

City of Coral Gables City Commission Meeting
Agenda Item C-8
October 27, 2009
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Donald D. Slesnick, II
Vice Mayor William H. Kerdyk, Jr.
Commissioner Maria Anderson
Commissioner Rafael “Ralph” Cabrera, Jr.
Commissioner Wayne “Chip” Withers

City Staff

City Manager, Patrick Salerno
City Attorney, Elizabeth Hernandez
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Chief Procurement Officer, Michael Pounds
Automotive Director, Steve Riley

Public Speaker(s)

C-8 [Start: 10:32:49 a.m.]

Resolution accepting the recommendation of the Chief Procurement Officer pursuant to Section 2-583 to waive the requirements of the Procurement Code, authorizing the purchase of two (2) trolleys; and further authorizing an appropriation of funds for said purchase.

Mayor Slesnick: Mr. Manager you have two more items, C-8.

City Manager Salerno: Yes Mayor. Mayor, I'm looking for Don Nelson as the Department Director for those two items, but I'll start with Item C-8.

Mayor Slesnick: Item C-8 and C-9.

City Manager Salerno: Right. C-8 is a resolution accepting the recommendation of the Chief Procurement Officer pursuant to Section 2-583, to waive the requirements of the Procurement Code, authorizing the purchase of two (2) trolleys; and further authorizing an appropriation of funds for said purchase. In your revised agenda that was passed out, you have a revised item for C-9, and Michael in the absence of Don just brief the Commission on this.

Mr. Pounds: The City has an opportunity to purchase two used trolleys; they are 2002 models from Specialty Vehicles Inc. These trolleys have been inspected by the Automotive Director, who has found both trolleys to be in sound mechanical condition with replacement or rebuilt major components, with low mileage. The bodies of the trolleys have been found to be in above

average condition. The trolley division currently operates two hybrid trolleys; the hybrids have been shown to be more costly to maintain and repair than diesel powered trolleys. One of the two hybrids in operation currently requires extensive repairs and replacement parts. In addition one of the current diesel trolleys would be fifteen years old in the near future. It appears that Miami-Dade County ordinance prohibits the use of passenger motor carrier vehicles beyond the age of fifteen years. The City Commission may waive any requirements of the City Procurement Code pursuant to Section 2-583 upon a four-fifth vote, where it finds such waiver to be necessary in order to proceed with a contract in the best interest of the City. The Procurement Code is requested to be waived pursuant to Section 2-583 to allow for the purchase of two trolleys to ensure the continuous operation of trolley services to the public, and the Chief Procurement Officer requests the City Commission finds the City has the opportunity to purchase two used vehicles at acceptable pricing which will allow the City to maintain continuous and reliable service. An appropriation of \$70,000 is also recommended to be authorized for the purchase of two trolleys from the trolley transportation fund.

Commissioner Withers: Do you need a motion?

City Manager Salerno: Yes, we need a fourth-fifth vote on that; we are waiting on the Mayor, he stepped out for a second.

Commissioner Withers: So what will you do with the hybrid?

Mr. Pounds: Steve may have a better answer for you; I think they use them for parts for the other hybrids.

City Manager Salerno: Right – that's correct.

Commissioner Withers: Can the body once it's been ravaged, can you keep the body? As I remember those were aluminum bodies that would last forever, or something like that, weren't they?

Steve Riley: The bodies from the hybrids, you are talking about the hybrids...

Commissioner Withers: That's what I mean.

Mr. Riley: The bodies from the hybrids are in very good condition, unfortunately the major component was failing; the turbines and the battery packs; the hybrids cannot be reconverted to a diesel configuration

Commissioner Withers: You can't convert those?

Mr. Riley: No.

Mr. Riley: And it should be noted that to repair the one that is currently failing exceeds the cost, projected to exceed the cost of the purchase of the two used trolleys.

Commissioner Withers: Does the body of the hybrid fit a chasse of a diesel?- I remember when we bought these that one of the real positives was that the body would last forever, and ever, and ever, and so; if we are going to totally ravage parts on these and we end up with a chasse and a body, is there anyway to at least keep the body?- I don't know.

Mr. Riley: The body is configured around the hybrid in a chasse, all the drive components are electrical so it wouldn't be really cost effective to try and convert it or save the bodies.

