

### **Fines & Forfeits**

Clay County canceled its March and April court dates due to COVID-19. Cases that would have appeared on those dockets are being rescheduled, however, with limited room on each docket, it may take a long time for cases to be caught up. Staff anticipates a loss of \$18,150.

The draft FY21 budget includes a return to normal for Clay County court operations.

### **Interest**

Interest rates dropped drastically due to COVID-19. Staff anticipates a loss of \$36,740.

The draft FY21 budget assumes the interest rate does not recover in 2021.

Mayor Boley said it would have been worse if we had not moved some of the money to CD's.

Dan explained that our FY20 budget is \$4,545,000 and the projection right now is \$4,471,000 for a loss of about \$74,000 in total. On the operational side the projected expenditures for a year is just over \$4,400,000 so we are still looking at a revenue over expenditures amount of about \$63,000. We could look at doing something with that money, there are a couple suggestions that staff might have but this can be discussed at a later date.

## **5. Discussion of Fleet**

Nickie Lee, Assistant City Administrator, explained that the Board and staff have been talking pretty extensively for the past couple of years about the City's fleet. Over the last year staff has brought a review of the City's existing inventory. A list of all vehicles by Department along with a list of equipment. Staff did a pretty good job under the Board's direction of reviewing what could be shared what could

be surplus and repurposed. Nickie said that with Chuck Soules, Public Works Director, and his background history we definitely appreciate his experience of overseeing different fleet divisions at several different organizations. Based on Board direction staff has been discussing and researching the option of leasing vehicles which is one option that came from the Board last year. Nickie explained that Enterprise is present to explain what their Fleet Leasing and Fleet Management looks like.

Nickie said that what we are discussing tonight really only addresses a portion of our fleet. She explained that we have a 120-pieces of equipment and 45 of which are vehicles not included in this lease proposal. Those pieces of equipment consist of the dump trucks, the mowers, spreaders, etc. Those will be addressed in the future in our vehicle replacement program.

Nickie explained that the other really important item tonight's discussion does not include is our Patrol vehicles, basically our police vehicles that respond to calls. Because of the high mileage they are on a different schedule.

Staff is recommending that we proceed with putting 27 into this fleet management lease program.

Brandon Scott, Account Executive with Enterprise Fleet Management, explained that he has been with Enterprise for 12 years. He moved to the Kansas City Fleet Management division about a year-and-a-half ago.

He explained that leasing is typically most successful on the white fleet the half-ton pickups, three-quarter ton pickups, cargo vans, one-ton trucks and up to 5500 series. He said where cities get the most value is with the light and medium-duty vehicles. Enterprise just finalized partnership last month with Raymore,

## **THE SITUATION**

The City of Smithville is looking for a solution to better manage its aging fleet.

- 44% of the current light and medium duty fleet is over 10 years old.
- Older vehicles have higher fuel costs, maintenance costs, and tend to be unreliable.
- It would take 11.25 years to cycle out the entire fleet at current acquisition rates.

## **THE OBJECTIVES**

Enterprise Fleet Management's proposal is to save City resources and budget dollars through a managed vehicle program.

- Utilize an open-end lease\* as a funding mechanism allowing the City to acquire additional vehicles while avoiding a large capital budget outlay.
- Replace aged vehicles with newer models to increase fuel efficiency and reduce maintenance expense. Maintenance and repair expenses will be reduced as the age of vehicles is lowered and the integration of more fuel efficient vehicles will reduce carbon footprint.
- Establish a proactive replacement plan that maximizes potential equity at time of resale, reduces operational expenses, and increases safety.

\*An open-end lease means there are no early termination, mileage, or abnormal wear and tear penalties. Leases are written to a residual balance to preserve cash flow. The City receives flexibility of ownership, as well as net equity from sale at time of disposal.

Leavenworth County, Kansas, Saline County, Missouri, the United Government of Wyandotte County, Kansas and are taking our program to counsel in Gladstone. They had a meeting with City of Independence outlining the dates to go to their council.

