

**STATE OF TEXAS
COUNTY OF DENTON
CITY OF CORINTH**

On this the 28th day of September 2017 the City Council of the City of Corinth, Texas met in a Special Session at the Corinth City Hall at 5:30 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

Members Present:

Bill Heidemann, Mayor
Joe Harrison, Mayor Pro-Tem
Sam Burke, Council Member
Lowell Johnson, Council Member
Scott Garber, Council Member
Don Glockel, Council Member

Members Absent:

None

Staff Members Present:

Bob Hart, City Manager
Lee Ann Bunselmeyer, Finance Director
Guadalupe Ruiz, Human Resource Director
Jason Alexander, Economic Development Corporation Director
Kevin Tyson, Lieutenant, Lake Cities Fire
Kim Pence, City Secretary
Brenton Copeland, Assistant Manager, Technology Services
Mack Reinwand, City Attorney

Others Present:

Jennifer Bertram, Enterprise Fleet Management.

CALL TO ORDER

Mayor Heidemann called the meeting to order at 7:00 p.m.

CITIZENS COMMENTS

In accordance with the Open Meetings Act, Council is prohibited from acting on or discussing (other than factual responses to specific questions) any items brought before them at this time. Citizen's comments will be limited to 3 minutes. Comments about any of the Council agenda items are appreciated by the Council and may be taken into consideration at this time or during that agenda item. Please complete a Public Input form if you desire to address the City Council. All remarks and questions addressed to the Council shall be addressed to the Council as a whole and not to any individual member thereof. Section 30.041B Code of Ordinance of the City of Corinth.

No One spoke.

BUSINESS AGENDA:

1. Board members and new applicant interviews.

Mayor Heidemann - the Council has been interviewing candidates for the different boards that serve the City of Corinth over the last few evenings.

2. Consider and act on nominations, appointments, resignations and removal of members from Keep Corinth Beautiful Commission.

3. Consider and act on nominations, appointments, resignations and removal of members from the Planning and Zoning Commission.

4. Consider and act on nominations, appointments, resignations and removal of members from the Zoning Board of Adjustments.

5. Consider and act on nominations, appointments, resignations and removal of members from the Board of Construction Appeals.

6. Consider and act on nominations, appointments, resignations and removal of members from the Citizen Finance Audit Committee.

7. Consider and act on nominations, appointments, resignations and removal of members from the Ethics Committee.

MOTION made by Councilmember Johnson to appoint the following officers effective October 1, 2017. Seconded by Councilmember Garber.

Planning and Zoning Commission:

Place 1	Bruce Hanson, Vice Chairman
Place 3	Brian Rush
Place 7	Wade May, 2 nd Alternate

Zoning Board of Adjustments:

Place 1	John Horney
Place 2	David Burnett
Place 3	Keith Koeninger
Place 4	Korey Robertson
Place 5	John Cox
Place 6	David Fernow, 1 st Alternate
Place 7	David Payne, 2 nd Alternate

Keep Corinth Beautiful Committee:

Place 2	Lance Hendrik
Place 3	Amanda Scallon
Place 4	Kristen Fisher
Place 5	Cindy Taylor

Place 6 Brinkley Allen

Board of Construction Appeals:

Place 1 Keith Koeninger
Place 2 Korey Robertson
Place 4 David Payne
Place 4 John Horney
Place 6 Douglas Fernow, 1st Alternate

Ethics Committee:

Place 1 Tom Winterburn
Place 2 Dane Shillan
Place 3 Jennifer Carlton
Place 4 Damon Cottrell
Place 5 Eric Wiser

Citizens Finance/Audit Committee:

Place 4 Dick Baker

AYES: Burke, Garber, Johnson, Harrison, Glockel
NOES: None
ABSENT: None

MOTION CARRIED

8. Consider and act on nominations, appointments, resignations and removal of members from Corinth Economic Development Corporation.

Appointments for the Economic Development Corporation will be held on October 19, 2017.

9. Discuss, consider and act on a master agreement with Enterprise Fleet Management to finance and manage the replacement of the city's fleet.

Bob Hart, City Manager - in response to the questions made by Councilmember Garber at the last meeting, when you look at Fleet Services, what are the best practices? This is assuming you are going to start a new Fleet Management Program and the points you would want to look. First, begin a policy of vehicle rotation where you moving high mileage vehicles down to low mileage vehicles, we actually do that now in the Police Department so that practice is already followed. The second is looking at vehicle purchases on a complete life cycle cost, third, is the advice is always buying a new vehicle, taking advantage of all the discounts and rebates and if you are a large enough fleet than you can negotiate those. This is particularly true in units of Government because we can buy vehicles at the government discount cheaper than what anyone else can buy. fourth, is to establish a companywide manage maintenance program, we are doing that some here at the City, the Police Department is doing an excellent job of that but we need to give that some more attention. Fifth, to utilize gas cards tied to vehicles and not the drivers, we do that now, and the last point is creating a different replacement schedule and what the best practice will tell you is you look at the purchase of the vehicle, the maintenance and the repair costs and once that

gets to about 30% is when you want to cycle that out of your fleet.

