



CITY OF TOPEKA

CITY COUNCIL COMMITTEE
MEETING MINUTES

PUBLIC WORKS INFRASTRUCTURE SPECIAL COMMITTEE

CITY COUNCIL
City Hall, 215 SE 7th Street, Suite 255
Topeka, KS 66603-3914
Tel: 785-368-3710
Fax: 785-368-3958
www.topeka.org

Date: May 17, 2021

Time: 2:00 p.m.

Location: 1st Floor Conference Room; Holliday Bldg 620 SE Madison (*option to attend virtually via Zoom*)

Committee members present: Council members Tony Emerson, Neil Dobler and Michael Lesser

City staff present: Chief of Staff Bill Cochran, Deputy City Attorney Mary Feighny; Finance: Jessica Lamendola (Director), Josh McArney; Public Works: James Jackson (Director), Hannah Uhrig (Deputy Director), Tony Trower (Interim Deputy Director), Mark Schreiner, Jehan Zeb, Robert Bidwell, Ed Schrader, David Bevans, Todd Workman, Mark Price; Utilities: Braxton Copley (Interim Director), Sylvia Davis; Councilmembers: Christina Valdivia-Alcalá, Spencer Duncan

Call to Order

Chairman Dobler called the meeting to order at 2:00pm. Committee members introduced themselves. Staff members at the table introduced themselves.

Approve Minutes from April 29, 2021 meeting

Committee member Emerson made a motion to approve the minutes. Committee member Lesser seconded the motion. Motion passes 3:0.

2021 Project Update

{All presentations and supplemental materials reviewed at this meeting can be found on the Committee's webpage at: <https://www.topeka.org/citycouncil/public-infrastructure/>}

Director Jackson provided the update on projects.

Highlights:

- SW 10th - Wanamaker to Fairlawn: Aggregate placed on SW 10th between Woodbridge & Chatham. TriAx Geogrid fabric added to sump subgrade locations. Weather delays. Completion date: November 19, 2021
- SW 12th - Kansas to Washburn: Underground utility work occurring. Reconstruction of 12th between Lane & Lincoln. Utilities installed, road surface construction between Kansas & Topeka Blvd. Completion date for this area: November 23, 2021

1 - Public Works Infrastructure Special Committee

Minutes Taken: May 17, 2021

Minutes Approved: June 9, 2021

- N. Kansas Ave - Curtis to Norris: Waterline completed. N. Kansas & Norris intersection closed for storm water system connections. North half of street construction to follow. Completion date: mid-August, 2021
- N. Kansas Ave - Morse to Soldier: Road subgrade prep under construction on west side of N. Kansas & Morse. Waterline work continues northerly. 2-way traffic maintained while under construction. Completion date: December 2, 2021
- SE Deer Creek Trfy - I-70 to SE 6th Ave: Full-depth patching in northbound lanes, southbound lanes to follow. 2-way traffic maintained under construction. Completion date: July 16, 2021
- Central Park Neighborhood (SORT Project): Sidewalk construction continues. 2/5 alleys under construction. Alley work includes sectional replacement of sewer mains. Work is in general area of SW Polk/Central Park Ave./Huntoon/16th St and 2nd, SW Polk/SW Buchanan/SW 16th/SW 17th St. Completion Date: October 29, 2021
- Lane Street - 15th to 16th (Emergency Repair): Emergency work ordered following asphalt road surface failure. Sand fill discovered and replaced with flowable fill above utility infrastructure. Completion: early/mid-June
- SW Urish - 21st to 29th (Accelerated Repair): Approved 2021 mill & overlay project add-on being designed in-house. Office check phase. Final plans due by first/mid-June. Project will have aggressive construction schedule to facilitate completion by start of school.
- SW 8th street sidewalk project: Project complete
- SW Topeka Blvd - 45th - 49th St: Project complete and open to traffic
- Projects Under Design: (20 listed) no additional questions from the Committee on this list.

Questions:

- On SW Deer Creek, noted full-depth patching. Did we use concrete or asphalt? Concrete was base, and that was what it was replaced with.

Fleet Program Update [video 8:50 minute mark]

[The memo presented to the committee will be made available on the committee's webpage.]

Hannah Uhrig, Public Works Deputy Director, stated Jessica Lamendola, Finance Director, would be speaking to the financial piece of the lease program. Deputy

Director Uhlig noted City Legal has also reviewed the information, and Deputy Attorney Mary Feighny would be able to speak to that.

Director Lamendola noted that it was her understanding that the current fleet is old, out of service frequently and requires significant maintenance. There are various options, but all will require some level of funding.

Options:

Provide adequate operating funds to support current program; which is to put money into the reserve fund for Fleet, and then working through the replacement cycle.