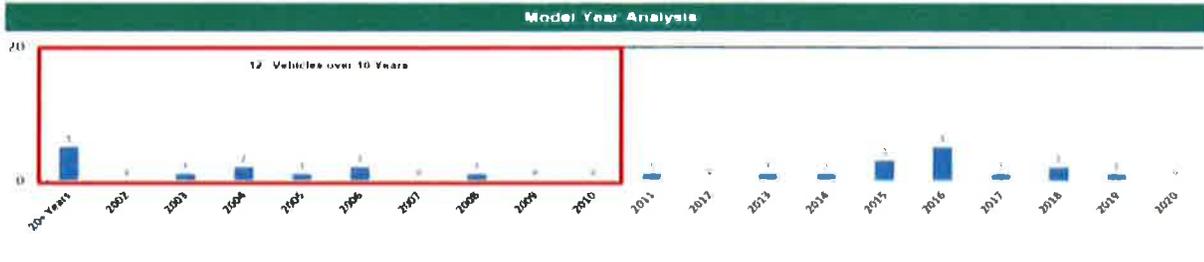
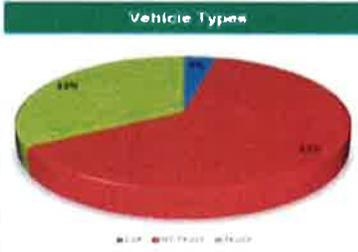
# SUPPORTING EVIDENCE | CITY OF SMITHVILLE, MO

## City of Smithville - Fleet Profile

Fleet Profile				Fleet Replacement Schedule					Replacement Criteria
Vehicle Type	# of Type	Average Age (Years)	Average Annual Mileage	2020	2021	2022	2023	Under-10(20)	
Full size Sedan	1	4.3	5,900	0	0	0	1	0	
Compact Pickup Reg 4x2	2	20.0	4,100	2	0	0	0	0	
1/2 Ton Pickup Reg 4x4	5	6.5	6,800	1	1	0	3	0	
1/2 Ton Pickup Casual 4x4	2	3.2	7,000	0	0	0	2	0	
3/4 Ton Pickup Reg 4x4	1	29.6	3,400	1	0	0	0	0	
3/4 Ton Pickup Quad 4x4	2	2.7	5,300	0	0	0	2	0	
1 Ton Pickup Reg 4x4	7	15.5	5,800	6	1	0	0	0	
1 Ton Pickup Est 4x4	1	12.3	4,800	1	0	0	0	0	
1 Ton Pickup Quad 4x4	1	5.3	7,200	0	0	0	1	0	
1 Ton Cab Chassis	4	8.5	3,200	1	0	0	3	0	
1 1/2 Ton Cab Chassis	1	6.3	2,600	0	0	1	0	0	
<b>Totals/Averages</b>	<b>27</b>	<b>10.9</b>	<b>5,100</b>	<b>12</b>	<b>2</b>	<b>1</b>	<b>12</b>	<b>0</b>	

**Replacement Criteria:**

- \* Fiscal Year 2020 = 10 years old and/or miles or kilometers over 100,000
- \*\* Fiscal Year 2021 = 8 years old and/or miles or kilometers over 80,000
- \*\* Fiscal Year 2022 = 6 years old and/or miles or kilometers over 60,000
- \*\* Fiscal Year 2023 = Remaining Vehicles
- \*\* Underlined = Annual Mileage less than 2,000



## City of Smithville - Fleet Planning Analysis

Current Fleet	27	Fleet Growth	0.00%	Proposed Fleet	27
Current Cycle	11.25	Annual Miles	5,360	Proposed Cycle	2.26
Current Maint.	\$110.50	Current MPG	10	Proposed Maint.	\$35.71
Maint. Cents Per Mile	\$0.25			Price/Gallon	\$2.50

