MINUTES OF THE FINANCE COMMITTEE

TUESDAY, SEPTEMBER 8, 2020, 4:30 PM
Virtual Meeting. Public may join via Zoom.

A. ZOOM MEETING INFORMATION

1. This item contains documents which provide call in information and instructions for the Zoom Meeting.

B. ROLL CALL.

1. Members: Ald. Barbara Dorff, Ald. Veronica Corpus-Dax, Ald. Bill Galvin & Ald. Brian Johnson.

Present: Barbara Dorff, Veronica Corpus-Dax, Bill Galvin, and Brian Johnson

Also present: Ald. Lynn Gerlach, Ald. Mark Steuer, Public Works Director Steve Grenier, PRF Director Dan Ditscheit, Interim Development Director Cheryl Renier-Wigg, HR Director Faulds, Fire Chief David Litton, Attorney Chavez, Finance Director Diana Ellenbecker, Asst. Finance Director Pam Manley and others.

C. APPROVAL OF THE AGENDA.

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to approve. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax, Brian Johnson

D. APPROVAL OF MINUTES.

1. Approval of the Finance Committee minutes from the August 4, 2020 meeting.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Brian Johnson to approve. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax, Brian Johnson

E. REGULAR BUSINESS.

1. For consideration and possible action to approve a 2021 leasing program with Enterprise Fleet

Management for a portion of the city's support vehicle fleet.

Moved by Ald. Brian Johnson, seconded by Ald. Bill Galvin to approve. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax, Brian Johnson

2. Update with possible action on the status of the 2020 City of Green Bay budget, including impacts and changes caused by the COVID-19 pandemic.

Moved by Ald. Bill Galvin, seconded by Ald. Brian Johnson to receive and place on file. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax, Brian Johnson

F. INFORMATIONAL.

1. 2020 Contingency Account $93,322.00.

2. The next Finance Committee meeting will be held on Tuesday, September 22, 2020 at 4:30 PM.

G. ADJOURNMENT.

Moved by Ald. Brian Johnson, seconded by Ald. Bill Galvin to approve. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax, Brian Johnson

H. VERBATIM MINUTES.

- You're good, okay we're good.

- Okay, all right then I will go ahead and I will call this September 8th meeting of the Finance Committee to order. And I will take the role, Ald. Veronica Corpus-Dax, is here. And Ald. Johnson.

- Yeah. Ald. Galvin.

- Yeah,

- And Ald. Dorff. I am here. I will entertain a motion for approval of the agenda.

- Moved.

- Moved.

- If I can move by Ald. Galvin, seconded Is there any discussion? Hearing none, all those in favor, say aye.

- [Ald.s] Aye. A pose nay, motion carries. The agenda has been approved. The next would be approval of the Finance Committee minutes from the August 4th, 2020 meeting. Are there any additions or corrections to the minutes? Hearing none, I'll entertain a motion to approve.

- So moved.

- Moved by Ald. Corpus-Dax.

- Second.

- Second.

- Second by Ald. Johnson. All those in favor, say aye. Aye oppose nay, motion carries. Regular business. For consideration and possible action to approve a 2021 leasing program with Enterprise fleet management for a portion of the city's support vehicle fleet. So I know I'll go to staff. In reading through this, I was a little surprised. I remember talking about police and fire and I didn't remember us talking about parks and DPW. But maybe we did and I just spaced it. So go ahead staff.

- Okay, to answer your question, we did talk about fire. We did look at some options for fire and we just haven't pulled one together that we thought was worth presenting to the committee at this point. Police vehicles are another animal that we just haven't gone on that path. The least program isn't as great of a plan for the squad cars due to the, how quick they turn over and get their miles. So we went down another path and just looked at other vehicles that we have. So we were looking at the support vehicles for the City of Green Bay. We have a total of I think about 160 support vehicles. And so we did some research and we had a lot of support from staff to, and actually Nate for arming from our HR department actually headed this program, this opportunity up. So we wanna go through, we have a gentlemen from Enterprise Fleet here who will go through a very quick PowerPoint presentation. It was also in your packet, but he will go through and explain it to you. And again, this is just something we wanted to bring to you as an option, because as you know, we are currently bonding for our fleet for parks, DPW. And then it also includes our inspection vehicles and you know, at this point, this is an option in a way of getting more vehicles and potentially getting it back into our operational budget. So we just wanna bring it out, have you entertain the program and then see what our next steps are. So at this point I'd like to turn it over to Ben Walljasper, hopefully I said that okay. He's gonna correct me please, Ben. And he's just gonna go through the program. I'm just gonna put up on the screen, the PowerPoint that was actually in our packet and have Ben kinda talk through the program. And of course, any questions could either be during the presentation or after we're done with the short little presentation here.

- Okay.

- Thank you, Diana. Do you want me to share my screen and go through it? Or how do you wanna do that?

- [Diana] Sure. You know, I took a few slides out of the original presentation, but it does not matter.

- Okay. I figured I could just do that. And then I'm gonna probably fly over a few of them, but feel free to stop me or have, you know, or intervene if you see something that you want me to cover again or go over, so.

- Sure, Ben I just made you a co-host if you want to share your screen.

- Yup. All right. Can everybody see it okay so far?

- Yes.

- All right, great. Well, thanks again for the opportunity here. I think today, I just wanna do real high level overview, like Diana mentioned, in terms of the conversations that we've had with department heads and safety in terms of how this program can really benefit the City of Green Bay. You'll see here, obviously some local partners that you may know of or know folks in today Enterprise as a whole. This is our largest growing segment of our business. So prior to that, obviously we partner with a lot of general contractors and really in the trades industry. So a lot of construction and subcontractors. But you'll see here, we are up to now over 1400 government agencies throughout the country taking advantage of a fleet management program like this. So really the goal like Diana mentioned, is to make sure that you're doing what's best with your dollars. And obviously with our program here, it's gonna allow you to replace vehicles sooner than you have in the past, and drive down financial needs to continue to fund these support vehicles within the city. So this is the segment and what we looked at, you'll see there's 140 that we identified as a great fit for a program like this. These vehicles are all overseen by DPW and parks. I know there are some other departments that have a few in here as well, but they're the ones that are overseeing this segment of the fleet. And really what we did is really an extensive analysis to show what the financial opportunity would look like, by changing the way you've acquired vehicles in the past and moving more through a leasing program managed by Enterprise. So of the 140 vehicles, the average age of the fleet is about 10 years old. And then you can see there 56 of the vehicles are over 10 years. From Enterprise's perspective, it gives us a lot of opportunity to help you really come to a better point of getting into that ideal replacement cycle and strategy. So our goal and what we do for our customers and why we're so successful, helping companies and government agencies manage their fleets along with our own rental fleet, is knowing the best time to buy and the best time to sell vehicles and who to sell them to, to maximize the return. So right now you'll see obviously our goal is to help sell vehicles while they're still worth a good amount of money. And also not have you get caught up into higher maintenance repair costs, as well as higher fuel expenses based on wear and tear, and also just missing out on new technology as it relates to miles per gallon on vehicles when you hang on to them for 10 to 15 years. So, you know, right now you're kind of in the right hand side here, a program like ours cash in a way that money is handled is gonna allow you to get into that more optimal replacement cycle. Overview again, from a perspective of where the benefits come in, a 10 year projected savings of over a million dollars conservatively, $600,000 worth of savings years conservatively, and really where that comes from is just maximizing the buying power that are free half city and parlaying it with a company like Enterprise. That's really good at knowing when to sell a vehicle and where to sell it to for the largest return. So the other benefits we mentioned too, besides just, you know, strictly the financial impact comes down to safety and risk. So when you look at your vehicles today, and we're not saying that they aren't road ready, or they are properly maintained because they are. It's more so the safety technology. When you look at your fleet, well, specifically of those 56 vehicles that are 10 years or older, that they're not gonna have standard side impact airbags, overhead curtain airbags, backup cameras, you know, blind spot monitoring. Things to help, you know, either prevent accidents or in the event of an accident, have your city employees be in a safer situation in a safer piece of equipment. So that's really what we talk about when we talk about improving the safety and the risk within the city, as it relates to this segment of the fleet. And then also it's just relying on Enterprises resources. So we're here to help. Constantly guide you and make recommendations of when is the best time to sell a vehicle. What are some of the new vehicles to market, or maybe other alternative vehicle options that you may wanna consider to either drive down costs or do the daily job better? But we're here to obviously help with that on an annual basis. We typically meet with our government agencies at least twice a year to not only review where your costs are and where we're saving you money, but also to project out and come up with new cost savings initiatives moving forward to continue to drive those costs down. But that's all with the overview of the program. Does anybody have any questions before we kind of get into the actual numbers of the plans that we laid out or suggested for you?

