MINUTES
WATAUGA CITY COUNCIL
WORKSHOP MEETING
MONDAY, DECEMBER 9, 2019
CITY HALL, COUNCIL CHAMBER, 7105 WHITLEY ROAD
5:30 PM

CALL TO ORDER

Council Workshop meeting was convened at 05:32 PM

ROLL CALL

The City Council of the City of Watauga, Texas convened in Workshop, with the following members present:

Arthur Miner, Mayor
Mark Taylor, Mayor Pro Tem/Council Member Place 6
Scott Prescher, Council Member Place 1
Tom Snyder, Council Member Place 2
Lovie Downey, Council Member Place 3
Andrew Neal, Council Member Place 4
Juanita King, Council Member Place 5
Kim Irving, Council Member Place 7 (Arrived at 5:47 p.m.)

and

Andrea Gardner, City Manager / City Secretary
Raquel Guajardo, Interim Deputy City Secretary
George Hyde, City Attorney
Robert Parker, Chief of Police
Shawn Fannan, Fire Chief
Sandra Gibson, Director of Finance
Paul Hackleman, Director of Public Works
Marcia Reyna, Director of Human Resources/Civil Service
Lana Ewell, Library Director
Bradley Fraley, Chief Information Officer/PIO

with

Nick Hardwick, Fleet Enterprise
Andrew Friedman, Samco Capital

PRESENTATIONS

1. Presentation, discussion and direction on the proposed Enterprise Fleet lease and maintenance program

   City Manager Gardner provided background on the item and turned the staff portion over to Nick Hardwick of Enterprise Fleet. Mr. Hardwick stated the sole purpose of the workshop today was to provide the Council with the most and best information possible to assist the City with decision making. Mr. Hardwick reviewed a presentation (has been attached and made a part of these minutes) that included a few examples of how the two programs (fleet maintenance management program and the full maintenance program) function. City Manager Gardner requested the Council allow staff more time to further evaluate the impacts anticipated from the current unknowns - property tax impacts due to property tax legislation and the financial impacts that could come from a future GO Bond issuance for the two capital projects being discussed next. Council concurred to allow additional time and include in the FY 2021 Budget.

   Director of Public Works, Paul Hackleman, was invited to also provide comments to the Council regarding his evaluation of the proposed program(s).

2. Presentation, discussion and direction on the financial impacts of a possible general obligation bond May 2020 ballot measure for a new library facility and a new police facility

   The Mayor introduced the item and invited Mr. Andrew Friedman, City's Financial Advisor, to review the presentation that has been attached and made a part of these minutes. Council Members were provided the opportunity to ask questions. After all questions were asked and answered and the discussion was complete, the Mayor called for a consensus of the Council. The final consensus was Council Member Prescher desired to move to the November 2020 ballot and wants other project options reviewed and evaluated. Council Member Snyder desired to have voters consider both projects on the May 2020 ballot, Council Members Downey, Neal, King, Irving and Mayor Pro Tem Taylor also desired to have both projects placed on the ballot in May 2020.

ADJOURNMENT

The Workshop meeting was adjourned by the Mayor at 6:57 p.m.

APPROVED: **this the** 13TH **day of** JAN **2020**

SIGNED: **this the** 13TH **day of** JAN **2020**

Arthur L. Miner /s/

Arthur L. Miner, Mayor

ATTEST:

Andrea Gardner /s/

Andrea Gardner, City Secretary

CITY OF WATAUGA, TEXAS

NOTE: Original Audio and Video Recording of this meeting is preserved and maintained by the City Secretary's Office