### Fleet Costs Analysis

Fiscal Year	Fleet Mix				Fleet Cost				Annual			
	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease*	Equity (Owned)	Equity (Leased)	Maintenance	Fuel	Fleet Budget	Net Cash
Average	27	2.4	27	0	68,506	0			35,802	35,776	140,143	0
'20	27	12	15	12	0	78,430	-12,000	-15,232	25,033	32,595	108,026	31,317
'21	27	5	13	14	0	96,834	-7,000	-96,651	23,238	32,065	48,486	91,657
'22	27	12	12	15	0	117,047	-4,500	-31,090	22,340	31,800	136,597	4,546
'23	27	17	0	27	0	178,184	-72,000	-151,608	11,571	28,620	-5,233	145,376
'24	27	18	0	27	0	178,184	0	-77,732	11,571	28,620	140,643	-500
'25	27	12	0	27	0	178,184		-134,034	11,571	28,620	84,341	55,802
'26	27	17	0	27	0	178,184		-145,510	11,571	28,620	72,865	67,278
'27	27	17	0	27	0	178,184		-151,608	11,571	28,620	66,767	73,376
<b>8 Year Savings</b>											<b>\$468,854</b>	<b>Avg. Sustainable Savings \$46,989</b>



### Current Fleet Equity Analysis

YEAR	2020	2021	2022	2023	2024	Current Balance
QTY	12	2	1	12	0	0
Est \$	\$1,000	\$3,500	\$4,500	\$8,000	\$0	\$0
TOTAL	\$12,000	\$7,000	\$4,500	\$72,000	\$0	\$0
<b>Estimated Current Fleet Equity*</b>						<b>\$95,500</b>

### KEY OBJECTIVES

- Lower average age of the fleet**  
44% of the current light and medium duty fleet is over 10 years old  
Resale of the aging fleet is significantly reduced
- Reduce operating costs**  
Newer vehicles have a significantly lower maintenance expense  
Newer vehicles have increased fuel efficiency with new technology implementations
- Maintain a manageable vehicle budget**  
Challenged by inconsistent yearly budgets  
Currently vehicle budget is unfunded

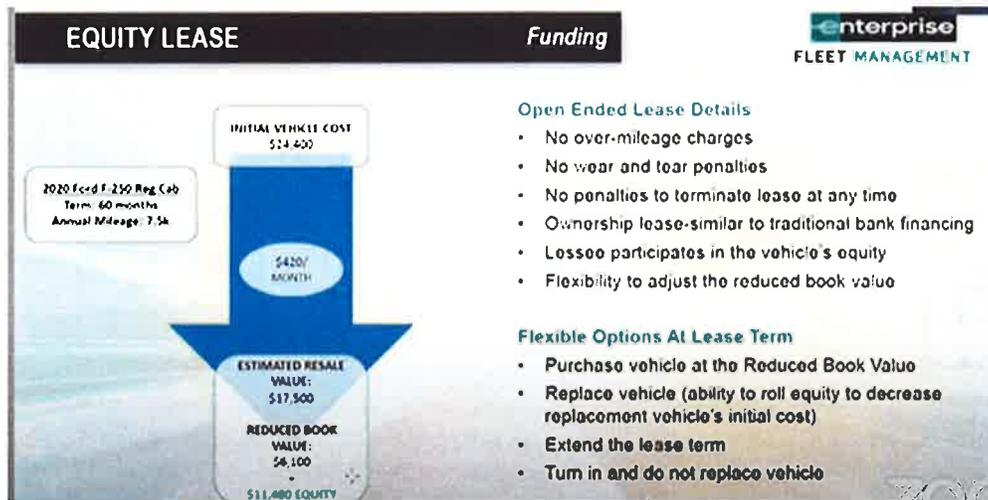
\* Lease Rates are conservative estimates  
\*\* Estimated Current Fleet Equity is based on the current fleet "sight unseen" and can be adjusted after physical inspection  
Lease Maintenance costs are exclusive of tires unless noted on the lease rate quote



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They look at police vehicles differently than the white fleet vehicles. They have a lot more miles and specialized equipment, so they were not include in the analysis.

Brandon explained that this not your typical dealership lease, it is very different. Enterprise helps cities with all phases from all the way through resale.



Brandon explained how the Equity Lease works. You have the initial vehicle cost of \$32,000 for a 2020 Ford F250 regular cab pickup truck on a five-year term at 7,500 miles per year. Instead of the \$32,000 acquisition through the government contract, you would be able to get it for \$24,400. This is different than a dealership lease where we finance it down to a \$0 balance, they finance it down to a reduced book value of \$6,100. So, for the Equity Lease you have your monthly payments for example \$420 a month for five-years vehicle with 32000 miles on it with a re-sale value of \$17,500. This is very different than your traditional dealership lease. With this program they give you the difference between the sales price and the residual on the vehicle so in this example \$11,400 in equity is money that is the City of Smithville's.