Leasing option, from Finance's perspective, leasing is unlikely to be the most efficient method to acquiring vehicles in the long-run. However, it does not mean the option is a poor option, and could help address what the Fleet Department has identified as a significant concern. If the goal is to address the aged fleet as quickly as possible without the most significant financial impact in the near-term, then leasing is a viable option. This is a strong option due to lower interest rate which drives annual cost related to lease. We also have a strong used car market, which yields better return for the City once Enterprise sells those vehicles. Interest rates can change quickly, and if trends begin to go out of line with what we are currently seeing, we can review the agreement moving to the next year. A lease option would give access to more fuel-efficient vehicles, for traditional and alternative fueling options. This may assist with the Governing Body's goals for sustainability.

If Governing Body chooses not to go with the leasing option, Staff will have to re-evaluate the fleet to determine if any additional reductions can be made. If the current fleet is the appropriate size, additional money from the Reserve Fund and Operations budget, to implement replacing vehicles immediately.

Something to keep in mind, if leasing program moves forward, the Governing Body will need to remember that when the City needs to unwind this arrangement, there will be a significant financial burden.

Seeking direction from Governing Body as to their preference to address the aged fleet vehicles.

Questions/Comments from the Committee:

- Committee member Emerson inquired about the analysis provided by Deputy Director Uhlig regarding half-ton and three-quarter ton pick-ups, and that the City could actually get more money than we paid in returning if we leased for a year. Has that changed? Director Lamendola noted that the model is driven by the lower interest rates and strong used vehicle market.

- If interest rates raised, how would that impact us getting out of a lease early? Deputy Director Uhrig stated that the current 1-year model, we would still have the benefit of current interest rate. The long-term viability may be less stable, however and is likely to reverse based on advantageous nature that it is to the City today, with interest rates likely to raise again, and typically at that time, the used car market will also trend down. We would need to be prepared after the 1-year mark to unwind the program, which is an approximately \$2m investment. We could:
 - Let Enterprise sell on our behalf and use equity to purchase new vehicles. Would net out approximately \$2m at that time.
 - Continue with program another year, or whatever amount of time, and reinvest the equity back into the program to keep operational costs lower and expand the program out.
- Follow up, you're not saying we have to pay Enterprise \$2m, you are saying if we needed to go out and purchase those vehicles, we would need \$2m? Correct. Today, not financially set-up in operating budget to purchase the needs outright, so the leasing program would offer a way to update fleet with newer vehicles while finances were set aside to purchase outright.

Chief of Staff Bill Cochran reminded the committee that the program being pursued is not recommending to lease the entire City fleet. And that the recommendation is not to leasing entire fleet, but that a hybrid model might be better option, by having a solid leasing program supplemented with partial fleet of purchased vehicles. Enterprise seems to be program that meets City's needs the best, but there are others out there. Staff would like to request guidance from the Committee and Governing Body.

Director James Jackson, Public Works, noted that he has done some questioning and is concerned with some of the analysis of the fleet needs. He would like to inquire if the information was provided by Enterprise exclusively, or if it was provided by an independent contractor with a recommendation provided.

Deputy Director Uhrig stated a Mercury Study (fleet specialty consulting group) was conducted and an analysis was done to evaluate utilization and industry standards as far as our replacement cycles, and provided recommendations based on a best practice of a sinking fund. In terms of traditional lease program, not viable. Other lease programs reviewed, but the standard model is not recommended. The difference of market gain for the Enterprise program is resale value provided versus a trade-in value. With the resale value, they return the equity back to us. The fleet is aging. There are some vehicles are underutilized and are used as a back-up. There is an opportunity to reduce some of the current fleet if we know there is a more dependable fleet. Questions to consider: Is it to help solve the immediate need with less of a capital infusion now, and accept

that we may need that later to unwind the program? Do we infuse the lease program up front so that we can create a long-term self-sustaining model? Or maintain as we currently are...which is only increasing the age of our fleet.

- Question to Director Jackson, is your concern that this would be a sole-source? Director Jackson would like to review other programs to see if there might be better options, as he is not sure what the actual internal capability is for maintaining fleets. He does not know what the KPI's are, in terms of turnaround time to vehicles going into the shop and coming out. And how that is impacting the ability to sustain operations by keeping equipment on the road. More concerned about cost or ability to defray costs by utilizing certain acquisition methodologies. He is hearing the leasing program as being a viable option, but from the standpoint that it is going through a sole-source rather than coming through the City. He feels there are other options that he would like to pursue.

Director Lamendola noted that with regard to the sole-source: Procurement staff, Legal staff, and Deputy Director Uhrig had reached out to some local vendors on their ability to provide a leased vehicle program such as what we are looking into. The Enterprise program was based off of a State contract, which has gone through a full procurement process. This does not mean additional research could not continue to be pursued, however it does mean that this program would not be a sole-source since it is under the State's procurement process.