- [Guest] I don't.

- [Ben] Dorff?

- [Dorff] No.

- [Ben] Okay. So we went through really three plans, and I think in talking Diana, we wanted to focus on this one because it definitely makes the most financial sense for the city. What we looked at was a way to replace 45 vehicles in this segment in year one, and also real cash and budget position. So the plan that we've developed here would essentially allow you to replace vehicles this year. We would typically factory order the vehicles specifically for the city. So we would do that most likely sometime in January. Place the orders and the vehicles would then show up in your possession at the local dealerships in Green Bay, sometime around the March or April timeframe. Where then you would have roughly $170,000 worth of lease payments to make in 2001, for those 45 new budgets. We would then help you sell 45 of those vehicles that are being replaced. And conservatively, we have an estimated resale value, almost 45 vehicles at right around $362,000. So it obviously provides you a nice cash surplus in 21, and then also frees up a lot of flexibility for you, in budget year 22.

- [Dorff] So Ben, so do we have to start out with any capital, any money to start out with this or, you just take over selling the vehicles and we just pay $172,000, but we get 362,000. I'm probably not thinking about this correctly, right?

- No, you are. And the way we've discussed that with Diana right now is the plan where that really in essence with this program is you would get 45 new vehicles this year. And you wouldn't really see a bill from Enterprise until close to budget year 23. Because of exactly what you said. So meaning that Enterprise would sell those vehicles, we would keep that money on hand to pay off your lease payments. So that in year one, obviously we would have plenty of money to cover all of your lease payments in budget year 21. And then roughly you have there, you know, $190,000 that you would be able to then have on hand for year 2022 payments. There is no upfront cash outlay or any kind of investment up front in terms of getting the program started.

- [Dorff] But then, because I have personally leased a vehicle, at the end of the lease, you don't own that vehicle. So then after that first like the three years, or however many years we're gonna keep them, then we don't get to sell those vehicles anymore. I mean, then we don't have the money anymore, right?

- [Ben] Well, I'm glad you asked that. How do these leases work? Are they a government equity leases? So the city actually retains all of the equity rights to the vehicles at term. So it actually--

- [Dorff] Maybe it's coming, I'm probably skipping ahead.

- [Ben] Yeah no that's fine, no that's fine. And most people, when they think of leasing, it is more of a personal lease. This is a quite a bit different way of funding vehicles. And it's not like the personal lease when you go to a dealership. There are no mileage restrictions or condition requirements. You're able to drill holes into, you know, pickup trucks, if you want to put strobe lights on them, toolboxes in them. So it's quite a bit of a different way to do this--

- [Dorff] Oh, that's good that you're saying that, that's good 'cause that's my only experience as a person. So thank you.

- Yes, yeah. Yeah this would not work when you're thinking about it that way. 'Cause there's just too many unknowns with government in terms of, how many miles you're gonna drive them, the conditions, things of that nature. So just to kind of illustrate what you just brought up is with these 45 vehicles, you know, today we mentioned that in this segment they're only worth about $360,000 as you own them outright right now. At the end of these lease terms, you're gonna conservatively have $527,000 worth of value in the leases. And what I mean by that is, is if we were to go and conservatively sell these vehicles after five years on a lease, and satisfy the remaining balance to satisfy the lease financing of the vehicles, you would then on top of that, at the end of the sale have $527,000. You refresh your fleet and run a safer newer fleet with less downtime and less headache. We're also increasing the amount of value that the vehicles are worth from when you actually come in to, when it plays out towards the end. So essentially how these equity leases work is Enterprise will help you sell the vehicles and the way that we structure the leases from your monthly payments, it makes it so that they're very much so, you know, very highly equitable in their return. And an example of that is the City of Wausau just turned in four of their first rounds of leases. And in those four leases, when we sold them, we actually wrote them a check back for $35,000 that they got back in resale. So it's completely different than a personal lease at a dealership where you just turn it back in and kind of walk away. And then obviously they use that money then to put down towards the four vehicles to replace those and significantly reduce what those lease payments are going forward.

- [Dorff] Oh, it sounds too good to be true. Let's keep going.

- [Diana] Hey Ben.

- [Ben] That's what I've been telling people. That's what I've been telling them for a long time.

- [Diana] Ben, can I add one point here?

- [Ben] Yeah go ahead.

- [Diana] I think Ald. Dorff asks, you know, if there was any capital upfront. And at this point, to get into the program, there isn't any capital upfront. And the reason why is just because over the last five, 10, 15 years, we have already purchased these vehicles using, in most cases bonded money. So that was our capital upfront. And that's how this program is going to pay for itself in the first two years, 'cause we have really put the capital out years back, and that's how we're able to convert this into this program.

- [Dorff] So we're still actually probably paying interest on those because the bond hasn't ended, right?

- [Diana] Potentially, some of these vehicles on most cases, are vehicles we do take out a note, it's a 10 year note. So if the vehicle is more than 10 years, probably we've paid for it, if it's under 10 years, there is a chance we still are paying interest on something, yes, one of these vehicles that we borrowed less than 10 years ago.

- [Dorff] Okay, thanks. Alright continue.

- [Ben] Yeah, and this is just an overview again to remind just to kind of illustrate how this works. This leasing is really just like any kind of a traditional finance, whether you're mortgaging your home or whether any of us individually go to a dealership and finance a vehicle, you know, we buy it, but there's still a bank loan or a note on the vehicle. That's how this is structured. But instead of funding the entire portion, like here in red, where it's a $25,000 vehicle, and you're funding the full 25,000, we do it to a equity lease pay off. And in this example, it's to $5,000, which is very conservative on the amount of miles driving and what the vehicle will be worth. So again, in this example is just to show the $25,000 vehicle that Enterprise knows is worth 17,500 after five years and 50,000 miles of use. So again, that allows us to create a lower monthly and annual cash outlay and budget dollar requirement for the city to fund these vehicles. You're more so just funding the portion that you're gonna be using. And then we're still analyzing it for you because whether we do a three year lease, four year lease or a five year lease to start, really these options are all the same for the city throughout. And that means we pay off by the vehicle outright, if you wanna buy it for whatever reason, you can always have Enterprise sell it for you. And it's always the equation of whatever Enterprise sells it for above and beyond what you owed to satisfy the lease or finance however you wanna term it. Or the third is, if we get to the end of a lease term and you wanna extend it, you can always do a lease extension. So it's extremely flexible. It could be treated as a lease to own if it ever got to that point. But what we're gonna show you and what we've done for all of our other government agencies is, prove out that if you continue to rotate these vehicles every three to six years on average, that we're just gonna continue to lower your costs going forward. And you're gonna continue to get new vehicles when you should be. And that buying and holding on to vehicles for 10, 15, 20 years in some instances.