Government buying power example is a 2020 F250 extended cab 4x4 truck retail cost is \$36,000. Using the Equity Lease contract, you would be able to get that truck for \$28,200. If they sell that truck at one-year-old with 5,000 miles on it you would be looking at a sale price of \$33,000 versus the acquisition price of \$28,200 so you can literally be able to sell it for more than what you bought it for. He explained that this does not work with police vehicles, because of the miles. The lease also does not work with booms, cranes, spreaders, etc.

Brandon said that they would be meeting with the City two to three times a year to be able to identify savings opportunities. They would recommend ways to maximize equity. He explained that their theory is if they can continue to maximize equity and continue to lower costs cities would still continue to order vehicles through them.

Another point Brandon made was from a safety perspective, vehicles that are older than 2012 model year do not come with electronic stability control. The Highway Traffic Safety Administration has said that this is the most important safety features since the invention of the seat belt.

Alderman Bloemker thanked staff for all their hard work on this.

Alderwoman Wilson asked if we were to move forward with this and decided it was not working, what would be the process to get out of it?

Brandon said that there is no penalty to opt out. There is no long-term commitment. You would just buy the vehicles outright.

Dan explained that in the packet are spreadsheets with three different scenarios. They are broken-up by department, Development, Parks and Recreation, Police Vehicles that are not patrol vehicles, Street and Utilities.

The prices for the lease vehicles are examples due to the fact prices will likely change in the fall. The first year if we sell our vehicles, we would have approximately \$136,000 and the lease payment would be around \$132,000.

Dan explained if during the lease we decided we wanted out, it would cost somewhere between \$500,000 to \$600,000 to purchase the vehicles outright. He said that the discussion we need the Board to have is do we want to have the funds set aside so we have the option to leave the program anytime we want or do they want to put back \$85,000 a year for the first four years? Or look at spreading it out with \$40,000 a year for eight years? Dan said that we just need to know that if we want to get out of the lease before we have the \$550,000 in reserve, we would either have to come up with the remaining amount or reduce the number of vehicles.

Alderman Bloemker asked what Dan would recommend?

Dan said as a finance person he would prefer to do the \$85,000 in the first four years.

Alderman Atkins asked how much money we would be saving with the lease plan?

Dan said that is not an easy question to answer. He said that right now our replacement schedule is all over the place. He said that 44% of our vehicles are over 10 years old and with this plan we would never have a vehicle over four years old. The number for this annual lease payment versus what we are doing right now is likely higher because we are not replacing five vehicles every year. With not replacing those vehicles on a regular basis the annual maintenance is increasing and the fuel efficiency is declining which is costing the City.

Brandon stated that based on the make and model series of all the vehicles in the City's fleet compared to other government entities the city is going to see a dramatic reduction in maintenance expenses and see a fairly healthy reduction in fuel expenses. Their program shows an annual savings of approximately \$49,000 annually.

Alderman Atkins said that savings could be put toward the seed money.

Alderdwoman Wilson asked if the insurance cost will go up with having newer vehicles?

Dan that our insurance is based on the purchase value so we should not see a drastic increase.

Alderman Bloemker asked if we could lease electric vehicles?

Dan said that we are looking at the electric or eco-friendly vehicles for departments where they could be used. Unfortunately, they do not have quite as good of a resale value and could end up hurting this fund a little bit.

Nickie said that this is our fleet and our choice so we can tell Enterprise exactly what we want, and they would be able to get it for us. It just may not pay out like the vehicles that they recommend.

Alderman Bloemker said he would lean toward the fiscal conservative model at this time.

Mayor Boley said that with the hybrids we would see fuel savings.

Brandon said that the hybrids are typically more cost effective, and they offer more incentives for the hybrids.

Mayor Boley suggested the hybrid not the electric.

Dan said staff will have a recommendation for all of this for the budget discussion in August and also have a better idea on the numbers. He said the plan is to bring an agreement with Enterprise to the Board in August.