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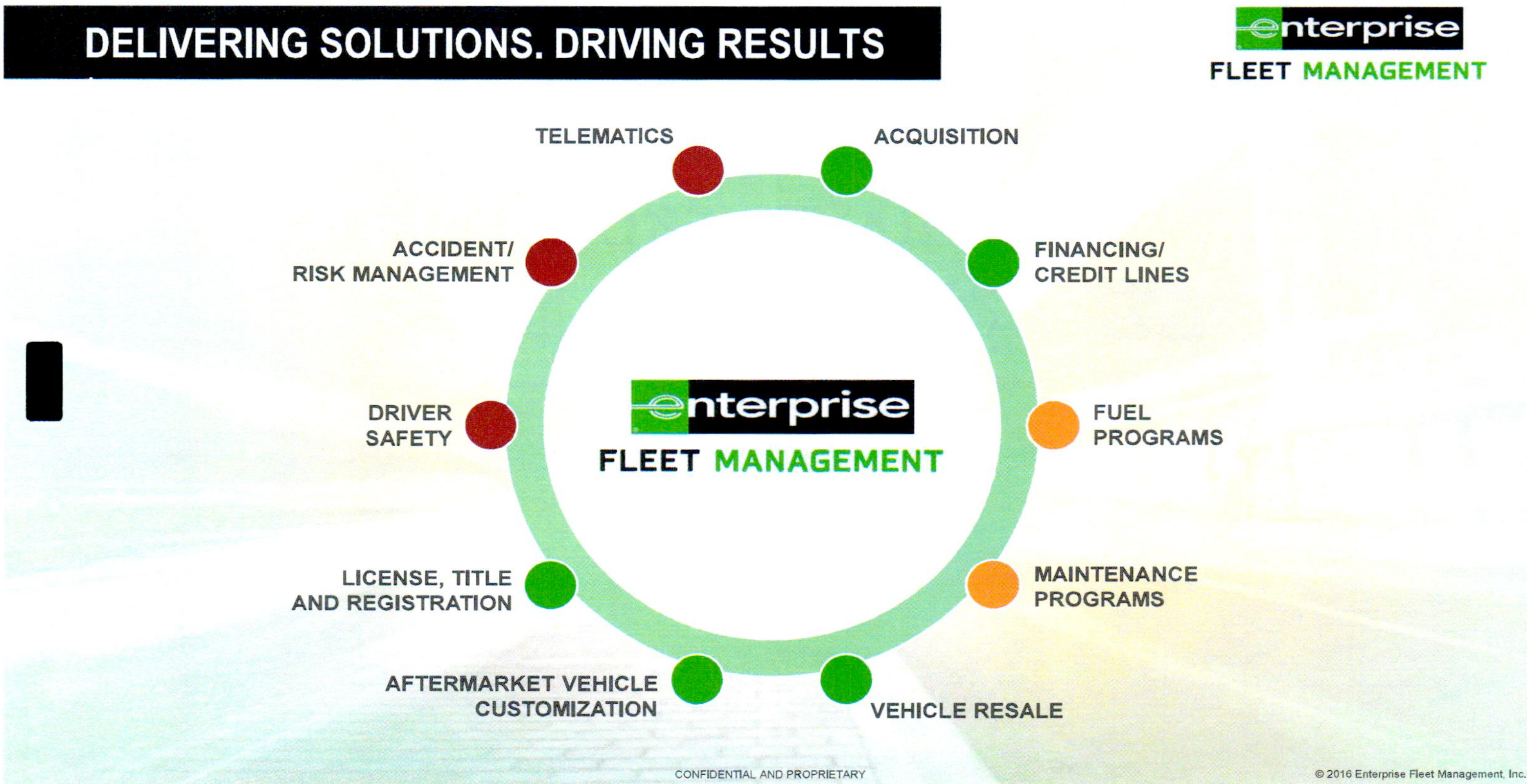
DELIVERING SOLUTIONS. DRIVING RESULTS
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TELEMATICS
ACQUISITION
ACCIDENT/
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FUEL
PROGRAMS
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MAINTENANCE
PROGRAMS
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RESOURCES *Fleet Technology*

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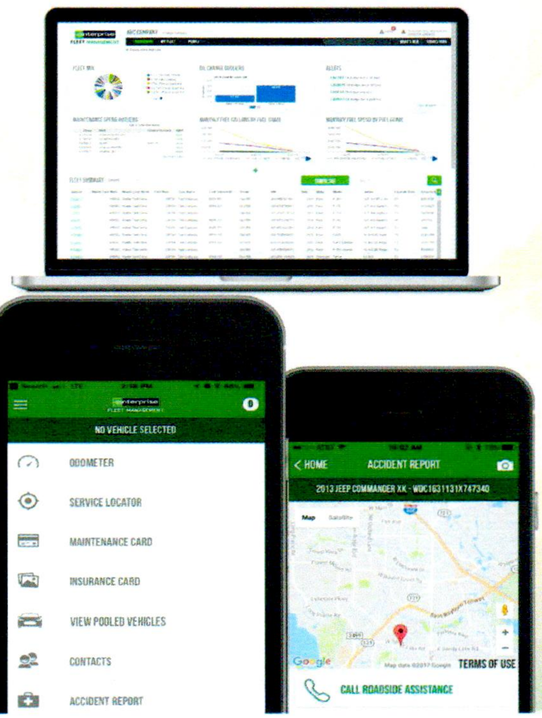
Client Website

