



## City Administrator's Report

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July 13, 2023

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### Comprehensive Plan Dashboard

The Development Department rolled out a new Dashboard for viewing the Comprehensive Plan Implementation progress at Tuesday's Planning and Zoning Commission meeting. This dashboard was created by Public Works Management Analyst Mayra Toothman using Microsoft Excel. The dashboard organizes all the Action Steps listed in the Comprehensive Plan, with the ability to filter the Steps in several ways. The filtering bar is below.



The steps can be filtered by Priority, Pillars of the Strategic Plan and by Timeframe for completion. The Status of the completion activity for each step is also sortable, along with the "Bold Steps" described in the plan. The Dashboard also allows multiple filters to be selected to sort. You can filter out all but the Housing & Neighborhood Options Pillar steps, and then further sort those items by priority and/or timeframe. After you complete one search, you can Reset the filters to search again on another path. Staff is continuing to refine the Dashboard and plans to make it available on the city's website no later than mid-August.

### Fleet Leasing Update

At the Board Retreat in May, additional information regarding the fleet leasing program with Enterprise Rental was requested. Attached is a memo from Finance Director Stephen Larson providing some background information on the program, initial cost estimates and current status of the program.

### Owens Street Drainage – Follow Up

Following recent rain, Public Works Director Chuck Soules followed up with the residents on Owens Street who reported they were experiencing high water from the creek behind their homes. The City had Menke Excavating remove an old bridge structure in the Owens Branch Creek that was restricting the flow.

Both residents appreciated the follow up. One indicated her rain gauge showed 1.4" of rain from the rain event on July 4.

## Public Works Project Updates

### *Fourth Street and Fourth Street Terrace Project Update*

Work on this project continues. The water line on Manzanola is in service and water service lines are being connected to residences. Work to bore under Spellman and install a line on Fourth Street Terrace has also been completed.



Project updates are reported weekly at

<https://smithvillemo.municipalonline.com/pview.aspx?id=55036&catID=0>

### *Streetscape*

Project plans are complete. MODOT has requested load rating calculations for the bridge since we are installing lighting. HDR is completing these calculations. MODOT will do a final review and let us know when we will be able to set a bid date.

### *188<sup>th</sup> and Highway 169*

This is a MODOT project that was let a couple years ago. The project moves the City's waterline and lowers the highway to improve sight distance. Turn lanes are also being constructed. The contractor was on-site July 7 locating utilities. Significant utility relocations are needed before the contractor can begin.

### *Overlay – Woods and Winter*

This project is being administered by MARC and funded through ARPA funds. Plans are complete and MODOT is reviewing. Anticipate the project to advertise for bid late July. This is a regional project and all the MARC participating communities have some work included. Due to schedule coordination with all participating communities, the Smithville overlay may not happen until next year.

### *Sidewalk Replacement Program*

This is the cost share program for hazardous sidewalk replacement along Liberty Street. Agreements have been executed and we're waiting on the contractors schedule.

### *2023 Pavement Maintenance*

Pavement Management began crack sealing on 180<sup>th</sup> and Old Jefferson Highway. Crack sealing will continue on Spellman next week. Micro-surfacing will begin after the crack sealing is completed.



### *Quincy*

Amino Brothers will begin July 17 with staking and traffic control. Storm sewer will begin late next week. Attached is the traffic control plan. Traffic will be limited to those living in the area.

### *144<sup>th</sup> Street Pump Station and West Interceptor*

HDR is completing final QA/QC and will submit to DNR for approval. There are still four properties that we are proceeding to condemnation. Encroachment agreements with Evergy are on the Agenda for July 18. Pending condemnation process, anticipate bidding late fall.

### **Upcoming Meeting Schedule**

The August 1 meeting has been cancelled as Mayor Boley will be out of town.

A Special Session is scheduled for 7:00 p.m. Monday August 28 (to take action on ballot language for a Public Safety Sales Tax, to be filed with Clay County the following day).