Nickie said that will be the next step, to have all of the information from Enterprise and be able to discuss it during the budget process. She said that with this program you would want to pay attention to the manufactures timeline for placing the orders. Somewhere around mid-late summer is the best time to place the orders then you do not pay anything out until the vehicles are received.

Brandon said that now is a perfect time to be in the front of the line for placing orders for the vehicles. He said it does take time to get the vehicles made and due to COVID-19 production did get behind.

## **6. Discussion of Assessment of Utility Late Fees**

Dan gave a brief history of the assessment of the utility late fees due to COVID-19. We had the emergency Ordinance in March to wave or suspend all utility late fees and not perform disconnections in March or April. In May, the Board approved a Resolution to extend the date of the waiver through the end of June. If the Board chooses not to extend the waiver further, staff will assess a late fee on July 22 and do service disconnections on the July 27. The discussion is to see if the Board wants to return back to the normal billing practices or if they want to change the normal billing practices temporarily. Dan said that at the end of his staff report he included some information on what some other cities are doing, and staff received confirmation today that the information is still accurate. Staff did receive some additional information from Parkville that they have started to assess late fees in June, but they are not going to perform disconnects until August.

Mayor Boley and the Board requested to mail letters to residents with more than one month in arrears on May 22 and again on June 30. The May 22 letters did have some positive results: 22 of the 105 customers that received the letter, paid their balance in full. Another 26 made a payment but still owed some of their bill, 18 made a payment but were still at least one month behind and 34 did not respond. On June 30, staff mailed 93 letters, the 18 and 34 customers who all received a letter in May plus 41 additional customers who fell more than one month behind. When staff assess late fees there are approximately 400 late fees assessed, when we assessed the late fees on June 22 there were 465 accounts so just a little bit higher than what we typically see.

Dan asked for direction from the Board to either return to the normal billing practices, suspend the disconnection, or suspend both the late fee and the disconnection through a further date?

Alderman Atkins said he likes the idea of staying with the way we are doing it now. Since Clay County is saying the virus is still very active and we are all still in quarantine, we need to take that into consideration. He does like the idea of slowly getting back into the normal practices.

Alderman Bloemker said he agreed that we need to create a plan and return to some sort of normalcy. He said in doing some research and taking a look at best practices he came across a presentation which referenced the use of CARE Act funding to use as a utility bill forgiveness and fee waiver related to those who have been recently unemployed due to COVID-19. He asked staff to do some research on this and bring that a proposal back to the Board when we review this again.

Alderman Chevalier agreed with Alderman Bloemker and said if we could actually make it work, we could help those who have been affected by the pandemic.

Mayor Boley requested that staff make phone calls to the residents that are behind to see, if we go forward with shut offs, if COVID-19 affected their ability to pay or if they need a payment plan. He asked that staff to make sure those residents were aware of the bill and work with them.

Mayor Boley asked the Board if they want to extend the date for shut offs?

Alderman Ulledahl recommended extending it to August.

Alderwoman Wilson recommended assessing the late fees in July and extending shut offs to August.

Mayor Boley agreed with Alderwoman Wilson to assess the late fees in July and shut offs in August.

All the Board agreed.

Mayor Boley asked Scott Sullivan and John Reddoch if it would be possible to use CARES funds for helping utility customers?

Scott said they would need time to research it.

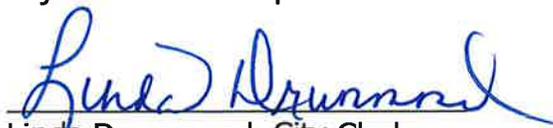
Mayor Boley asked if the City had any Ordinance that says we will not do shut offs if the temperature gets too high?

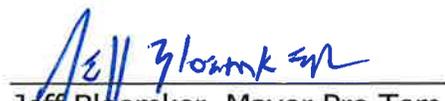
Dan said that we only have one for in the winter and temperatures drop to low and we cannot open the meter pit.

## **7. Adjourn**

Alderman Atkins moved to adjourn the Work Session. Alderwoman Wilson seconded the motion.

Ayes – 6, Noes – 0, motion carries. Mayor Boley declared the Work Session adjourned at 6:32 p.m.

  
Linda Drummond, City Clerk

  
Jeff Bloemker, Mayor Pro Tem