- [Galvin] Can I ask a question.

- [Ben] Yeah.

- [Dorff] Great Ald. Galvin.

- [Galvin] I'm thinking about maintenance, you know? Obviously new vehicles have warranties and I'll be honest with you on, I know, like a new truck or a new personal car has for warranty, but what kind of warranty these vehicles typically have?

- [Ben] So you are on the title of the vehicle. So the city has every warranty passed along to you. So if it's a GM vehicle, a Ford vehicle, you know, a Chrysler, Ram vehicle, you're gonna always have the manufacturer's warranty at your disposal. Along with that Bill, you're also gonna have Enterprise, which Enterprise as a company, we are the largest individual purchaser of vehicles in North America. So as a company, we buy more than a million vehicles a year. So with that means that, we have a lot of will power with the manufacturers, if there's ever an issue. So meaning there's instances where our customers have vehicles that are two or three years outside of warranty, or they're 30,000 miles outside of warranty. And we're still able to go back show that we've been having this issue and prove that we've done everything from a manufacturer's recommended preventative repair standpoint. And then we can get them to actually cover, if not a hundred percent of the repair costs, typically at least at a minimum 80% of the repair cost. So no, I guess sizes and, just economy of scale that you get with Enterprise that you don't have today on your own.

- [Guest] Has your company done any kind of a cost analysis of the savings for government entities that with these vehicles being under warranty for the most part, so a lot of the work would either be reimbursed or done by the local dealerships I would imagine. Is there like a cost savings that you're aware of that you could say, you know, "Because you guys lease and you have these vehicles "that are newer, they break down less, "and if they do break down, they have warranty." I mean, savings that we have. 'Cause I know that the police department alone, I think we have three or four mechanics that work full time. And as the vehicles get more and more aged and beat up, they're on a rack a lot more, which takes up time and energy and cost for parts and everything else.

- [Ben] Yeah, I'll give you a real recent example of Oak Creek is a suburb here in Milwaukee, has been doing this now for two years. And with their fleet, it was just a segment of, actually 28 vehicles that we did this for, and their annual maintenance costs on just 28 vehicles went from about $24,000 a year to under $4,000 a year. So you think about that from a, you know, if you extrapolate that to a fleet your size, you know, now we're talking about over 140 vehicles probably being closer to 120 to 150,000 that you'd be spending in maintenance on a similar fleet. And we could reduce that to, you know, closer to 20 to $30,000 a year potentially. And I don't wanna promise that, but that's what we really calculate into this type of a structure is that, by buying at the right time and selling them sooner than you are today for a larger return than you're typically getting today, that's where it's making the financial impact. And that is, you're getting way more in resale value, kind of like I illustrated in that spreadsheet, showing you where we're moving your current equity today and almost doubling it with this plan, and reducing costs when you can lower maintenance costs as well as fuel costs. So the City of Wausau I've talked about as well, in the four years that we've worked with them. They have just under 70 vehicles on this program. They're blended fuel economy when we started was 10 miles a gallon, and now four years later, it's 13 miles a gallon. So meaning that we just saved their city by improving the fuel economy by running newer vehicles, we save them 6,600 gallons of fuel last year in unleaded gas. So again, you don't really think about as a city, or we don't drive a lot of miles, so we don't necessarily care a whole lot about fuel economy. But when you look at over 140 vehicles, if we can improve your fuel economy by two, three, four miles a gallon, you know, now we're gonna be saving the city tens and thousands of gallons of gas every year by running a newer fleet. And the City of Wausau's average age of their fleet was nine years old. So yours is one year older at 10. So there could even be a little bit larger of an opportunity just knowing that today on average your fleet is about a year older than where they were when they started this.

- I would just like to say as chair, I would also welcome any questions, not just from the Ald.s, but if there's anyone out there from Parks or DPW, I can't see the grid view. So I'm not really sure who's out there, but questions from any of those entities would be more than welcome. And especially as we go along, It can get hard to see them all ‘til the end. So just like shout out, 'cause I can't see in anybody except on the front page.

- Yup, I'll pause. And go ahead if you have a question.

- Is there anyone out there that has a question? Oh, here we go, here's grid view.

- I have a question.

- Okay, Ald. Corpus-Dax, go ahead.

- Thank you. So talking about the repair portion, repair and maintenance, and I'm sorry if you explained this already. But are we limited as far as, can our personnel do the repairs and maintenance or do we have to take it to an authorized garage dealership in order to get that done?

- So really two options. One would be to keep the same process today with having in-house mechanics repair the vehicles. The second option would be to use Enterprise's maintenance program that we oversee. And really all that allows you to do is outsource the repair service to the local vendors within the City of Green Bay. So it could be the local dealerships, local repair shops, you know, national chains like Firestone, Jiffy Lube, places like that. So really two different ways to do it. In some of the conversations we kind of talked about, you know, the city right now kind of being responsible for repairing I think over 700 This could be an opportunity where you take about a hundred to 150 of those 700 pieces of equipment and allow, you know, local vendors to do the repairs for you so that it can free up time for your in-house repair, you know, for your in-house mechanics to be spending their time on larger ticket repair items, you know, skid-steers, the big plow trucks, things that really cost the city more money to keep running. There's an opportunity for sure to do that, and obviously with the Enterprise program, it's included in the packet there. But you'll see, you know, to kind of just to give you an example for this first plan, basically instead of it costing you all $172,000 next year, that's just the lease itself. If you wanted all the maintenance included, it'd be a total of 180,000. So just over $8,000 for the city not to have to worry or deal with the repairs on these vehicles.

- [Dorff] Well, now they want to hear from Director Grenier, Director Ditscheit. You guys, I see you on there, okay. So words from Director Grenier first.

- A lot like your personal vehicle items that are manufacturer warranty type items. Because we are buying new vehicles, we're getting manufacturers warranties on with those as well? So those are routinely handled through dealerships utilizing manufacturer warranty process. For routine preventative maintenance type things, oil changes, tires, brakes, disposables. That's what our in-house mechanics are handling. And we would expect the same to continue on under a lease program like this.

- Barb you're muted.

- Director Ditscheit, any comments to add?

- Yeah, so we've reviewed this with Director Ellenbecker and you know, from a park standpoint, we're in favor of this. It makes a lot of sense to at least try it and see what happens. There seems to be an economic benefit to doing it. But more importantly, you know, after a few years, when we get all new vehicles enrolled in the program if we continue down this path, there's potentially less maintenance involved from our mechanics. So there'll be less breakdowns because all of your equipment is new and we're not trying to drag along vehicles that are 15 plus years old. So there's some benefits from a long-term maintenance end of things.

- One of the things that I've been thinking about that I don't know that I haven't been directly involved in these discussions. I've had my fleet manager in there. And I don't know that we've discussed it and it's not something or Ben. This isn't entering, I think this is something I need to have a discussion with Director Ellenbecker on. There's a lot of ancillary equipment that we put on these vehicles. So there's light bars, there's signal beacons, there's all kinds of things that flash, and cause our vehicles to stick out, okay? That we need for safety perspective. And more often than not, when we're replacing a vehicle, the vehicle has served its service life. That stuff goes down the road along with the vehicle. And if we're more frequently, we'll have to replace those light bars and other things more frequently. Now, based on what I'm hearing from Ben, I'm encouraged by this is the first time I've ever heard of a government program like this, where you retain some equity in the vehicle. This is a unique thing I've never heard of before. I'm hoping that the cost savings that we see will be more than enough to offset having to buy light bars and flashy things and things like that.

