

TO: Mayor and City Council  
FROM: David Chanski, City Administrator/Clerk  
RE: Ladder Truck Joint Powers Agreement  
DATE: January 2, 2024

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### **Background**

At the City Council meeting on November 6, 2023, the City Council agreed to be the bonding entity for the ladder truck purchase for the Pequot Lakes Fire District and directed staff to have a Joint Powers Agreement (JPA) for the purchase developed. Additionally, the City Council directed that the JPA include a cash financing option.

### **Joint Powers Agreements**

The City Attorney drafted the attached Joint Powers Agreement, which is between the City of Breezy Point, the City of Pequot Lakes, and the Pequot Lakes Fire District. In addition to the bond financing option, a cash financing option is also included. With this option, the City of Breezy Point would pay cash for the ladder truck and then be reimbursed annually by the Fire District over the course of 10 years (the same length as a bond) at a 3% interest rate.

While the City would accrue approximately \$243,000 in interest over 10 years, staff does not recommend this option as it would take \$1.4 million from the City's reserves, which would negatively affect the City's ability to complete other projects such as city hall, Buschmann Road, and other significant project down the road (e.g. streets plan implementation, CIP implementation, etc.).

The decision to bond or go the cash financing route does not need to be made immediately.

### **Reimbursement Resolution**

Should the City Council decided to bond for the purchase of the ladder truck, the attached resolution must be adopted so that the City may issue a bond at a later date.

### **Council Action**

Staff recommends that the City Council approved the attached Joint Powers Agreement, authorize staff to cut the check for the purchase of the ladder track upon approval of the Joint Powers Agreement by the City of Pequot Lakes and the Pequot Lakes Fire District, and adopt Resolution 06-2024, a resolution declaring the official intent of the City of Breezy Point to reimburse certain capital expenditures of a project from the proceed of tax-exempt bonds.