- Committee member Lesser asked if Faust Fleet Leasing had been approached? Not known but would review list to see if they were approached. The list of vendors contacted came from the Procurement office which provided randomly selected local and national firms, without targeting anything specifically. Committee member Lesser stated they would be a main company locally and would like to give them an opportunity to provide their information.
- Did we look directly at sellers, such as Ford or Chevy, to inquire with their programs? Yes. The biggest difference with going direct, is that at the end of the term they provide trade value. Trade values are substantially lower than resale values. This type of program would not be as advantageous for the City.
- Councilwoman Valdivia-Alcala stated she would be interested to hear back from Director Jackson.
- Councilmember Duncan inquired as to the number of previous years covered in the costs of maintenance, etc analysis portion to contrasts those costs? The Mercury report went back 5-10 years, but did not take into account the annual savings based on upgrading our fleet or updating the fleet to the newest cycles. The City's current program does not have a sustainable enough model that is

able to provide enough information to create a baseline to estimate savings. In reviewing operational impacts, the fuel economy was industry standard with savings about 20%. Looking from 10+ year old vehicles, versus a new one would also provide technology improvements. The light-duty vehicles are a large percentage of the fleet, they are not the majority and make up less than half. With regard to overhead, and having an in-house fleet maintenance shop, man hours make up a large piece of that. We have not been able to use numbers to estimate actual operational savings, but by starting to start a pilot program, we will be able to begin making assumptions as to what a long-term model would yield. A lot of the heavy-duty vehicles have an issue with constant maintenance. It is difficult to make a full estimate. Enterprise's estimates showed a potential for savings, however Deputy Director Uhrig felt this was optimistic given the headcount as the largest overhead for fleet. By only entering a program for the light-duty fleet, we would not be able to materially reduce headcount, however over a 5-year period, we could see the decrease as our workload would also decrease. With the Enterprise model as shown, the savings will mostly be due to resale, with some fuel economy also coming into play.

- Councilmember Duncan would feel comfortable with moving forward with trying the Enterprise model for the vehicles that have been identified as needing to be replaced the soonest, and could re-evaluate as a year approaches. Without having a uniform program across the board for over a decade makes it difficult to pick and choose.
- Director Jackson stated some of his concern revolves around not having accurate maintenance records to find the costs for maintenance and replacement.
- Director Jackson spoke to previous experience with leasing heavy duty equipment and the program bringing major savings with regard to maintenance costs.

Director Lamendola clarified that maintenance record data was gathered for 5 years previously. The leasing discussion was requested by the Governing Body, to look into as a possible option. She restated that the leasing option is unlikely to be the most economically efficient approach. However, may be the best solution in the near-term to addressing needs of the fleet while putting funding aside in the operating fund budget to approach a long-term solution. The current leasing model is only looking at vehicles that are under the \$75,000 threshold. This analysis is not currently looking at the heavy-duty vehicles.

- What does Economically Efficient mean? Not the cheapest option most cost saving in the long-run. It might be advantageous in the near-term.

Deputy City Attorney Mary Feighny stated the Master Equity Lease is a standard agreement that is used for most major cities. Deputy Attorney Feighny stated it was then her job to ensure the agreement was consistent with Kansas law.

Toward that end, she worked with the City of Lenexa, who had also been in an agreement with Enterprise. They informed that they were able to request amendments that were successful in obtaining. She used the same amendments, with a very clear non-appropriation clause to include that if the Governing Body does not appropriate funds, we can terminate the agreement with Enterprise. She was successful with getting those amendments. We have an agreement with Enterprise, but has not begun until Governing Body makes final decision. She is satisfied with the agreement with Enterprise and is ready to move forward if the Committee and Governing Body are.

- Committee member Emerson felt that a few months ago, this program seemed to be ready to go, and expressed concern that the longer we wait to make a decision, the more likely the current deal will go.
- Chairman Dobler inquired about the cost of 100 new vehicles? It would be about a \$2.5m obligation. Looking forward, at cash program there would be an estimated \$2m obligation to repurchase those vehicles.
- We would have to set aside \$2m in our budget for the chance that we would not continue the leasing program to have to buy those vehicles? Yes. Based on the cash-based sinking program, if that is the direction we want to go, we were looking at needing an infusion of about \$4.5m up front for a citywide fleet program. There would be a need of a \$2-\$2.5m annual operating budget committed to a sinking fund to allow the replacement of all vehicles on a cycle. This would take time to get caught up.

