

TO: Village Council and Mayor Brown
FROM: Finance Committee, Rob Bartlett - Chair
RE: Mini-Pumper Truck Request
DATE: March 7, 2022

The Finance Committee met on Monday, March 7, 2022 at 3:00 pm to discuss the request from the Fire Department to purchase a Mini-Pumper Truck. Present at the meeting were Finance Committee members Rob Bartlett, Kelly Rankin and Marcy Lewis, Assistant Fire Chief Dan Copeland and Mayor Bill Brown.

Assistant Chief Copeland shared in the February 28 council meeting that they found a mini-pumper truck that would cost ~\$250k and would be available this summer. After much discussion, the Finance Committee agreed that this was likely a good thing to do, with the primary benefit being to extend the life of the ladder truck. There is also a belief that the mini-pumper could increase our revenue by being able to make EMS runs when our ambulance is already out on a call. However, our previous Assistant Fire Chief told us we could similarly increase our revenue by keeping two ambulances, but our revenue actually went down versus when we had just one ambulance. The real issue, though, is this was not included in the original Permanent Improvement Fund submission, and as such there isn't enough money in the Permanent Improvement Fund to pay for this. Also, the Village is already likely facing a deficit in 2022, and purchasing the mini-pumper would increase the deficit. The following are the key points:

1. The Permanent Improvement Fund Budget that was approved in December by council already projected overspending of roughly \$63k. Since then, the cost of the Police Chief's car has come in at \$15.5k versus the previous placeholder of \$45k. Also, we will be transferring \$125k for the sale of the old pumper truck and \$31.5k for the sale of the extra ambulance into the Permanent Improvement Fund. So the Permanent Improvement Fund now stands at a surplus of \$123k ($= -63 + 30 + 125 + 31$), still \$127k short of the \$250k needed to purchase the mini-pumper truck.
2. The original overall 2022 budget for the Village showed a \$189k deficit. In mid-February, Mr. Bartlett and Mr. Borgerding updated the projected revenue and spending for 2022. Their latest estimate is the deficit will be roughly \$69k. This includes the \$31.5k from selling the ambulance, but not the purchase of the mini-pumper. If we buy the mini-pumper without any reductions elsewhere, our deficit will grow.
3. The Village currently has roughly \$485k in outstanding loans. We are spending ~\$155k a year servicing this debt. The two largest payments are \$100k/year for the municipal building loan and \$51k/year for the new ambulance that we bought in 2019. The final payments for both of those loans will occur in 2024. The other two loans are street related. Their total principal is ~\$84k and we pay just over \$4k/year. One loan will be paid off in 2037 and the other in 2039.

The Finance Committee sees five alternatives for council to consider:

1. Use the \$156k from selling the pumper truck and the ambulance, and borrow the remaining \$127k (recall after the \$156k was added, the Permanent Improvement Fund's balance was +\$123k, so still \$127K short of \$250k). Current interest rates are 2.93% over 4 years, but are projected to increase. If spending is not cut elsewhere, then if we do this our deficit in 2022 will increase by \$156k. The first loan payment will be due in March, 2023. Our total loan amount will be reduced to \$250k by that time, but the Permanent Improvement Fund will be further constrained in 2023 and 2024 from having to service the additional debt.
2. Use the \$156k from selling the equipment and provide a short term loan from the General Fund of \$127k. There is no interest expense, but our deficit in 2022 will now increase by the full \$250k.

3. Use the \$156k from selling the equipment and revisit the Permanent Improvement Fund budget, cutting \$127k of spending that had previously been approved. There would be no interest expense, but our budget deficit would increase by \$156k. Permanent Improvement spending could also be cut in #1 and #2 above to reduce the loan amount. The Finance Committee recommends revisiting what was approved back in December to see if anything has changed and should be removed/modified.
4. Delay the purchase of the mini-pumper until 2023 or 2024. The \$156k from selling the equipment could be carried forward and the remaining spending could then be built into the budget, allowing council to minimize the deficit. However, there is a strong possibility that the cost of the mini-pumper could increase. There is also the possibility that a used mini-pumper could become available, although not as likely.
5. Don't purchase a mini-pumper truck at all. The wear and tear on the ladder truck would continue. It was purchased in 2012 so it is 10 years old this year.

Note: The question was also raised in the meeting if some of the \$156k should be used to address the facility issues that were raised in the Kramer report, to create a safer work environment for our firefighters. These facility issues were added to the Committee of the Whole agenda. If we are not going to address these facility issues now, when we have this cash, then should those facility issues be removed from the Committee of the Whole agenda.

Since all of council needs to make the final decision, the Finance Committee thought it would be appropriate to discuss these options during the March 14 council meeting and then hold a vote on how to proceed.

Respectfully Submitted,

Rob Bartlett, Chairman

Marcy Lewis, Vice-Chair

Kelly Rankin, Member