- And Steve, you bring up a great point there and we're gonna be here to help really, really facilitate and help you make the best decision for yourself because there could be opportunities where we just transfer over toolboxes. You know, if you know right now, if you're running a toolbox in Green Bay, Wisconsin for 12 years and 12 winters, maybe not one you want to hang on to, right?

- Right.

- Well, now if you're replacing a truck after three, four or five years, that toolbox they'll be in great shape. So as long as we order a truck that has the same dimensions in the bed, you know, then let's just have you transfer it over. So when we go to sell that truck, you pull the toolbox out. We know that's not gonna really help us on the resale market side. We're not gonna get that money back for you or at least all of it for certain. So we would have those conversations on a truck by truck basis to say, "Look what aftermarket equipment we can transfer over?" You know, which equipment do we want to just start new on the new truck and keep on the existing truck and sell as is. So we'll all have those, we'll have all those discussions with you because you know, a lot of our government agencies, you now, deal with us on three quarters in a lot of trucks. So we're constantly having the conversation, "All right, on this truck, "are we getting a new blade and going with a full setup. "You know, with all the controls inside the truck, "you know, with assaulter or spreader, you know?" Or are we gonna say, "Hey, let's transfer some of that. "And let's just plan on selling the truck "without a blade and without a spreader on it, "'cause we're gonna be transferring it." So we'll have all those types of conversations with you at our annual meetings as we discuss, you know, which trucks are being replaced. We'll even have that discussion with this first round, 'cause I know in the latest update that Diana sent me was there certainly some vehicles that are gonna need some up fitting. So we'll be able to customize it for you so that it's literally built specifically for you and for your setup. You're getting the name brands that you want, the types of applications that are easiest for your crew and for your employees. And that way, when they show up to the dealership, all you're having to do is slap your City of Green Bay decal on the side of the truck. And it's already ready to go for you.

- Hey, do you want to continue with your presentation?

- That's really the high level overview and if anybody has anything specific that they wanted to see or whether it's, you know, numbers wise financially here. I just wanna be able to answer the questions without you know, taking up too much of your time.

- All right, Ald. Galvin I see your hand, you have to unmute. But then you can address him.

- Thank you, Ben. I'll be honest with you, I'm not a numbers guy. I really rely on Director Ellenbecker to steer me in the right direction, you know, how the numbers look and things like that. But overall listening to what you have said here and some of the advantages you're showing, I'm sure we'll check with some of these other communities that we haven't already to see what their experience has been. But can you tell me, has there been any problems with the lease program as it relates to government and Enterprises experience and how they sell them or what they did to alleviate those problems?

- The only challenge that we've really run into it comes up to really where a city or a county is trying to use funds to run a program like this. So I guess to answer your question directly, there's not been anything bad happening yet, and I will be upfront with you. This is a trend that's really started back about five years ago. So it's not like it's something that's been going on for decades. You know, to be transparent. But I think there's a City of Wausau case study that Diana included in your packet there that's some good reading in terms of why this works, how it's worked for others. And I think it's just been an issue. Nobody really wanted to be the guinea pig five years ago. So even in Wisconsin alone, I'll speak on that. We had only three government agencies doing this five years ago. We now have over 40, I think 48 doing it, in just the past five years. And Enterprise has been doing this since 1957. So, we've doing this for very long time. And government agencies have never really opened their eyes to what it could actually do for them for the most part. And things have changed. I think somebody mentioned, I think Dan said something about it too. You know, vehicle technology is different now than it was 50 years ago. A lot more computers, a lot more technology that you have to be up to date on, up to speed on. And it cost more to repair and keep these vehicles on the road. So really our whole philosophy is, Hey, you guys buy vehicles really well, just like Enterprise does. And we go and buy our rental cars so you have that part of the advantage on your own. Now leverage a privately held company like Enterprise, it's, family owned that knows when it's all we do. We buy over a million vehicles a year and we sell over a million vehicles a year as a company. So we have to be really good at it. And all you're doing is leveraging our knowledge and our resources to do it for you. But the nice part is, you never lose control and you never lose decision-making. We're here to make our recommendations, and it's up to you to decide on whether you wanna do what we're recommending or whether you wanna change the plan and do something different.

- All right, thank you very much. I really appreciate your presentation.

- Yeah, and we're happy to provide as many references as you would like. The La Crosse is another great recent story that has about 104 vehicles that we identified, as a part of the segment to work with us. And they just ordered I think 40 hundred and five call it vehicles. So they're in a very similar situation as yours. And just back in April, they placed those call it 40 plus orders for their city there as well. And it was a very, very similar plan to what, you know, me, Nate, Diana and the department heads have come up with here for you folks.

- All right, in the resale value on the vehicles, like you were saying that, we've got X amount of dollars in vehicles that you're gonna sell for us. That's been pretty much spot on. I mean, there hasn't been any hiccups in that estimation.

- I'll tell you what, I have to kinda give my resale director and elbow to stop being so conservative.

- Okay.

- 'Cause he, I mean, he's in the business to say, "Hey, if I'm gonna give you a dollar amount on a vehicle, "I'm never going to come back to you and say, I got less." So basically that 360,000 is a very conservative estimate. And right now surprisingly, caused by the pandemic and the manufacturer shutdown, the resale market is extremely strong right now. So it's a great opportunity for us to be able to sell vehicles. And our plan really and what we've come up with is kind of, you know, identifying some vehicles at the proper time to sell. So taking, you know, a good chunk of vehicles of the 45 that are well past the optimal time to sell and really try to incorporating them into one, one strong plan to get you into a really good spot in 21 and beyond.

- All right, pretty good thank you.

- Ald. Johnson

- Thank you chair. Ben, thank you for the presentation as well. Just a quick follow up on the point you made with Ald. Galvin and the resale being very strong. I read an article recently that talked about how the vehicle purchase prices right now are as much as 20% and above the short supply. Are these lease payments that you've outlined, are these locked in or could they potentially change based on the fact that vehicle prices are a little bit higher right now?

- Yeah, you're locked in because of your government buy. So that's another great advantage that you have as a city is that, the manufacturers give you introductory pricing. So if there are any price increases, you don't pay them, only the general public has to pay that. And then your discount is always a firm discount as well. So what we do just to kind of give you a real quick snapshot is, we bid out every manufacturer that you're interested in and we would go out and bid them out. And then they would come back with the largest discounts and incentives, which are basically gonna be your government incentives. And that's where we come up with our lease rate pricing. So that's the advantage here is that, you know, when you're buying a pickup truck for probably eight to $10,000, less than Joel public is able to on the street, so that when we go and turn around and sell it for you in two, three, four years, five years down the road, you know, we just sold a truck for the City of Wausau. They had been running it for three years. When they bought it and put it on a lease, it was about $29,500. We sold it for them three years later for 30,000. So we literally sold the truck for more than what they bought it for three years later.

- Okay, and then Ald. Dorff, I have a few questions. I was waiting till the end. So do you mind if I just kind of rifle through these one right after another?

- No, I would want you to, yeah.

- Okay, and so, and some of these were answered, that's the advantage I guess, of waiting til the end. But the question of maintenance came up and that's been addressed. So this would be a question directed more towards staff. While I don't anticipate in the initial years of this agreement that the demand on our maintenance staff would go down, long-term I could see that being possible, particularly if you put 140 vehicles or whatever that number was under a lease agreement. From a staff perspective, do we anticipate reducing maintenance staff or we, you know, far enough behind them, you know, the allocation to other projects would be necessary?