The current program is looking at an inclusive SUV and light duty truck package, and would give us the opportunity of leveraging the data that we have from an operational perspective, with the data going back to 2010, and to compare it with the new vehicles that we have right now. With the limited updated fleet, the sample size to pull from for “like” vehicles, of “like” use is very limited. This program would allow us to create some of those assumptions and use the data to blow out what the impacts could be long-term.

- Chairman Dobler inquired if Director Jackson had had the time to review the information on the study. Director Jackson stated he had not reviewed the specific details of the program, but that he had met with Deputy Director Uhrig and she was able to spell out the expectations for the program. Chairman Dobler suggested staff meet to take a closer look at the study and work through concerns, and stated he would like to perhaps have a unified recommendation from the administration given to the full Governing Body at a June meeting, for a discussion item.

Committee member Lesser is concerned that Faust Fleet was not contacted to review the program. Chairman Dobler inquired if Staff would be able to reach out

to them by the June recommendation. Deputy Director Uhrig confirmed she could do that.

Chairman Dobler would like to meet on the week of June 7th (June 9th preferable for a special meeting with standing meeting on June 21st).

Items from Staff [video 55:40 minute mark]

Chief of Staff Cochran noted that of the open projects presented in the fourth quarter financials; Utilities has closed 78 of those projects, Public Works has closed 39, with almost 100 more that will be closed by the end of the month between the departments. There were a number of projects that had been left open, and Staff was tasked with reviewing those and closing out projects that had actually been completed. The updated information would be sent to the Governing Body members within the next day or so. The hope would be that by July, projects would be aligned to be up-to-date for moving forward.

Braxton Copley, Interim Director of Utilities, provided a real-time update with Kansas River. Over the past 24 hours, at the Topeka Water Plant, the USGS Gauge has gone from 5,000 cubic feet per second (CFS) to 40,000 CFS. The turbidity has gone from 200 to 2,400. With that, there are a lot of organics in the water which is causing some taste and odor issues. The water maintains all EPA and KDHE parameters for safe drinking water.

Committee member Lesser thanked Interim Director Copley for his work with the City following a meeting with a Kansas Gas representative he had recently met with.

Councilwoman Valdivia-Alcalá inquired about how information regarding the taste/odor issue is being distributed to the community. Interim Director Copley stated a press release would be sent out by the end of day. He had also responded to a number of phone calls and emails from constituents, and appreciated having the opportunity to address the committee as well.

Items from Committee [video 59:55 minute mark]

Chairman Dobler stated he would like to ask that Kristi Ericksen to provide a traffic sign update to include stop signs, speeding, uncontrolled intersections, and traffic signals. He asked other Council members if they had specific concerns as it related to this topic. Committee member Emerson would like to hear more on controlling speed. Councilwoman Valdivia-Alcala would like to review speed bumps, and speed limit signs, noting there is a large number of uncontrolled intersections in the Oakland neighborhood. She has been in contact with Shawnee County Commissioner Kevin Cook, and the Police department to include them with conversations regarding the matter. She would like to move forward with anything that would take a look at the matter. She was concerned about the enforcement of speeding.

Chairman Dobler inquired with Chief of Staff Cochran as to what his knowledge was from his past time at the Police Department. CoS Cochran agreed, and noted that perhaps creating a public education piece could be pushed out into the community to remind people of some of those rules of the road. He would like to see people come together as a team to solve this issue. We like to see voluntary compliance, however sometimes that means taking a more proactive enforcement approach to gain that compliance.

Councilwoman Valdivia-Alcala stated she appreciates having an education component, and would like to also have a component of reminders at the neighborhood meetings, but that has noticed most of the demographic of these individuals come from younger people who are less likely to be watching City4. There are a number of ATV's who are deliberately breaking the rules of street and believes a more aggressive educational approach would be needed.

Chairman Dobler would like to hear more about the traffic signal program and that there had been some information about removing some of the signals, in a meeting a few months from now. Chief of Staff Cochran stated he had been meeting regularly with Kristi Ericksen about this, and would like to bring something back to the committee in July to review the replacement cycle.

Committee member Emerson inquired about the lease program and asked if Laird Noller and other local places had been contacted? Deputy Director Uhrig confirmed they had checked with Laird Noller as well as a couple of other local placed. She did not have the list on hand, but stated she would be able to provide that information at a later time. She noted that the local places offered a traditional lease program, which is not advantageous for the City due to the buying power and borrowing rates. They did not offer the equity or resale pieces.

Other Items

No additional items.

Adjourn

Additional details regarding the next meeting will be made available on the committee's webpage and the City's Public Meeting Calendar, once known.

Chairman Dobler adjourned the meeting at 3:15pm.

Video of the meeting can be viewed at: <https://youtu.be/Ou3y-F1vpLw>