

COMMITTEE ON COMMUNITY IMPROVEMENT

December 2, 2008

4:00 PM

Chairman Garrity called the meeting to order.

The Clerk called the roll.

Present: Aldermen Garrity, Gatsas, Shea, O'Neil, Smith

Messrs: W. Sanders

Chairman Garrity addressed item 3 of the agenda:

3. Communication from William Sanders, Finance Officer, submitting alternatives for the long term vehicle replacement program for the Police, Fire and Highway Departments, if available.

(Note: Discussion continued from 11/25/08 Committee on Community Improvement meeting. Communication submitted by the Finance and Highway departments.)

Mr. William Sanders, Finance Officer, stated I had a handout this evening that responded to the questions that were left after the last meeting. I will quickly walk through it. The first page is a comparison of the original proposal that we brought forward a week ago and the second page is a summary of the request that we received from the Committee at the last meeting to review another option. Quickly, in the original proposal we were talking about an annual bonding of about \$3 million per year. The Committee request that we have coming forward has a \$6 million bonding in the first year 2010 and then \$3 million thereafter. We had no bond re-designation in the original proposal. We are now proposing that we re-designate \$400,000 of the strategic study unissued bond to the purchase of police vehicles. As you will see in the request the Police Department will not be getting any vehicles until 2011. There is a consequence we have discovered with re-designation. The debt service is slightly higher in the Committee request versus the original proposal. Originally we were saying that the gross debt services would go up to about \$4 million a year. It will max out at \$4.6 million under this current request before moving back down to \$4 million after about ten years. The net debt service is slightly higher over the first ten years at \$2.75 million under the revised request and \$2.5 million in our original request. There is still a provision for the establishment of a vehicle fund in the Committee request and the original,

as you can see. Over the first ten years of the program, under the original request, we would have replaced about \$30 million of equipment of the \$42 million. Of what the City has in inventory that represented about a 71% replacement in ten years. The revised Committee request would be to replace \$33 million which represents about 78.5% of the City's fleet over the next ten years. The next two schedules are the debt service. Under the Committee request the third page is the vehicle replacement fund. We had a meeting yesterday afternoon with all the appropriate department heads and Senator Gatsas. We also asked Senator Gatsas to attend because he had been the proponent of this change that we made from the last meeting. On the fourth page in, you can see the departments have done a complete allocation for the first six years to the departments as to what monies they will receive in each of the years. The department heads were a part of that decision and a part of that process. Attached behind you will see the detailed department schedules as to what they would acquire with their allotments. I think I can speak for everybody that the departments are never completely satisfied but are in agreement with the Committee request and are supportive of it. As the Finance Officer, if the Committee is of the mind to do that, I would support it as well and recommend the revised request.

Alderman Shea stated I don't have any questions about this but I wondered about the implication of our bond rating if the tax cap were to go into effect. Have you looked at that at all?

Mr. Sanders asked you mean as it relates to this particular matter?

Alderman Shea replied yes this matter. In other words, as we go along and depending upon how this is voted, how will this impact our desire to have this bonding each year? Have you looked at that at all?

Mr. Sanders replied yes. Actually I think the opportunity to get into a level replacement program of vehicles would fit with a tax cap scenerio. There obviously will be some increases in debt service but the way this program has been structured within the first three or four years we will reach a level net debt service amount that should work within the tax cap. If we didn't have this program and the tax cap went into effect and we had varying amounts of vehicle replacement that would be problematic under a tax cap. So this would be a good thing to be in preparation for the tax cap.

Alderman Shea asked our bonding rating would not be impacted at all, in your judgment?

Mr. Sanders replied the bond rating with this program, I can't say it would go higher but I think it would be favorably received by the rating agencies because we are dealing with a significant asset of the City and we are making preparations for its replacement and its renewal. I think that the rating agencies would take great comfort that we had set aside a separate fund and that we were on a clear plan for replacement as opposed to a crisis situation coming up.

Alderman Gatsas asked just for clarification purposes, this in no way impacts additional taxes or tax rate going forward? It falls within the bonding that falls off the table and this replaces it so there is no additional cost in debt service?

Mr. Sanders replied that is correct sir.

Alderman O'Neil asked regarding Police, this will allow them to still buy five cruisers this year?

Mr. Sanders replied yes. In fact they have already ordered those five cruisers and if the re-designation of the \$400,000 is approved that would enable them to order approximately 15 additional cruisers.

Alderman O'Neil asked is this list a guideline or are we locked into the list?

Mr. Sanders replied I would hope for fiscal 2010 that you would be locked into the list, particularly if you approve the bond resolution that we have prepared for this evening. But, I do think that the years 2011 and beyond are subject to consideration.

Alderman O'Neil stated I think Fire is kind of locked in. I am just wondering with Highway if for some reason a piece of equipment that they don't expect to fail, fails, could they substitute that in the list?

Mr. Sanders replied yes. They could pull out one and replace it with another vehicle.

Alderman O'Neil asked that would not necessarily need Committee approval? If they were to deviate from the list, they need to come back?