Commissioner Withers: Hard to do.

Commissioner Withers: OK.

Mayor Slesnick: Could do a diner.

Commissioner Withers: That's not a bad idea. If not, it could move outside of the City of Coral Gables.

Mayor Slesnick: You'll move it?

Commissioner Withers: Yes, I'll move C-8, the acquisition...

Mayor Slesnick: Mr. Withers moves, do I have a second?

Vice Mayor Kerdyk: I'll second it.

Mayor Slesnick: Mr. Kerdyk seconds. Mr. Cabrera.

Commissioner Cabrera: Yes, I'd like to ask a few questions regarding this. So, I'm assuming that the reason we are buying these two used trolleys is because the existing trolleys that we – the first generation trolleys were simply not (a) cost effective; and (b) literally obsolete, so we are going to purchase used trolleys at a savings to replace current fleet.

City Manager Salerno: If I can expand on that; that's generally correct. The hybrids, they have found have been costly to maintain, in fact as Steve mentioned a moment ago, there is a on one of the two remaining operational hybrids, the turban is about to go, and the batteries are about to go, which he specifically is pointing out that cost to replace those approaches the cost to purchase these two new, excuse me, these two used vehicles. As you recall when we did the Mid-Year adjustment several months ago, there was a discussion, I believe at that time, there was discussion about the high cost of maintaining the hybrids, and this will take the hybrids off of the front line and put the one decent hybrid that is still operational and reliable, I should say, reliable, as a back-up and that would be until January of 2010 when the requirement that Michael explained, a County requirement, that vehicles fifteen years or older be set aside. We are attempting to request from the County an exception to that policy at their suggestion that we requested...

Commissioner Cabrera: For these new old vehicles, right?

City Manager Salerno: Excuse me?

Commissioner Cabrera: For these new old vehicles.

City Manager Salerno: No. These used vehicles are 2002 models; we have a fifteen year old diesel on front line service today that come January would have to come off...

Commissioner Cabrera: And that's because we purchased another used vehicle somewhere else; the program has not been around for fifteen years.

City Manager Salerno: I don't know the nature of when that vehicle was purchased...

Commissioner Cabrera: I'm telling you, I'm telling you; we bought it afterwards because we realized that the first generation was a bad purchase, we didn't get that one right either.

City Manager Salerno: So it hadn't been in service that long.

Commissioner Cabrera: Right, right.

City Manager Salerno: This doesn't affect the fact that we have funds, Federal and State funds to purchase two new trolleys with those funds. So that effort is ongoing, and we will be improving the quality of the fleet and the reliability of the fleet, but the procurement for that and the lead time for manufacturing delivery is quite considerable.

Commissioner Cabrera: Alright, so I appreciate the explanation on the rationale for the purchase of these trolleys. My next question has to do with Trolley/Transportation Fund Account number 360-1580-544-64-10. We have the money in that account in order to make the purchase of these trolleys?

City Manager Salerno: Yes. When the budget was proposed to you, it was calling for a transfer into the trolley fund...

Commissioner Cabrera: From where?

City Manager Salerno: ...from the General Fund, of approximately \$166,000. At that particular time this was not anticipated, the purchase of these vehicles was not anticipated when the budget was beginning to be prepared back a number of months ago. We subsequently, during the last several weeks, have looked at and studied what was occurring within the trolley operation, and why were they exceeding their budget by a significant amount each year; and determined that the department simply under-budgeting the expenditures on a regular basis to the tune of a couple of hundred thousand dollars a year. So the budget was not representative of the real cost, and in order to put things in line, as you know we've made adjustments to the trolley schedule, where we are reducing hours, have already done so in areas that we could most afford to do it, made the most sense without sacrificing the quality of the operation. So we have pared down the operating hours to bring the budget in line with real expenditures. We did that to the extent that where

before we had approximately \$166,000 as a transfer, to cover the fact that expenditures were always coming in above what the budget was; we reduced the expenditures on the service side, saved the \$166,000, that \$166,000 is still there; so when the need came about for the \$70,000 for these vehicles, we already had the funds in place. So we've already made adjustments to the way the trolley service operates as you know, with the adoption of the budget, the trolley operation has transferred from Public Works to the Parking Department; and we think that was necessary as an example as you can see, when you are routinely overspending your budget, and under-budgeting, we needed to make a change in direction of that operation. We've done so, Kevin is getting familiar with that operation, so we are not adding any dollars to the budget to accomplish this, it was all taken in account through our overall looking at the service level, reducing services on the fringe where we didn't find it to be really cost effective for the service levels, and saved enough money there to actually...so when this situation arose not have to come back and ask for additional funds, we had it within the fund already.