	<div>STAFF</div> <div>REPORT</div>
<b>Date</b>	July 11, 2023
<b>Prepared By:</b>	Stephen Larson, Finance Director
<b>Report:</b>	Enterprise Vehicle Leasing – Financial Analysis

### **Brief History of Agreement with Enterprise Fleet Management**

Initial discussions of open-end vehicle leasing with Enterprise Fleet Management were held with the Board of Aldermen during a Work Session on July 7, 2020. During this discussion, the state of the current City fleet, along with various options for vehicle replacement and plans to fund a VERF (Vehicle and Equipment Replacement Fund) were reviewed with the Board. Various options were reviewed which included:

- Funding the VERF without operating transfers or seed money.
- Funding the VERF with operating transfers to maintain a 34% reserve level of operating expenditures.
- Funding the VERF with Operating transfers to maintain a 100% reserve level of operating expenditures.

Staff presented the City's current white fleet ("white fleet" meaning non-patrol vehicles), which included a range of vehicles as old as model year 1991 and as new as model year 2019. Many of these vehicles had mileage counts exceeding 75,000 miles or more, and 8 vehicles within the City's vehicle portfolio exceeded 100,000 miles. In 2020, 44% of the City's light and medium fleet was over 10 years old. Enterprise worked with staff to identify current maintenance costs and routines, repair, and fuel expenses to understand how much money the City could save. Replacing these aging vehicles included financial benefits such as saving money on vehicle maintenance by not having to repair as many broken/aging parts and increased fuel efficiencies.

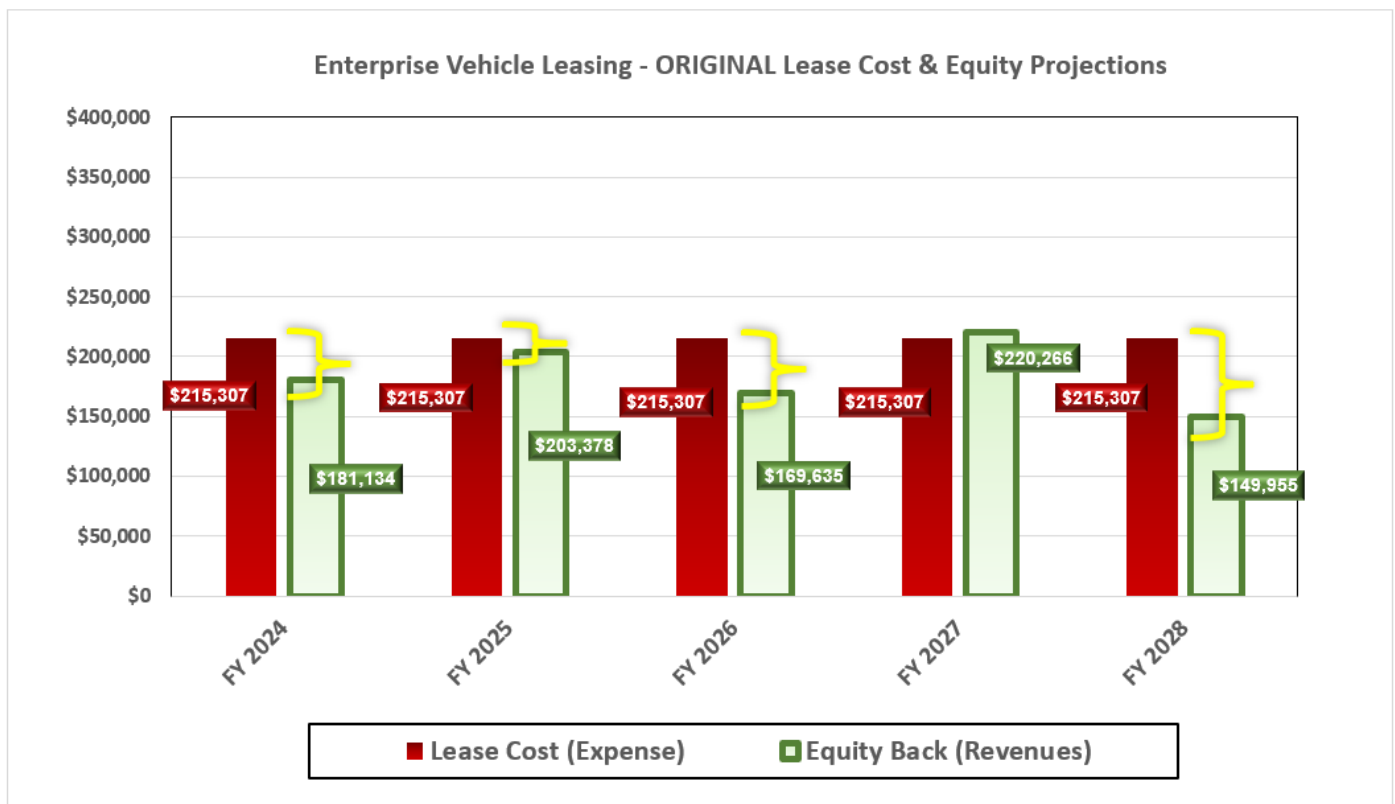
On September 1, 2020, the Board of Aldermen approved Resolution 821, a cooperative agreement with Enterprise Fleet Management for white fleet management and vehicle maintenance.