What most of the research will tell you is that would occur between the 5 and the 6 year of the ownership of the vehicle. When you have a fleet, you are wanting to do the preventative maintenance and before you get in to the intensive maintenance you will cycle the vehicle out of your fleet so you don't lose the downtime of your vehicle, the downtime cost you not only from a cost standpoint but an efficiencies standpoint. Those are the elements that become important and if you are not doing the 6 points well you end up having to maintain extra vehicles for backups.

Lee Ann Bunselmeyer, Finance Director - at the last Council meeting we had a Councilmember that had requested not only the 5 year information on the Enterprise but also moving that out to 10 years to see what the impact would be in the out years.

With the Enterprise Program, as we had in this budget, we started at about \$100,000 in FY 2018 replacing about 32 vehicles. When you move forward to the end of the cycle of the 5 year program, in FY 2022 it would go up to about \$500,000 and stabilizes the program and your cost would maintain right at about \$500,000 from year 6 all the way out to 10 and on. At that point you are just cycling those 67 vehicles from year to year. The total cost for the first five years we would spend about \$1.7 million dollars with Enterprise and the second five year period we would be spending about \$2.5 million for a total cost of about \$4.2 million dollars.

The reason the first five years is less than the second five year period is we have a lot of equity in our current fleet, underutilized vehicles and those monies would be put into the program that would offset some of those costs.

When you compare that with what would you do if we did not have Enterprise? We looked at our fleet and we came up with some criteria and staff has been working on this for about 6 to 9 months to try to come up with a full vehicle replacement program and with that we would factor in maintenance and age into the program to determine those factors to see when the vehicles would be eligible for replacement.

We factored in vehicles that hitting about 100,000 miles and the replacement would be about every 10 years. The difference between our cash program and what Enterprise is proposing is they are proposing to replace the fleet every five years. A big difference in our program and Enterprise is when we are ready to resale our vehicles we are very limited on how we can do that. We can donate them to a non-profit, sell them through an auction, or we can take bids and sell them. When we have taken bids to sell our vehicles we have not been successful with the exception of our ambulances. All other vehicles we do not get much money for them. Typically when we resale vehicles we go to auction and we are keeping our vehicles 10 or 15 years and when we sell them we are typically getting less than \$1,000 per vehicle.

I did not play that into the factor of the cost and I did not factor any resale in our program because it is pennies to the dollar. With what we would need to replace right now, in 2018, we are looking at replacing about 17 vehicles, about \$625,000 and the majority of those being police and water/wastewater. Those are the two that are constant issues for us at this point.

Looking at that for the first five year period, we would propose to replace about 63 vehicles almost identical to what Enterprise would be for about \$2.5 million within the first five years. Going into the second five year period we would have another 45 vehicles that we feel would need to be replaced for about \$2.3 million. When you factor everything in, there is about a 26 vehicle difference less than Enterprise for about \$750.00 more than what Enterprise would cost us.

In 2017 we did not replace any vehicles because we were still concerned what was going to happen with the fire contract so kept it at a minimum budget with zero expenditures. The five years prior to that, we were replacing about 5 vehicles per year somewhere between \$350,000 and \$400,000 per year is what we have been spending. Most of those have been the police department because the five year period prior to that we did not have the ability financially to replace vehicles so we were trying to catch up on that.

Kevin Tyson, Lieutenant, Lake Cities Fire - Currently in the police department, under the five year plan there are 3 additional vehicles that should be replaced under that plan. The current mileage on two of them is over 85,000 miles and one is about 70,000 miles on it. Between those 3 vehicles we spend about \$8,000 year to date fixing those cars. This tasks the rest of our fleet when one of these vehicles is down and in the shop. Just this pass Monday we had 9 cars down and this is tasking on the officers and the fleet itself trying to keep enough cars running. We have one particular officer that pretty much his full time job is running the fleet, whether it be taking the cars to and from the shop, keeping track on what we spend on those and do our spreadsheets as well. We had 4 volunteers at the police department yesterday helping us shuttle cars back and forth to different shops. We make do with what we have however it does take officers off the streets to have to deal with this and shuttle these vehicles around.

Councilmember Glockel - how do you come up with the points?

Lee Ann Bunselmeyer, Finance Director - when we developed this program we contacted cities that have a vehicle replacement program currently in place. We contacted Denton, Plano and Allen and brought their models in to see what would work for us that we could maintain. What they typically use is the maintenance, miles and age. We determined that maintenance was really important if you have a high maintenance vehicle that will cost you a lot of money in the end and so we wanted to give it higher weight on the replacement schedule. A total of points is 20. On mileage points, you take how many miles the vehicle has currently and you divide that by the total miles that is expected of that vehicle.

Councilmember Garber - is this an automated replacement or is there a member of staff that can say that is an underutilized vehicle that has been parked, we only use it 1,000 miles a year, let's not do that on that vehicle...

Lee Ann Bunselmeyer, Finance Director - when we developed this our thought was this was to just look at those vehicles that have the issues, exceeded the age, exceeded the maintenance and so forth and then with this we would have a committee to look at this and determine like the police department, we know that they have other needs other than this spreadsheet will tell you and so we would sit down and talk about that and present it to the City Manager for him to decide to agree with or not before it would be presented to the Council.