Commissioner Cabrera: At the same time though we are sustaining this, or subsidizing this with General Fund dollars...

City Manager Salerno: Yes sir.

Commissioner Cabrera: I heard you say that...

City Manager Salerno: Yes.

Commissioner Cabrera: I've also heard last year we incurred \$75,000 in vandalism expenses alone.

City Manager Salerno: Those have been – you did, and we instituted a video security system on the buses, and we have been able, therefore, to reduce the additional security requirements on the buses themselves, we should not have that recurring. Kevin have you heard of any recent vandalism?

Commissioner Cabrera: No, I'm not interested in having that conversation; I'm just mentioning what we have spent, I'm looking at it from a financial standpoint, not from a practical standpoint. You know, I heard you also say you're cutting out, I read in E-NEWS in fact that hours would be cut.

City Manager Salerno: They have been sir.

Commissioner Cabrera: So the big picture issue here is when we approve this project back, remember Gables High...

Commissioner Anderson: '02.

Commissioner Cabrera: Thank you ma'am; 2002 December, we supported this project to the best of my recollection, and to the best of my experience, its not been sustainable; its been an unsustainable project, and its been unsustainable for a number of reasons; excellent ridership has

exceeded all projections, at the same time we've had less than the projected amount in the half-penny sales tax given to the City, and that's a known fact, and at the same time we have members of the Miami-Dade County Commission that want to get rid of the half-penny sales tax. So I just have a problem with supporting an unsustainable project; and give you the last comment is, I'm well aware of the fact, or at least aware of some of the issues that's going on with the advertising, that's been a terrible dysfunctional experience because from what I gather, the people that we contracted with, as much as I wanted to support them, and as much as I wanted them to be successful, they haven't been successful because they are not paying us what they are supposed to pay us according to the agreement. So as I look around, yeah, it's a pretty trolley; yeah, it gets a lot of ridership, mostly low wage earners and students, but I sit down with residents day in and day out in this City, and I ask when was the last time you rode our trolley? Yesterday morning I sat down with three residents, they have never ridden our trolley. So I have a problem supporting a venture that continues to cost us money. So I won't be supporting this.

Commissioner Withers: May I ask you a question. I know the hybrids have been the reason why – well let me back up, Ralph, about a month ago I asked the City Manager to give me a breakdown over the past couple of years as to what the operation is costing us beyond the half-penny sales tax, and you're right historically, and correct me if I'm wrong, but its somewhere between \$110,000-\$150,000-\$160,000 a year, is what I remember the number to be, so you are right. We are having to subsidize the trolley in that amount; and so here's my question to the City Manager, now that we are slowly weaning ourselves of these hybrids, what does that do to our projected maintenance cost? - and what will that do now to making this supported by the half-penny sales tax?

City Manager Salerno: Well that's the direction we are certainly going in; both the replacement of the hybrids with diesel vehicles will significantly reduce our cost; adjusting the schedule as we've done will have a significant effect on operating cost; those two issues and also the new approach to maintaining those vehicles as well. All three of those issues are going to have a positive effect. I think we are going to need to wait and see how the year plays out as to how much impact that is, but I expect that to be significant with respect to holding costs down. The most important thing, forgetting the fact that we've taken three significant initiatives to make this a going concern, the most important thing is that we now know why it was going in the hole every year, hadn't been ever recognized; it was budgeted to go into the hole; and you can't solve a problem unless you recognize it. Now we recognize, we know its been happening in large part, the fact that, that had been going on, Kevin knows we are not going to be doing mystery budgeting around here, we are going to do the real cost budgeting; and when we find out issues we are going to address them, that's why in part we moved the trolley operation from where it was to a different operation to provide that additional management oversight, but as I said, the most important thing is we now know why it was happening; I don't believe the Commission knew why it was happening; some staff perhaps knew it was happening, but I don't believe management knew what was going on; now that we do, we've taken three significant steps in the last...but with the steps today to make a big dent in that issue and get it on an even playing field.