- So that would that be to director Grenier and to director Ditscheit, is that who you're addressing?

- Yeah, admittedly, what I don't know Ald. Dorff is do they have their independent maintenance crews or does that operate under one shop? So whoever has oversight of the maintenance crews?

- Well, the Parks Department, I wouldn't see a decrease in staffing. One of the reasons there is, you know, our maintenance staff also maintains the amusement park rides at Bay Beach, and that area keeps growing. So I wouldn't anticipate a downsizing mechanics from a park standpoint.

- And do you have your own crew director that handles your vehicles as well?

- Yes, we have a maintenance staff that does all of our vehicles and fleet and Bay Beach amusement rides.

- Okay.

- Director Grenier.

- Same as early, I would not expect to see any decrease in maintenance staff. Ours is far and away the smallest percentage of the vehicles that we have. So at least at the outset for the first several years, we would not expect to see any reduction in staff because while I can upper vehicles on the light vehicle side, our heavy equipment continues to go well beyond its useful service life, which does require more in terms of dollar investment and time, labor investment on behalf of the mechanics. And I can see Ben smiling, that's one of the things that he was talking about during his presentation is, that would free those staff members up to take care of some of those larger type repairs. And I do see that continuing on, that's a trend we've seen over the past several years. And again, we would continue to revisit that as time goes on. And we continue to evaluate this program. And the trickle down effects that it would have. But at least in the initial projections, I don't see any opportunity for us to reduce staff.

- Okay, thank you.

- What Steve said is really kind of what we'd hear as noise. It's eliminating the light duty fleet a lot of times so mechanics can just be noise and distracting them from heavier duty, more expensive, you know, equipment repairs. So the goal of this is to kind of eliminate some of that noise. Those mechanics are only having to do oil changes, tire rotations, you know, every four to six months on the light duty fleet, the rest of their time and they can focus on the more expensive repairs.

- Okay, Ben, a question for you. These government equity leases, are there any mileage caps that come with these?

- No. The whole equation with a lease, again, like I mentioned is, it's a constant equation of what is the vehicle worth versus what is owed to satisfy the financing on the lease. So the only implication that mileage has is obviously, the more miles you drive, the less the vehicle is gonna be worth at the time of sale. But obviously with our government customers, you know, we typically see counties driving, you know, somewhere between on average, eight to 10,000 miles a year. And most of our cities drive between five and 7,000 miles a year with the light duty fleet. So with those low mileage patterns, even if you end up driving an extra 5,000 miles a year, it's still only gonna be 20 to 30,000 miles over a three to five year period. So it's not gonna make a big impact to any equity that you'd be potentially losing. And we really do focus on a set per mile operation too. So we'll be able to help show you what some of the vehicles are operating at from a set per mile basis. And that will kind of help you key in on the mileage usages and the mileage patterns as well.

- Okay. So, and again Ben, this could be for you. I mean, currently as you may assured. Does this lease agreement require any type of insurance be held in these vehicles or can we continue to remain self-insured?

- With our contracts, we do have insurance language, but with a government agency like yourself, we would have a self-insurance addendum that we can incorporate with that contract to allow you to keep yourself as a self-insured entity.

- Okay, so you don't anticipate any hidden costs that would be associated with insurance coverage.

- Nope, I mean, if anything, you could leverage Enterprise to help with those physical damage repairs if you chose. I don't know the process. We never really discussed that with our conversations prior, but Enterprise as a rental car company, we get our vehicles cracked up quite a bit. So we have very strong relationships with body shops all throughout Wisconsin. And what we can typically offer is upwards of 25% in discounts on body shop work when you factor in parts of the labor. So for our self-insured customers that comes in handy a lot in the commercial side of the business, because you know, now instead of it being a $4,000 repair, it's $2,500. So we can talk about that in some more detail, you don't have to leverage Enterprise at all on the physical damage side or the insurance side. But we do have some offerings as a part of our whole fleet management package that you may wanna consider for this segment of your fleet.

- Okay, you know, defer to staff on that conversation, I think is we're negotiating something. I think they'll be in the best position to answer that. Because especially at, you know, when it comes time to resell these vehicles, anybody who's running Kelley Blue Book value, right? You've got your excellent condition, good cohort, whatever it might be. And we're gonna get the top dollar when it's in better shape. But how the staff handles that, I'll let them sort through that piece. One of the things you mentioned, you know, that if we sold the vehicles right now, it would generate conservative estimates $362,000. Unless I misunderstood you, it sounded like you said that that Enterprise would continue to hold that money, pay off our annual lease payments until that rides out. Is that correct?

- Diana, do you wanna speak to that? Sure, thank you. We have two options. You have two options of potentially just taking the extra money, the surplus and bring it in house. However, I would wanna make sure that we maintained it or we held it on as a reserve to help pay for future lease payments. So year two, again, would almost be a wash. And so that we have that option just to maintain it and hold on to it or other option is, is they can hold it as a credit and basically apply it toward our invoices. And basically it might be a year, year and a half, two years, before we would get an actual invoice 'cause there's enough credit on the account. One thing I do wanna clarify Ben is, the very first pass of some of the some of the 45 vehicles because it's at the beginning and we have some vehicles are very, very old. There's some vehicles that we are gonna still as a city, probably take it to, sell ourselves and not have Enterprise take those vehicles. Is that correct Ben? We were going to, really the ones that are more optimal, like we have a mix of some very old vehicles, some that are not as old. And so they are gonna help us sell the ones that are really more optimal and that they can help sell at a better value because they have the bigger market. For the beginning, we will actually help sell some of those vehicles. So in that case, we will have probably some money internally that we will bring in, pay for our leases and hold any surplus. And then we, again, we have the option of either keeping the credit on an account at Enterprise or we can bring it in and again, keep it in an account reserved to help pay for future lease payments. So we're not locked in either way.

- Yeah, you know, and I think we got to look at the math, but obviously when we can hold on to that money and perhaps have it bear interest. But there are some advantages for the taxpayers to look at there, I don't know, Diana when you, or Director Ellenbecker, when you invest that funding, you know, I don't know if you put it in a mutual fund, a CD or however that works, but what kind of return you get. But I mean, a few thousand bucks is a few thousand bucks so. So you know, one thing that I'm still looking at here though, you know, when I look at the chart that talked about. Okay, so it talked about the three points of costs, which includes the depreciation, the fuel, and the maintenance. One of those things, I think when you're looking at a vehicle that's obviously fully depreciated that curve shifts a little bit, meaning that, I mean, once you're, kind of reached that point of no return, your depreciation flat lines and your curve shifts over. And I think that's an important thing to recognize. And it's partially why I'm gonna ask, is there any time sensitivity to this agreement? And let me be more specific about it. It seems to me that it might make more sense to take this up when the budget comes in front of us, which I anticipate is going to be soon. And if we can do that, I would prefer that. Because one of the things that we are doing right now is, based on the lease agreement that's out there, with the 45 vehicles in . We're taking on approximately $241,000 of payments that are currently not an obligation that we have. So I think long term, you know, the numbers make sense. If we wanna make that transition into leasing, which by the way, I am supportive of. Because you know, when I was first elected, I talked about this. And I think there's need for us to look at these options. But in the short term, when we're talking about cash flow concerns as a city, this does add $241,000 in payments that currently do not exist. And that's why I think it would make a lot of sense for us to have this dialogue, and make that final decision at least, during the budget process. So I would maybe ask if Director Ellenbecker could maybe become well.