- Visibility and tracking of vehicle data
- Customized dashboards witheasy reporting
- Real-time alerts
- Simplify accounting processes with vehicle descriptors
- Self-service features including *driver changes, vehicle descriptors, mileage information and more*
- Assign unlimited unique identifiers to each vehicle to simplify routine tasks and vehicle categorization



Mobile App Features

- **Fuel Locator**
- **Maintenance Locator**
- **Accident Reports**
- **Order Status**
- **Roadside Assistance**
- **Reminders**
- **Vehicle Information**
- **Contact Information**

Client Testimonial – City of Commerce

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SPOTLIGHT

City talks benefits, savings of fleet replacement program

Ryan Scott Jul 13, 2019

"After a complete evaluation of the existing fleet, we reduced our total number of fleet, eliminating under utilized vehicles within our fleet taking our total number of vehicles from 65 to 45," the email read. "We were able to replace 22 vehicles within the first full year of the plan."

[redacted]nder the plan, the remaining 23 vehicles would be replaced over the next four years. After that, the [redacted]hicles replaced this year will be replaced with new ones, and the cycle would continue, drastically cutting down the life-cycle for the city's fleet.

The newer vehicles bring savings with regard to maintenance costs as well, with the city claiming that thousands of dollars have been saved already in the first year of the program.

"The biggest actualized savings we have received from the program is in the area of maintenance cost," the city email read. "For emergency vehicles, prior 12 months to the agreement - $25,956. In the first 12 months of the agreement we've spent $4,732. [For] non-emergency vehicles, prior - $37,896. Now - $12,078."

Nearly half of the city's fleet of vehicles have been replaced since the adoption of a new leasing program.
Ryan Scott / Commerce Journal

Reduced Maintenance Expense by 73% & Fleet Size by 30%

Current Texas Partners

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- City of Commerce
- Haltom City
- Corinth
- Anna – City of Anna, Texas
- Town of Prosper
- City of Bedford – Discover the Center
- Justin 1887
- Waxahachie Texas – Crape Myrtle Capital – Gingerbread City
- White Settlement
- City of Keller
- The City of San Marcos
- Terrell America
- Beaumont Texas
- Real East Texas – City of Longview
- City of Colleyville Texas
- Sulphur Springs Texas – Just play. Have fun. Celebrate!
- City of Alvarado
- Fate TX
- The City of Victoria
- Princeton Texas
- Mexia
- City of Kaufman

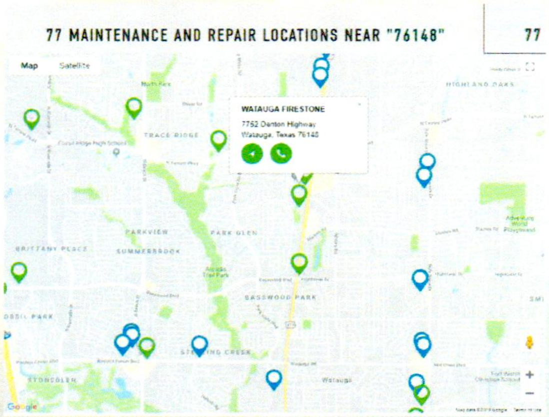
OPERATING EXPENSES *Maintenance*

Full Maintenance
(Maintenance Agreement)

- All **Non-Emergency Response** Vehicles (i.e. Police Patrol and Fire Command Vehicles)
- Fixed Monthly Cost
- Includes:
  - All major and minor repairs
  - All preventative maintenance
  - 24/7 Roadside
  - Maintenance and recall alerts via website and mobile application
  - Brakes & Tires can be included as well

Maintenance Management
(Maintenance Management & Fleet Rental Agreement)

- All **Emergency Response** Vehicles (i.e. Police Patrol and Fire Command Vehicles)
- All **Non-Emergency Response** Vehicles (i.e. Police Patrol and Fire Command Vehicles) prior to replacement
- Fixed Monthly Cost
- Includes:
  - All repairs and maintenance audited by ASE Certified Technician
  - All repair cost tracked and consolidated on a monthly basis and trackable through efleets.com
  - Maintenance and recall alerts via website and mobile application



