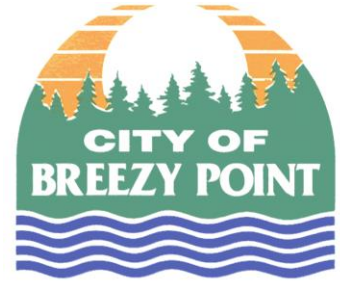


TO: Mayor and City Council
FROM: David Chanski, City Administrator
RE: PLFD Ladder Truck Purchase
DATE: November 6, 2023



Background

Earlier this year, the Pequot Lakes Fire District Joint Powers Board approved a new Capital Improvement Plan for the District. The cost to implement this new plan will be integrated into service contracts starting in 2024 and, as a result, has been included in the Preliminary 2024 Budget.

The first item on the CIP is the purchase of a ladder truck. While more expensive than any other piece of equipment, this truck would not only eventually replace two pieces of equipment (a fire engine and a tender) but also give the District the ability to provide greater fire protection to existing larger buildings that ground ladders cannot adequately access as well as future buildings. This truck also contains a water pump that is more powerful than any other pump currently in use by the District.

In a special meeting on August 18, the Joint Powers Board unanimously approved the purchase of the attached ladder truck. The Board voted to move forward with this purchase as that truck was already being assembled and, therefore, would end up saving the Districts hundreds of thousands of dollars over ordering a truck in the future. Additionally, after reviewing the specifications of this truck, Fire Chief Mike Schwankl determined that it met all the District's specifications. Fire Chief Schwankl also determined that there were no unnecessary additions to the truck that would increase its price. Ultimately, the price of \$1,409,470 is around \$500,000 cheaper than any truck the District would be able to purchase in the future.

Financing the Purchase

The proceeds from the new CIP will not only cover the cost of a bond for such a truck (estimated bond of around \$150,000/yr. over 10 years) but also allow the District to put away money for replacements of other vehicles further down in the plan. However, special districts such as the PLFD do not have bonding authority as they are not taxing entities. Therefore, one of the member cities has to bond for the truck on behalf of the District. It is staff's recommendation that the City of Breezy Point be the bonding entity for this purchase.

Having conferred with the City's municipal advisors with BakerTilly, the recommended process is for the City of Breezy Point to enter into a joint powers agreement (JPA) with the City of Pequot Lakes for this purchase. Again, Breezy Point would be the bond

holder, but Pequot Lakes would be obligated to pay their share of the bond. The City Attorney is currently drafting that agreement, but it is not ready for approval at this time.

Purchasing the Truck

While the JPA is still in development, staff is seeking direction from the City Council as to how the truck should be paid for as it is ready for delivery.

As mentioned above, the truck will be bonded for. So, this City has two options:

- 1) Issue a bond for the truck and then issue payment for the truck once the bond proceeds are received (timetable minimum 45-60 days).
- 2) Pay cash for the truck immediately and reimburse the City through a bond at a later date.

Staff recommends Option 2. The reason for this recommendation is twofold. First, it allows for immediately delivery of the truck, which is ready for delivery. Second, BakerTilly has stated that, if the City does indeed bond for city hall or Buschmann Road in the near future, packaging the ladder truck bond with another project bond makes the bond package more desirable and, therefore, should result in a better interest rates for both.

The City's financials are healthy, and purchasing this truck upfront and bonding later in 2024 will not place hardship on the City.

If the City Council agrees with staff's recommendation, the final purchase will not be made until the JPA for the purchase is approved by both Breezy Point and Pequot Lakes.

Council Action

Staff recommends that the City Council move forward with purchasing the attached 101' King Cobra Aerial truck from Rosenbauer using Capital Funds to be reimbursed through bond proceeds at a later date contingent on the approval of a joint powers agreement to that affect.