- Yup. Because of the way the program would run, our first year's payment, you're right with about nine months with 170,000 or over 200,000 for the first year, we'll have enough surplus so that we will not only lease payments at all in 2021, we will have some turnover again, as we sell more vehicles and switch over more vehicles in 2022, we'll get some more surplus. We'll have surplus leftover from the current year. So we will not probably have or very small lease payment due in 2022. By 2023, we will probably have to start putting some money in our operational budget. So for 21 and 22, we won't need to put any lease payments, any additional operational expenses in the first two years. We had talked about maybe a recommendation that maybe by next year we start ramping up and put some money in that budget to help build the surplus so that it's not as big of a jump for 2023. Within a couple of years after that, we're gonna potentially start flipping additional vehicles. Some of these that are started now here in 21, by 24, 25, you could start flipping them. So that is why. The reason why I brought it now is one, I didn't want it to bog down the budget discussion. It really, if we move forward with it, it does not have a budget impact on our operational budget. But what it does is as we are also trying to bring a capital improvement plan forward with our budget, as these vehicles are in the capital improvement plan, we would be able to say that, "Oh, instead of looking to bond for it in 2021 "for another handful of vehicles." And one of those charts if you see, like last year we got six support vehicles, the year before we got two, I think the year before we got four. It's very small numbers that have these types of vehicles that we're replacing. Again, it's not big dollars, but it would help us plan when we put that next capital improvement together that these vehicles will be either be replaced or we can say the funding source is a lease program. So that is why I brought it now. And 'cause again, didn't wanna bog it down. And again, we don't approve this week, two weeks from now, we have another finance meeting. We just wanted to open up the door, get some feedback from you, and see if you're interested. If you had more questions, we could bring it back to you but we want to bring it. But we didn't wanna slam it all into the budget at one time. So we could have some of these discussions ahead of time. And again, if we like it, no budget impact at least for 2021. And that it would change the way we present the capital improvement plan 'cause the vehicles would completely change the way we've. Again, most of these departments asked for two vehicles a year. This would now change the vehicles that they would be looking for, for their support vehicles as they put their capital improvement together. So that's why we brought it together. Brought it to you before the budget.

- And Brian, Brian that's a good point, but also keep in mind that right now, we looked at your last 10 years of purchase history. I don't know if you guys have gone up to bonding all 10 years, but if you just look at the sheer average price of your purchases of these vehicles in this segment over the past 10 years, it's right around $200,000. So I know not every year you're budgeting for that because like Diana said, you did for last year, you did seven in the year prior, four, four, but then you had years, in 16 where you had 12, in 13 you bought 14 new ones in this segment. So we kind of looked at where your trends are and what your averages look like. And so when we looked at the last 10 years, whether you paid cash for them or whether you borrowed for them, you were right around $200,000 on average, over the past 10 years per year in this segment of your fleet. I would also factor that in too.

- Okay.

- Ald. Galvin.

- I will when you're done.

- Ald. Johnson, were you finished?

- Yeah, I'm good.

- All right, Ald. Galvin.

- This is for Director Ellenbecker. What would the savings be if we're not bonding for these vehicles and paying the interest? I mean, I understand that if we're not bonding, okay, that's $200,000 a year, but it sounds like that'll be just about a wash once our savings of the vehicles we sell spreads out. But what would the savings be over the lifetime of these 10 year bonds that we've been taking out? If you don't have the numbers, that's fine. If you wanna put that together for the next meeting or presentation or send it to us later on, what I mean, is it appreciable or is it like a drop in the bucket stuff?

- I took one example actually in 2020 we bonded for, we took out a 10 year note on three inspection vehicles. In that case, it was $90,000. And the interest on the $90,000 will be $11,180. And so if you divide that by, you know, it's really came out to about $232 a month, we were paying for an interest for those three vehicles over the next 10 years. So, you know, it's just something to, yeah I mean, there is that cost of interest. And I could extrapolate it, I don't have the numbers in front of me, but there is truly a--

- And that's fine. I mean, I can kind of spread that all over a hundred and some vehicles. And although we're looking at parks and DPW, let's be honest, the fire department and the police department have vehicles, not squad cars. They have vehicles for detectives, for supervisors that are not supposed to be out there going around corners on two wheels and that kind of stuff. And the same thing with the fire department. I guess I'd be interested in looking at that also. 'Cause I do know that we for some of those cars or we use old squad cars that are literally beat the hell for those people to use, which is not safe, it's not fuel efficient. And the mechanics are spending a lot of time keeping them running. I guess I would ask that we look at that going forward also.

- Yeah, I think at some point we really took a pilot test and at some point we just looked at DPW, we looked at parks and then again, three in some inspection vehicles came in. This is definitely a pilot program. We certainly could add other vehicles to it that, you know, when we work with Ben on what makes sense and what does it make sense. Certainly any support vehicles for other departments could be added to this list. This is one of the first pass when we kind of worked with DPW, and basically in the system that they had, we pulled out these vehicles and did the analysis on it. It wasn't a complete analysis. It really was a pilot program to see if it was something that was even gonna pan out. And as we started moving forward, we decided, you know, this would be your number one. And then of course, as Ben said, There's an annual review on this program. What's working, what's not, what vehicles maybe we won't replace, which vehicles should be added to the list and consider another option that Ben also has if for some reason, the city has vehicles that are only used very seasonally, which of course we have some seasonal programs. They also have a program that could be used where basically we could have a vehicle on a seasonal basis. So while we're paying for the months in which we use it and then we wouldn't have to store it and keep it. So that's another program we'll look at. Any vehicles that could be seasonal. That's another way as Ben had said, that's another way of saving some money. And really only again, using the vehicles as needed.

- And those and those seasonal vehicles, if we do pickup trucks, whether they're half tons, three quarter tons or of one tons, those would actually be revenue generators for you. Meaning that you would make your six to eight months of monthly payment through Enterprise. We go and sell that truck for you. And we're gonna sell that truck for more money than what you paid in lease payments over your six to eight months of period. So great opportunity there. Yeah, PD something that we can look at certainly in budget year 22, or even if you have a budget number that's finalized for 21 and you wanna hold off until spring, you know, assuming we already placed the orders right away in January for DPW and parks, you know, we could start looking at PD or fire, you know, as soon as March, April, whenever you guys feel comfortable or we feel like we have a good grasp on the first 45 vehicles being ordered. There's really no time, you know, restrictions with Enterprise. We're able to add and subtract vehicles whenever you guys really need to or want to.

- Well absolutely. And I think for director Ellenbecker, if we're not rotating squads to be used by detectives or civilian employees, we can certainly get a higher resale value when we put those squad cars out on the market for sale.

- Yeah, you gain your resale value back with your squads. You don't use squads that you shouldn't be when you're hanging on to them for too long. And then if you have instances where you can use civilian vehicles kind of a strategy to what I mentioned with the seasonal use of trucks. If you can put detectives or whoever you have, or from the admin staff in pickup trucks or vehicles that really hold their resale value well, 'cause we know squads don't really, you know, you could start running situations where if you wanted to, you could flip them every year. If you wanted a new look, you know, for a detective every two years, every three years, depending on, you know, what kind of up fitting your putting on those trucks. But you know, we pretty much know that we can lease you a vehicle for a year or two and probably sell that vehicle for more than what you paid for it two to three years ago.

- All right, thank you.

- Any other Alders, that would like to speak to this?

- One question Ald. Dorff.

- Yes go ahead Ald. Johnson.

- If director Ellenbecker could speak to, we had three plans in front of us. I think plan A is the one that's been highlighted, which obviously cost for us to contract the largest quantity of vehicles at 45. Plan B was 35 vehicles, plan C 20 vehicles. Could you just speak to the difference between those and what staff is recommending?