Commissioner Anderson: One of the things I'd love to see now that we've gotten some of the issues identified as far as the budgeting, correct budgeting, and projections; I'd like a comprehensive report be given to the Commission at a Commission meeting, talking not only

about what we've done in order to bring operating costs in, but talk about vision – why should we keep the trolley? - I mean it in a good sense. I have had some issues in the past about the cost that we've expended because of the General Funds, but I also see that the trolley has some benefits to some type of economic development issues that, North Ponce is a little more further developed it might be helpful, and I'm willing to kind of today understand that this is a necessity because if not we will not be able to run it. So I'm willing to support it today, but I really would like a real broad comprehensive look at where we are and where we want to go, because its important, its an important project that we've invested a lot of time and effort and money, and I'd like to see where we are heading; and if need be, support it, I think it's a good thing for many reasons. I myself don't ride it, I use my non-hybrid Honda to drive around, but I know a lot of people in that North Ponce area would benefit from it, and will benefit as that area becomes much more business and multi-family areas of high-rise. So if you could put that on an agenda as soon as you can, as soon as it's feasible that a good report is ready; vision and costs and all the things inter-related. Thank you.

Vice Mayor Kerdyk: Let me just say one thing. I agree with Commissioner Anderson, I think we need to look at it from a holistic perspective too; I just wanted to add a couple little quick items. I guess when you look back at it and you think, well should we have bought the hybrids; at that point it was the best thing since slice bread. We thought about it from a disability standpoint, we thought about it from a perspective of enhancing the quality of air around us because it was going to be run not solely on gas but on battery; and probably the most important thing is, we got the \$1.4 million dollars from Miami-Dade County to buy those vehicles, and let me tell you, I heard from many municipalities that were saying, how did you get \$1.4 million from the County, so we did get that; and subsequent to that we probably raised another \$2 million dollars to buy additional vehicles, which I think you referenced in your conversation that we have two that are coming, and unfortunately we cannot buy these on an expeditious basis, or we wouldn't be purchasing \$70,000 worth of trolleys today. The ridership – I have not looked and drilled down on the ridership of who is riding it recently, but I do know that I've talked with several people and whether they are residents of the City of Coral Gables, or if they are residents of our business community, they talk to me quite frequently about how important the trolley is for the quality of life for them to enjoy in the City of Coral Gables. We just need to be mindful of one other thing; you talk about budgets, and I agree with staying inside the budget, the half-penny sales tax, I am whole-heartedly supportive of that; I've gotten past my issues of other things, I want to make sure that this is a long term perspective, and I understand where we need to go in the City of Coral Gables, but we also, as I mentioned, we have to be mindful of what this brings to our downtown business area. You know, frees up as per a study that was commissioned by this Board here, frees up seven hundred (700) parking spaces a day. Now listen, if we want to go build those seven hundred parking spaces, Kevin, \$20,000 a space, that's \$21 million dollars worth of a parking garage that you would have to build. It takes off at a lower number when we last did this survey, I think the trolley was producing 3,000 persons a day, and at that 3,000 level, now its up to 5,000 or 6,000, we were saving one point two million miles of roadway congestion of cars going up and down the streets of the City of Coral Gables. So it does provide us benefits, it also provides us benefits from an economic perspective as Commissioner Anderson mentioned, it allows us to recruit companies into the City of Coral Gables, and believe me we need as much help as possible in this economy. It allows people to, you know, secretaries, managers, whatever to come to our Metro Rail Station, get off the Metro Rail from any place in

Dade County, be picked up by the trolley, and then shuttle down Ponce de Leon to their area of business, that's all very positive situations; but I do concur, I think we should look at it from a holistic perspective, but I did wanted to say those words. Thank you.

Mayor Slesnick: Any further discussion? Mr. Clerk did we have a motion and a second?

City Clerk Foeman: Yes Mr. Mayor.

Mayor Slesnick: Would you please call the roll then.

Commissioner Anderson: Yes

Commissioner Cabrera: No

Vice Mayor Kerdyk: Yes

Commissioner Withers: Yes

Mayor Slesnick: Yes

(Vote: 4-1)

[End: 10:56:07 a.m.]