In early 2021, Enterprise began to pick-up vehicles from the City and consigned these vehicles to auction which resulted in sale proceeds/funding receipted to the VERF. In

turn, the City began to receive brand new vehicles from Enterprise and incur leasing costs.

By January 2022, the City was leasing 10 vehicles through Enterprise and by May 2023, the City was leasing 25 vehicles. According to the original plan, the total expected number of white fleet vehicles to be leased with Enterprise was 28 vehicles.

The chart below reflects the leasing costs originally shown on July 7, 2020, independent of the options presented with seed money and operational transfers.



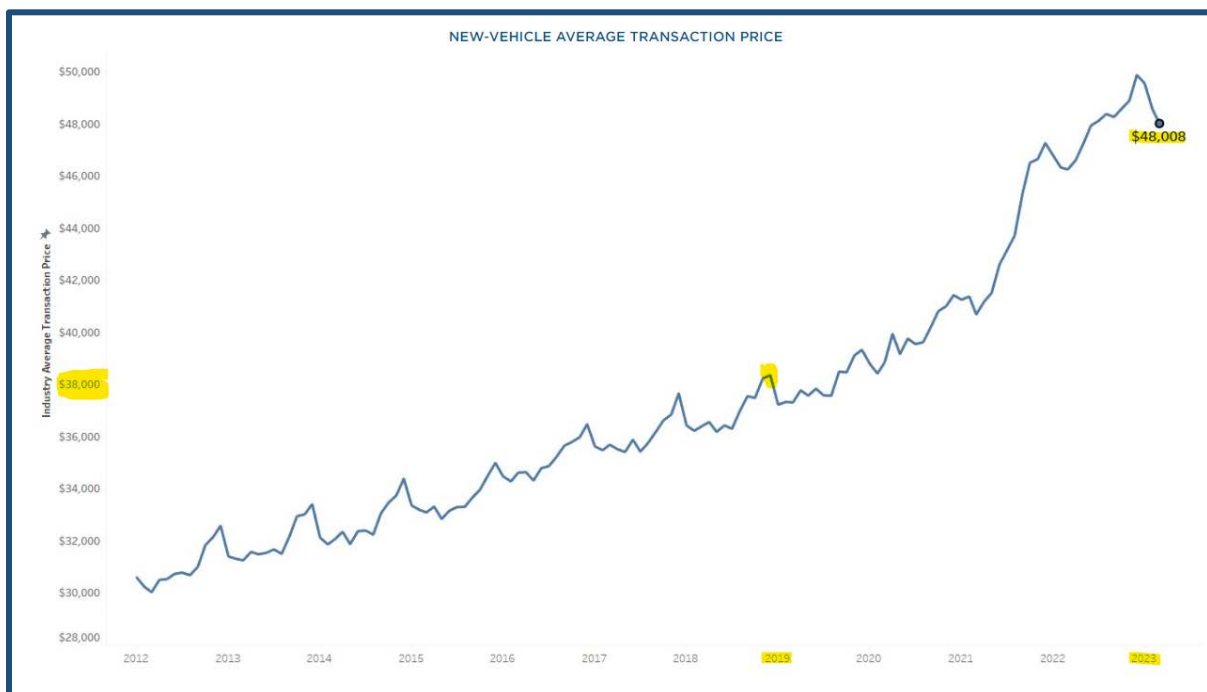
### Vehicle Costs on the Rise

Since this original proposal from Enterprise was presented and eventually approved by the Board, vehicle lease expenses increased, while projected vehicle equity values decreased. Three primary factors are responsible for driving up the cost of the City's monthly vehicle leasing expenses and one factor is primarily responsible for decreasing vehicle equity. Those factors were/are:

- Increased Vehicle Demand from Consumers

- Microchip Production Shortages (the pandemic caused shortages in microchip production and those levels have been slowly starting to increase back to normal)