- Sure. Obviously, Ben put together three different plans for us to try and analyze, because we are looking at a fleet of 140 vehicles. If we decided to go with, let's say the only 20 vehicles, the plan, and you know, as Ben has already explained, I mean, it really works well. And if you're replacing them every three to five years, if we have 140 vehicles. When we only go live the first year with 20 vehicles, the plan, and we're not gonna be able to replace them. And we're not actually going to be able to, we won't get through all the fleet by the time it's time to start flipping vehicles. We were looking at the first year if we went with the 45, and I think, I don't remember if the potential was to go around 20. We did talk about, you know, maybe next year how many we would go through. So what happens is if again, if we go with less vehicles, we actually won't rotate through them all to actually get all new vehicles in the first four to five years before we start flipping the vehicles. And so that's why we recommended, if we're gonna do this trial test, do this test at least get moving forward with the largest chunk at the beginning. Again, no budget impact the first years. There will potentials of budget impact by year three, but that was our recommendation to get this program really off running and really to test the program, to get, you know, good portion of our vehicles still. What is it? 40 out of 140. We're still only not replacing even a third of the vehicles.

- Okay, thank you.

- Any other Alders? Anyone else like to speak?

- Can I add one more point? And you know of course, Ben had certainly given us many references and, we included the Wausau recommendation or reference. But I also had talked to some other, reached out to some other municipalities that have this program. And so I got a very good reference from the City of Manitowoc. Of course, Steve Carvelle, who's the finance director there. Their fleet is about 50 vehicles. So again, we're only about a third their size. But they had a lot of good things to say about it. They're in their first year of flipping, they started their vehicles in 2017. And you know, all the things we talked about, they are really in the same place where they were bonding for their vehicles. You know, at this point, you know, you don't have to take out any geo data on these. If you can't afford it, you always the option to turn it back in. I'm just reading some of the notes in which he said, you know, he talked about how much they're saving per month on their maintenance. You know, you don't have to worry about your vehicles. You know, again, what one thing he said, that really was a big thing for Manitowoc 'cause of course they hung onto every last vehicle till it died. And so what happens is they had many people that were put in vehicles that really wasn't the right, it really wasn't the right vehicle for the job they needed to do. But you know, you have the fleet, so you have to grab one of them that's sitting on the parking lot, and they would have to use a vehicle that maybe wasn't necessarily the right vehicle for the job. So this gets them in the right vehicle, do the right job. So it was just something that I wanted to share that we did have a very strong reference from City of Manitowoc.

- Thank you. I can see, Oh, go ahead Ald. Johnson.

- Well, Ald. Dorff, I was just gonna say that, like I said, I've long supported, at least having us look into this, seeing the numbers in front of us, it makes me very comfortable with this recommendation. One of the biggest upsides, at least for me, is that it gets us out of bonding for what I think should be bonding for items that should be coming out of our levy. And so I liked that transition. So, I mean, with that, Ald. Dorff, I don't know if, I mean, if you've got additional things to say, but I was gonna make a motion that we proceed with option A or plan A.

- Awesome, I thought you wanted to hold it. So I was going to say, "Boy, I love it, "but Ald. Johnson seems to wanna hold it a little bit." But boy, go with that motion. I'm on board.

- I have more questions, I'll get them answered before the council meeting.

- I'll second this.

- All right Ald., seconded by Ald. Galvin, Any further discussion? So the motion is to go with plan A and I certainly agree with that. All those in favor, say aye.

- [Alders] Aye. Posed, motion carries. Thank you.

- All right, Director Ellenbecker and Ben thanks so much. This has really been informative and an eye opening and I'm hoping we will move.

- Amazing.

- Forward with this.

- Thank you so much.

- Yeah. Yeah, we're excited to work with, there's a lot of opportunity for us to help. So glad you guys are excited.

- And just a reminder, we had a lot of support from all the departments and the department heads, you know, really they spent a lot of time looking through their fleet and working on this program to make sure that this was something that really was gonna work for them. So we had a lot of support from staff.

- Thank you, staff for this good work. This is sounds great. All right. Ready for item number two under regular business and update with possible action on the status of the 2020 City of Green Bay budget, including impacts and changes caused by the COVID-19 pandemic. Put to Director Ellenbecker.

- Okay, really what I have is really also is included in your packet. This is same information that was shared with the mayor who also took it to a public forum to talk about where the city is and where they think they're gonna end the year. I'm not gonna talk through all the numbers. I just wanna talk to the document at this point. The general fund may experience up to $1.6 million worth of shortfall in revenues. But we're also gonna have reduction in expenses. So we're seeing that on both sides, you know, some of the largest drivers of revenue, we're gonna be short on hotel room tax. We're gonna be short on liquor license. 'Cause the council, we intentionally made a decision to reduce the fees. We are seeing reduction in some alarm permits. We are seeing reduction in citations. We are seeing reduction in park rentals and admissions, but again, that's where you're seeing the savings on the expense side. And a large drop in the interest rates. So we are seeing a reduction in interest compared to how we budget it. So it could be a tune of $1.6 million. But then we also go through and we have savings from park programs of over eight to $900,000. We intentionally have brought down, as people weren't traveling. We intentionally asked them not to travel. And so we froze some of the budget. We had think that's worth 90 to 100,000. We also took a reduction in supplies, that's to about tune of $1.1 million. So we still think revenues less savings and expenses, we may still be short about a half a million dollars. But then what happens? We have other opportunities. Transit receive some CARES money. And because of the way they were able to give that back to the municipalities, we do believe we will be getting $200,000 from transit to help offset our shortfall. We did delay some hiring and some delays. At this point, it's probably to the tune of about 35,000. We have opportunity of using contingency if needed of about 70,000. We also have a group program that was approved in 2020, but was not in our budget. That's a $75,000 revenue. We settled a fire contract, which ended up being $170,000 savings from what was budgeted to what the contract was settled at, and due to the percent and due to the timing and when they will get their next increase. We also have a reduction in some overtime. So that's to the tune of about 600,000. So at this point, we're very confident based on the projections that we have at this moment that we will be able to overcome our shortfall and coming close to budget for the 2020 for the general fund.

- Nice job.

- I have information on the other divisions, any questions on the general fund at this time?

- Ald. Johnson.

- Thank you Ald. Dorff. Just a couple of questions, Director Ellenbecker, on this particular spreadsheet, it says revised budget. Could you please speak to that? When did the budget get revised?

- Okay, what happens is every once in a while, we will bring through a budget amendment in some cases. And some come through council and some do not. In many cases, there's a thing, like let's say if we did a special event, not many this year, but if we had a special event and we did not budget for the revenue, or we did budget for the expense, that would be a revised budget. Because if let's say the police in consideration, let's say they spend $10,000 in overtime, but they charge back 10,000 to the special event. Their expenses now are over 10,000, but their revenues are 10,000. That's called a budget amendment. So it increases their budget on both sides of the revenue and expenses. So it just follows the actuals. So that is one example when you would have a revised budget. I could put it out there. At this point, I think we probably only have a hundred thousand dollars worth of revised items I could verify.

- So are those provisions neutral?

- They would be, yes they are neutral. And the other thing is, if we also have a contingency transfer. So again, if let's say the law department had $20,000 worth of expenses for litigation and we moved it, all it does it that moves it out of the miscellaneous budget. It transfers $20,000 into their budget so that, their expenses now match what we gave them as a revised budget. So that doesn't look like they've gone over 'cause the council has approved this contingency transfer. So again, these are all transfers amendments that are neutral.