Mayor Heidemann - on the Enterprise Program, if the residual value is less when you trade them in does the City pay the difference on the residual according to the contract?

Jennifer Bertram, Enterprise Fleet Management - you have a couple of options, we are looking at throughout the term how the vehicles are being depreciated, most of the vehicles in the fleet are depreciated very conservatively so half of the vehicles we will replace in year 1, you are in equitable position day 1 because of the incentives. With some of the Police and Fire vehicles with the aftermarket that is included, that takes a little bit longer to pay down so about halfway through you are in an equitable position so for most part halfway through the term is at an equitable spot. If there was something weird you have options at the end. You could just pay the difference, you could continue to pay off the residual value, or just pay off over another 12 months or 24 months or you could flip it and you get another vehicle to replace that so it is open ended. You do not have to make that decision until you get to the end of the

term and we will provide you recommendations. We have options to run a vehicle a year longer or get out of a vehicle sooner.

Lee Ann Bunselmeyer, Finance Director - we would have access to Enterprise full maintenance program software. We could run reports, set alerts and so on and that is one of the things right now that we are not doing very well is keeping up with the oil changes and so forth because it is a very manual process and we don't have a system that monitors that and with this they will automatically be set where the driver, the supervisor or the director, whoever we would set up would get those alerts to tell you it is time to change the oil, or routine maintenance or inspection etc.. We don't have the money to invest in a software system to manage that program that we would be able to get from Enterprise.

Councilmember Harrison - there is 12 vehicles that have been determined they are excess or not needed. You are not replacing them because they are not needed right?

Lee Ann Bunselmeyer, Finance Director - through the Enterprise program we have identified them as underutilized vehicles that we could be able to get rid of and down size our fleet. We would reduce 12 vehicles of our fleet. If we did it on our own, then we would not be able to eliminate all 12 vehicles.

Councilmember Harrison - If a vehicle is not needed and it is excess why would I replace it?

Lee Ann Bunselmeyer, Finance Director - let's say we eliminated all 12 vehicles. Now we would have to put money in the budget to rent vans June/July and August 5 days a week to be able to bus the extra van that travels with the other buses for the school programs and we would also have to rent a van once or twice a month for the senior activities that the City does. This mostly effects parks and water/wastewater because that is where the majority of the underutilized vehicles are. If we sell all of those and one of their other vehicles goes down they have very little vehicles in their fleet. If it goes down and we have 1 or 2 trucks in the shop then your crews may be sitting at the public works facility and not able to go to the job site. That would be the risk that we would take if those vehicles took a long time to fix.

Councilmember Burke - do you know the staff time that we would get back if we were to engage Enterprise to take on a lot of these functions?

Kevin Tyson, Lieutenant, Lake Cities Fire - I personally spend several hours a day overseeing the program. Corporal Wallenberg wears many hats and he is spending more time doing the fleet than we anticipated him doing. There are days that is all he is doing all day is moving cars around and getting vehicles repaired.

Lee Ann Bunselmeyer, Finance Director - Jason Cao is our fleet manager and he manages all the maintenance and orders the parts and keeps up with the water wastewater maintenance schedules. From finance I do have a staff member that keeps up with all the vehicle registrations and having to go to Denton County to get all the registrations done. With this program Enterprise would be handling all the registrations and so that would be a function that finance would no longer be involved in. Overall just with the daily maintenance with police being the highest and maybe Chief Birt may have someone over in the fire department so probably 1 FTE.

MOTION made by Councilmember Garber to approve the Enterprise Fleet Management contract. Seconded by Councilmember Burke.

Councilmember Garber - I was probably one of the more vocal concerned councilmen of this program and I think a lot of that was due to lack of information. I want to thank the staff for the additional

information tonight. I think the average is \$74,000 over 10 years that we would be saving according to the numbers and are probably more like triple that amount of savings when we look at the improved recruitment, the safety for our officers in public safety and specifically on top of the fact that we get to replace most of our fleet in the next two years and it looks to me like we would be saving about \$1 million dollars doing that.

AYES: Burke, Garber, Johnson, Harrison, Glockel
NOES: None
ABSENT: None

MOTION CARRIED

There was no Closed Session.

CLOSED SESSION

The City Council will convene in such executive or (closed session) to consider any matters regarding any of the above agenda items as well as the following matters pursuant to Chapter 551 of the Texas Government Code.

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State of Texas clearly conflicts with chapter 551.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

After discussion of any matters in closed session, any final action or vote taken will be in public by the City Council. City Council shall have the right at any time to seek legal advice in Closed Session from its Attorney on any agenda item, whether posted for Closed Session or not.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION ITEMS.

ADJOURN:

Mayor Heidemann adjourned the meeting at 8:02 p.m.

AYES: All

Meeting adjourned.

Approved by Council on the 7th day of December 2017.

Kimberly Pence
Kimberly Pence, City Secretary
City of Corinth, Texas