- Rising Interest Rates (rates were low during the COVID-19 pandemic and increased following the end of the pandemic)
- Decrease in the Amount of Purchasing Incentive (drove down equity values)

In July 2022, Enterprise provided an update to customers reporting that the average new vehicle transaction price had increased \$10,000 in just 3 years. As seen in the chart below, the average price rose from about \$38,000 in 2019 to over \$48,000 in 2022 (*Source: Cox Automotive*).



### Changes in Equity Projections

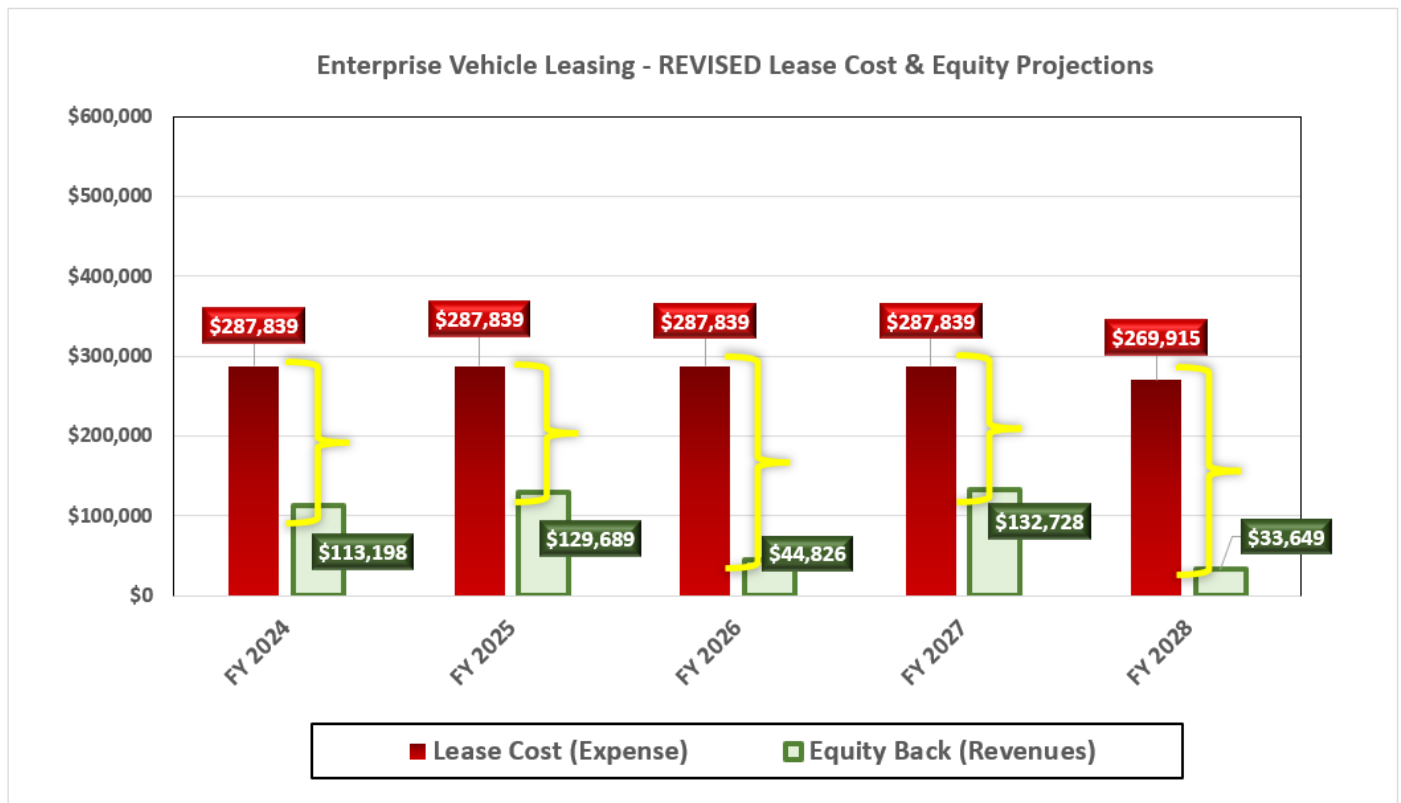
One of the largest factors in the change in equity projections is from the original figures provided in July of 2020 to the figures updated in May of 2023. Back in 2020, incentives were much higher, with some incentives topping out at \$10,000. This meant that the City could acquire vehicle pricing at a \$10,000 discount over the invoiced price. In turn, the vehicle market started to change during the pandemic and vehicle demand soared. An example of this was purchasing a GMC Sierra 1500 at an amount of \$30,000 (which was invoiced at \$40,000) because the City could take advantage of a \$10,000 pricing incentive. At this time, the one-year lease option was very attractive, and the City could