Chairman Garrity stated I think every time they replace a vehicle.

Alderman O'Neil stated it would be good for information. I don't necessarily think we need to micromanage them but I think we just need to know. Over the

years we have had some history of approving one thing and something else gets purchased. I don't expect that is going to happen with these department heads.

Chairman Garrity stated we get requests to accept recycled police cruisers.

Alderman Gatsas stated the discussion, Mr. Chairman, for Alderman O'Neil is that I think we are talking with dollar amounts rather than equipment. They went back and changed their equipment lists to fit the dollar amounts so if something goes that was under the 2012 number, they could replace it in 2010 or 2011 as long as they stay within the dollar amount that they were requesting.

Alderman O'Neil stated my only point is we need to get the best bang we can for this and I hope the departments don't take my comments out of context but we need a pick up truck, we need a plain white pick up truck with a plow on it. We don't need extended cabs. We don't need every truck to have tailgate lifts. There are all kinds of extra attachments that drive up the cost. That is my point. We need basic vehicles to do the job and sometimes history shows that we lose focus on that and we are buying vehicles that get used on a very limited basis. We need to make sure we are getting bang for our buck with what we are doing. That is my one concern. I appreciate all the efforts of Bill and the department heads but there is a history of that in the City sometimes.

Chairman Garrity stated I couldn't agree with you more, Alderman O'Neil.

Alderman O'Neil stated we need to make sure we are getting the best bang for our buck. If we need a four wheel drive, then we need a four wheel drive. If we need a crew cab, then we need a crew cab. If we don't need a four wheel drive and you do it with a two wheel drive, then buy a two wheel drive pick up. If we don't need a pick up and you can buy a car, then buy a car. We don't need a large one...you get my point. We don't need to be spending money just for the sake of spending money. Thank you Mr. Chairman.

Alderman Smith stated going over this I noticed for Parks and Recreation there is no funding for 2010, and I was looking at the vehicle replacement; they go back to 1972, 1985. I was wondering if they could sustain a year or two of this magnitude with their construction and so forth.

Chairman Garrity asked Mr. Sanders, when you came up with the schedule, I think it is page four, I would assume Parks was involved in the schedule too?

Mr. Sanders replied yes. Mr. DePrima was at the meeting yesterday afternoon and in fact the last page of this package is the Parks and Recreation Department plan that ties into that schedule. As I said all department heads would have preferred to have maybe a few things done differently but Chuck was supportive of this plan and I think was prepared to make it work. He is getting one vehicle in the year that we are in right now.

Alderman Smith stated the only reason why is we are in the year 2008 and this is going to be 2011.

Mr. Sanders replied we are in fiscal year 2009 right now so it requires about another 18 months. That is one of the benefits of having the vehicle replacement fund. If there is an emergency situation where a vehicle does need to be purchased, with the Aldermen's approval, we would be able to purchase it out of the replacement fund.

Alderman Smith stated I remember correctly that they had the Highway department replace a truck. They couldn't even carry boulders or construction material with the truck. That was Parks and Recreation and I don't know if that occurred or not.

Alderman Shea stated you didn't hit upon the \$4.6 million reserve fund that would be in place though. I am not sure whether that would take care of some emergency if it were to develop. I know you wanted to bring down the bond rate. I am assuming that would be some resource we could utilize. Is that correct?

Mr. Sanders replied that is correct.

Alderman Shea stated my second comment: it was Alderman Gatsas that suggested that extra \$3 million is that correct?

Mr. Sanders replied yes it was.

Alderman Shea stated he should be complimented for that. He is a colleague and we should compliment him for that. I appreciate that work. Thank you.

Alderman Gatsas stated just for Alderman Smith, they will be able to order the equipment in December of next year for delivery of July 1st of the following year. So it is a 12 month wait for the Parks and Recreation Department before they get the order in.

Alderman O'Neil stated I too want to echo Alderman Shea's comments about our colleague Alderman Gatsas. He asked the Finance Officer as well as his colleagues from the Board to take a look at getting a little more money up front in this and I thank him for those efforts. I think it is clearly in the best interest to the citizens of the City. Thank you Alderman Gatsas.

Acting City Clerk Matt Normand stated under the rules of the Board, the resolutions that are appropriating monies are required to lay over. What we would do tonight, if the Committee so chooses, would be to approve the resolution as presented by the Finance Officer. Then we would report it out to the full Board tonight, refer it to the Committee on Finance, and if the full Board chooses they can approve the report of Finance. It will then get reported back into the Board and I will read the report tonight. At that point it has to lay over a minimum of five days. At the next Board meeting on December 16th the Board could approve the resolution and enroll it.

Alderman O'Neil stated I would be remiss if I didn't thank Bill Sanders and the departments for all their work. I didn't know if we were going to have to get a cop at one point between Fire and Highway but I want to thank the departments for their efforts. This was government at its best. Thank you all for your efforts.

On motion of Alderman Gatsas, duly seconded by Alderman Smith, it was voted to approve the resolution.

There being no further business, on motion of Alderman Smith, duly seconded by Alderman Shea, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee