

JOURNAL OF COMMISSION WORK SESSION
November 3, 2009

City Commission Work Session

Mayor Stebbins presiding

CALL TO ORDER: 5:45 p.m.

ROLL CALL: City Commissioners present: Dona Stebbins, Bill Bronson, John Rosenbaum and Bill Beecher. Also present were the Assistant City Manager, Acting City Attorney, Directors of Community Development, Fiscal Services, Park and Recreation, Planning, Public Works, the Acting Library Director, Police Chief, Assistant Fire Chief and the City Clerk.

1. EQUIPMENT REVOLVING SCHEDULE

Public Works Director Jim Rearden and Shop Supervisor Tom Hugg provided a PowerPoint presentation regarding the equipment revolving schedule (ERS). The ERS was established in 1990 with funds from the general fund. Through the years the life of most vehicles has been extended, several vehicles were removed from the schedule and used vehicles have been passed on to other divisions. An annual review is conducted with each division head to discuss the condition, miles, hours, maintenance costs and down time of the vehicles. Determinations are made to extend the years of life of some vehicles, evaluate whether all of a division's fleet is still needed, or are there additional fleet needs to perform operations. There are 450 vehicles and equipment on the ERS, 152 of those vehicles are not funded for replacement, including fire trucks. The general fund has not fully funded the ERS since 2005, the street fund since 2006 and the sanitation fund since 2007. Staff has modified ERS projects for the next 10 years of purchases to try to keep the fund in the black. The projected equipment reserve balance for the general fund for FY 2009/2010 was reviewed showing a positive balance, and concerns were expressed about the future of the ERS due to the fund being depleted in FY 2014/2015.

In response to a request from Commissioner Rosenbaum, a handout was provided listing the equipment purchased in the past six years.

Questions were asked about the general fund. Mr. Rearden explained that, due to budget cuts, the increment was reduced to \$250,000 for the projected equipment reserve balance for the general fund. Some departments are not fully funding for their equipment, and the City paying matches for some state projects bite into the funds.

Questions were raised about purchases and overhead costs versus leasing seasonal equipment, whether the equipment hours used on a job were charged out, and if the value of the fleet was known. Mr. Hugg responded that to his knowledge the City has never leased a piece of equipment. Mr. Rearden added that the equipment hours are charged for each individual job, and that the depreciation value of the fleet is known.

2. STREET MAINTENANCE

Public Works Director Jim Rearden and Street Supervisor Jim Turnbow provided a PowerPoint presentation regarding street maintenance and City policy. Mr. Turnbow explained that 68% of the total street system is in need of some type of maintenance. He discussed where the money was spent for each of the street division fund activities. He also went through the contracted projects, street division and contractor comparisons for overlays and chipseals, MDOT cost comparisons of materials and labor utilized in an overlay, as well as cost comparisons for street division milling and contractor prices for milling. In all comparisons, street division crews provide service at lower costs in all aspects of pavement preservation. The statewide average overlay and milling costs are considerably lower than local contractors due to no local competition.

The main points of the City Project Policy established in 1998 were explained.

Mr. Turnbow discussed criteria for the use of MACI money for sidewalks. He emphasized that the street division cannot afford to provide sidewalk matches anymore because the money is needed for street pavement, rehabilitation or reconstruction.

ADJOURN

There being no further discussion, Mayor Stebbins adjourned the work session of November 3, 2009, at 6:30 p.m.