turn that vehicle over to Enterprise who sold the vehicle at an amount of \$35,000. The City could profit out of this vehicle on the short-term lease model.

During the period of the COVID-19 pandemic, vehicles began to be in short supply while demand increased. The incentives dropped from \$10,000 per vehicle to just \$3,600 per vehicle. In conjunction with this loss of incentive value, vehicle prices skyrocketed as indicated in the chart above. Dealerships which used to do lots of incentives quit doing them because they were no longer needed to sell vehicles. Rather, they could sell the same vehicles for higher amounts to private businesses and individuals. As of June 2023, incentives are starting to rebound, but they are rebounding for only certain vehicles.

### Projected Leasing Cost Revisions

Staff met with Enterprise in April and May 2023 to discuss upcoming lease costs for vehicles. Due to increases in lease costs and decreases in equity, the projection graph was updated.





### **Additional Vehicles Added to Fleet**

Since the initial agreement with Enterprise, the City has planned for the replacement of eight 2023 Ford Police Interceptors, which has added leasing costs to the overall fund not originally included in the analysis. This brings the total expected vehicles to be leased through Enterprise to 36 vehicles. However, when excluding the police responder vehicles, the cost of the rest of the City's fleet increased because of the factors explained above.

### **Looking Ahead – Savings in Repairs and Maintenance**

Savings in repairs and maintenance was a discussion point with Enterprise during the Board's review of the agreement. Staff examined vehicle repairs and maintenance costs over the last five years to examine where the largest costs were incurred. Over the past five years, the Police Department has typically incurred around 85% of the City's total vehicle maintenance costs at an average annual amount of \$33,465. Below is a chart indicating the annual vehicle maintenance expenses for the Police Department.

City Department	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Streets	-	\$57	\$1,827	\$827	\$2,627
Police	\$52,457	\$19,533	\$16,764	\$31,806	\$46,769
Development	\$861	\$861	\$349	\$1,079	\$2,866
Parks & Recreation	\$1,087	\$1,108	\$1,356	\$268	\$296
Utilities	-	-	\$5,414	\$1,183	\$2,968
Grand Total:	<b>\$54,405</b>	<b>\$21,559</b>	<b>\$25,710</b>	<b>\$35,163</b>	<b>\$55,526</b>

By replacing the current Patrol fleet, staff anticipate that significant savings will occur in the Police Department vehicle maintenance budget. Over the next 1-2 years, staff will provide updates to the actual reduction in maintenance/repair expenditures in conjunction with the introduction of the 2023 Police Interceptors to the patrol fleet (which is anywhere from 6-8 years old now).