- <u>Fire Trucks and Ambulances Not Included in Program</u>

Current Fleet Market Value

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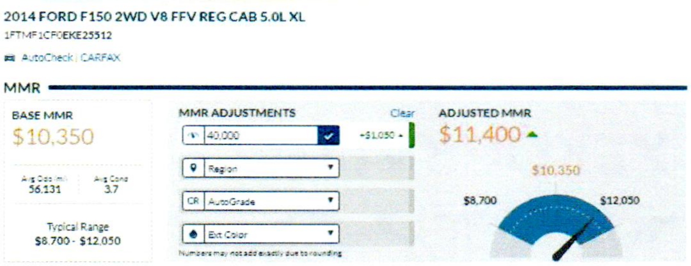
FY	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
Resale	($297,050)	($60,000)	($10,000)	($10,000)	($120,000)	($935,995)
# Acquisitions	**61**	**5**	**2**	**1**	**12**	**81**

Utility Billing #810



Resale Value Estimated in Analysis $7,000

Police #154

Resale Value Estimated in Analysis $7,000

Example Acquisition Cash Flow Analysis

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Example 1

Replacement of Parks #626, 2012 F150 with 2020 Silverado 2500 Crew Cab 4x4 (Capitalized Amount of new vehicle: $33,868)		
Replacement 1	Upfront Capital for Aftermarket Equipment	-
	Equity from Resale of Existing Vehicle	($5,000)
	Total Annual Lease Payments	$8,340
	Equity from Resale of Leased Vehicle	($4,531)
	Total	**($1,191)**
Replacement 2	Upfront Capital for Aftermarket Equipment	-
	Total Annual Lease Payments	$8,340
	Equity from Resale of Leased Vehicle	($4,531)
	Total	**$3,809**
Replacement 3	Upfront Capital for Aftermarket Equipment	-
	Total Annual Lease Payments	$8,340
	Equity from Resale of Leased Vehicle	($4,531)
	Total	**$3,809**
Replacement 4	Upfront Capital for Aftermarket Equipment	-
	Total Annual Lease Payments	$8,340
	Equity from Resale of Leased Vehicle	($4,531)
	Total	**$3,809**
	4-Year Total Cash Flow (4 Vehicles)	**$10,236**
	8-Year Total Cash Flow (4 Vehicles)	**$25,472**

Example 2

Replacement of Streets #302, 2012 F350 Dump with 2020 Silverado 3500 with 9ft Dump (Capitalized Amount of new vehicle: $39,052)		
Replacement 1	Upfront Capital for Aftermarket Equipment	$5,250
	Equity from Resale of Existing Vehicle	($6,500)
	Total 4-Year Lease Payments	$31,152
	Equity from Resale of Leased Vehicle	($5,947)
	Total	**$23,955**
Replacement 2	Upfront Capital for Aftermarket Equipment	$5,250
	Total 4-Year Lease Payments	$31,152
	Equity from Resale of Leased Vehicle	($5,947)
	Total	**$30,455**
	8-Year Total Cash Flow (2 Vehicles)	**$54,410**

Example 3

Replacement of Police #149, 2012 Tahoe Police with 2020 Tahoe Police (Capitalized Amount of new vehicle: $57,534)		
Replacement 1	Upfront Capital for Aftermarket Equipment	$11,500
	Equity from Resale of Existing Vehicle	($6,000)
	Total 5-Year Lease Payments	$51,660
	Equity from Resale of Leased Vehicle	($7,878)
	Total	**$49,282**
Replacement 2	Upfront Capital for Aftermarket Equipment	$11,500
	Total 5-Year Lease Payments	$51,660
	Equity from Resale of Leased Vehicle	($7,878)
	Total	**$55,282**
	10-Year Total Cash Flow (2 Vehicles)	**$104,564**

Fleet Replacement Schedule

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Fiscal Year	Count
2019 – 2020	54
2020 – 2021	5
2021 – 2022	1
2022 – 2023	1
2023 – 2024	1
2024 – 2025	12
Vehicles Not Being Replaced	7

Fleet Ordering Checks & Balances

- All vehicles orders and equipment must be approved by City Manager prior to ordering
- Each Department Head must approve vehicle and equipment specifications prior to ordering
- Enterprise Fleet Management Account Manager will present finalized vehicle orders and replacement to City Council each fiscal year

Fleet Planning Analysis

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CITY OF WATAUGA - ENTIRE FLEET

Current Fleet	81	Fleet Growth	-8.64%	Proposed Fleet	74
Current Cycle	8	Annual Miles	7,373	Proposed Cycle	3.0
Est. Current Maint.	$156	Cost of Fuel	$1.85	Est. New Vehicle Fuel Economy	16
Current Fuel Economy	14	Percentage of Idle Time	70%	Est. New Vehicle Maint	$56

Fleet Mix					Fleet Cost							Annual
Fiscal Year	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease*	Upfront Aftermarket	Est. Maintenance***	Fuel	Equity**	Fleet Budget	Net Difference
Current	81	13.0	81	0	433,244	0	22,233	151,200	111,485	0	718,163	
2019	76	54	20	54	0	461,538	349,969	77,954	101,718	-301,246	602,579	115,584
2020	74	37	15	59	0	514,868	45,980	71,506	101,059	-196,228	537,184	180,979
2021	74	36	14	60	0	524,154	5,000	70,044	101,015	-146,228	553,985	164,178
2022	74	33	13	61	0	534,489	11,500	68,583	100,939	-146,065	569,445	148,718
2023	74	42	12	62	0	542,806	14,000	66,928	100,935	-146,228	578,441	139,722
2024	74	58	0	74	0	666,292	298,361	49,386	100,860	-386,670	728,229	-10,066
2025	74	41	0	74	0	666,292	45,980	49,386	100,860	-206,243	656,275	61,888
2026	74	34	0	74	0	666,292	5,000	49,386	100,860	-172,215	649,323	68,840
2027	74	43	0	74	0	666,292	25,500	49,386	100,860	-148,728	693,310	24,853
2028	74	33	0	74	0	666,292	0	49,386	100,860	-177,117	639,421	78,742
										EST. TOTAL 10-YEAR SAVINGS****		$973,437

* Lease Rates are conservative estimates
**Estimated Current Fleet Equity is based on the current fleet "sight unseen" and can be adjusted after physical inspection
***Est. Maintenance is based on Full Maintenance on all non-ERV vehicles and estimated savings on ERV vehicles by implementaing a shorter life-cycle
****Net Cash is the sum of the 10 year savings from the Fleet Planning Analysis and the Estimated Current Fleet Equity

Fleet Planning Comparison

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Current

Expense/FY	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
Capital	$435,000	$560,000	$278,000	$258,000	$542,600	**$2,073,600**
Est. Maint/Repair	$150,300	$150,300	$150,300	$150,300	$150,300	**$751,500**
Est. Fuel	$106,448	$106,448	$106,448	$106,448	$106,448	**$532,240**
Total	**$691,748**	**$816,748**	**$534,748**	**$514,748**	**$799,348**	**$3,357,340**
# Acquisitions	**8**	**10**	**7**	**6**	**10**	**41**

Proposed

Expense/FY	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
Acquisition	$811,507	$560,848	$529,154	$545,989	$556,806	$3,004,304
Est. Maint/Repair	$77,954	$71,506	$70,044	$68,583	$66,928	$355,015
Est. Fuel	$101,718	$101,059	$101,015	$100,939	$100,935	$517,422
Resale	$(301,246)	$(196,228)	$(146,228)	$(146,065)	$(146,228)	$(935,995)
Total	**$689,933**	**$537,184**	**$553,985**	**$569,445**	**$220,907**	**$2,928,989**
# Acquisitions	**54**	**5**	**2**	**1**	**12**	**74**

Difference

Expense/FY	2019-20	2020-21	2021-22	2022-23	2023-24	Totals
Savings	$1,815	$279,564	$(19,237)	($54,697)	$220,907	**$428,351**

WHAT TO EXPECT – FIRST YEAR

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FLEET MANAGEMENT

Partnership Begins

- Present to City Council
- Set up credit line
- Order vehicles

MONTH 1-2

Implementation Meeting

- Introduction to Account Team
- Formalize relationship expectations
- Launch company car policy
- Review customer website, invoice process, etc.

MONTH 6

First Quarterly Meeting

- Vehicles delivered
- 1st Quarterly meeting to follow up on deliveries
- EFM Director to conduct relationship "Health Check"

MONTH 9

Quarterly Meeting

- Evaluate team performance
- Check program usage and overall satisfaction

MONTH 12

Annual Client Review

- Fleet analysis expense summary
- Savings and efficiency opportunity exploration
- Next model year: fleet plan and development


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