- Okay, and so when we look at the CARES funding, the 1.7 million in particular, although I'd actually like you to touch on the transit CARES funding as well. Have we properly identified qualifying expenses for that funding? And I know that the 1.7 is not being used to balance this, but I'm just hoping you could speak to that.

- Correct, actually the 1.7 has actually been kind of pulled out of this whole analysis. And the reason why I say that is the 1.7 is supposed to cover any expenses that were up and above things that were not budgeted for. So what I have shown you is all things that were budgeted for. The 1.7 again, is increased wages, supplies. If we bought additional equipment, you know, anything that have gone up and above any leave time that was driven by COVID. So in our system, we have coded anything specific to a project number. The revenue has gone in and all expenses that are related to COVID-19 have been attached to it, as we apply for grants and is we will receive it in, we will be offsetting those expenses. So again, the COVID expenses should all be unbudgeted. So it would all be additional expenses. So that is not really taken into consideration. The assumption is, all COVID expenses will be covered with that $1.7 million CARES money. We also have the opportunity to potentially drawing down some FEMA money. And then on the transit side, transit received a very large CARES fund, CARES grant. And what they were able to do was to offset a large portion of their expenditures for 2020. And because they reduce the expenditures as they have to balance the budget with the different municipalities, this will give a break to all municipalities on the amount that they will owe for 2020. So their budget for last year was 1.6 million. Based on the savings, they think that there is at least, you know, $200,000 that the City of Green Bay will benefit from this CARES money.

- So that $200,000 is verified.

- Correct.

- Okay. What is GERP, I might be the only one who doesn't know what GERP is?

- Probably, because they explain it every year, but you'll get it.

- I don't remember what the term stands for. I know Ald. Galvin would, but however, that is our police program, it was a software program that was built internally by the City of Green Bay. And then we have now, we have done contracts out with, now this was Brown County. We settled a contract with Brown County and they're using the program that was built internally. And so that is now $75,000. It's a net number. We have some expenses and we have revenues, but there is a net of 75,000 additional dollars that will be coming in and on an annual basis, for this program where Brown County is now using the software that was built internally.

- Okay, and I do remember that. I just didn't realize that was the name of the actual software program. Okay, and then when we talked about Bay Beach, and the losses from Bay Beach, how are we closing that gap?

- I'm looking, Mister Ditscheit, Director Ditscheit, are you still on the line? Dan, if you wanna jump right in or I can, yeah I'll let you start.

- Sure, you know, in general, we'll have about a $1.5 million shortage from our budget. Out of that, about 600,000 of that, a little bit less was anticipated extra revenue that was supposed to go towards other projects for next season for capital improvement. So, because we didn't make that money, it just means we're not gonna be setting that $600,000 aside for other projects next year. So that puts us at about a shortage of about 900,000. And then with that 900,000, we do have a reserve from previous revenues at Bay Beach. We don't have quite 900,000 in that account. So we're gonna be a little bit short this year, but the bulk of that 900,000 will be made up out of that reserve account. And then I'll have to have a conversation with Director Ellenbecker to see how we deal with the shortage. And I would assume it'd be about a $200,000 shortage when it's all said and done. But we're still finalizing our numbers and I don't have the exact dollar amount for you at this time.

- Okay, and I appreciate that explanation Director Ditscheit but you know, to me when I'm looking at these shortfalls and we're showing a 2020 projection of ending with a surplus of 50,000, it seems a little bit disingenuous to not include the numbers for Bay Beach. Because now that means that we're going to have to forego those future investments. So I just think in the spirit of transparency, those numbers absolutely ought to be part of this dialogue.

- But isn't that a separate account? Isn't Bay Beach completely separate account from the city budget? Is that way it's not like that? Help me understand that.

- Correct, that is considered a special revenue account. And so when that was set up back in 2011 as a special revenue account. Correct, that was a, division that was to be self-supportive. And so they would pay for all the revenues come in would be able to reinvest in the expenses. Again, when the day is over the city probably would or could be on the hook for that difference. But at this point, it is certainly a special revenue account that we would want to use any reserves, any additional money that they would have. It may not allow for additional improvements into that beach or into the park for a year or two, because of the shortfalls. As a director Ditscheit did say though, we are either this week or next week, we were going to be sitting down trying to see what other opportunities we have to try to discuss Bay Beach funding. We just have not sat down to talk about it yet.

- Okay, and I appreciate that it is a special revenue account and I'm aware of that. However, you know, if we deplete the savings that we have over there, the bond payments don't stop, correct? I mean, we still have debt service that we need to make over there, that if Bay Beach revenue isn't able to do that, that I presume that, that service payment then would have to come from the levy, correct?

- Those budget numbers that we put together saying there's a shortage of about 1.5 million, those bond payments are taken into account in that projection.

- Okay, so moving forward though, it's just something that I think we need to be aware of, that if you know, the effects of the pandemic, you know, continue to linger into next year, and I'm sure they will, that at least we're thinking about that in the backs of our mind. Okay, and as far as the other, whether you call them special revenue or Enterprise, like the transit and utility. I mean, nothing there Director Ellenbecker, you're seeing in terms of, I mean, obviously it looks like parking division, I mean, has cut down a lot of their expenses, but I presume that that's, I mean, that that's just maintenance that we're forgoing. And the reason I'm bringing this up is because of what I'm trying to understand is, are there potential future impacts that we need to be thinking about? And then Bay Beach is a perfect example of one of those where we may need to forego the investment in new rides for the next couple of years. Are we seeing something similar in those other funds?

- Yeah, parking division again is separate. And at this point, they're in the same situation as some of the money that they expected to move over, their revenues to move over for capital projects, potentially is now going to be limited this year. And again, they have also reduced their expenses this year to try to offset their budget shortfall.

- Okay, and then ultimately, are you looking for us to take some sort of action on this? Or is this really just an update?

- This is really an update, unless you were going to give me some direction or something that you were expecting, you know, staff to take. But really it's an update.

- Okay, and the reason I bring that up is because, I mean, I know that you've got the contingency account $70,000. I mean, you know, until council makes the decision to move that money over. I don't think that we should be depending on that to balance the shortfalls. Because we don't, I mean, the purpose of the contingency fund is to have something available if an emergency comes up and we don't know what could potentially happen between now and the end of the year. I would dissuade us from relying on that until council makes a decision that signals to you and the rest of the staff, that it can be used for that purpose. So again, because it's just a report, I'm just sharing that as feedback. But otherwise I thank you for the work that you've put into this. It really, I think helps shed a good light on kind of what our situation looks like.

- Any other discussion? Would you like a motion to approve or receive in place on file? What works for you Director?

- Since there's no changes at this point, some recommendations, but no changes, I would say receive in place on file.

- Okay, I'll entertain that motion.

- Moved.

- Ald. Galvin, seconded by Ald. Johnson. Any further discussion? Hearing none, all those in favor, say aye,

- [Ald.s] Aye. Opposed, nay? Motion carries. All right. So we are on to the contingency account.

- As of right now, it's $93,000. The item that has also been approved, but has not been taken out yet is the tornado over by Lambeau. We're waiting to get the final, final numbers after install. And so we had a quote that information was shared at council, but we wanna make sure that that is a hundred percent, and then we'll report back out when we have the final numbers after that tornado siren has been installed.

- Thank you. And the next finance committee will be held Tuesday, September 22nd at 4:30 p.m. I'll entertain a motion to adjourn before personnel.

- Moved.

- Second.

- Second, all those in favor say aye.

- Aye.

- Aye, posed motion carries.