

# WEST METRO FIRE-RESCUE DISTRICT

## Work Session Notes

January 13, 2016

Approved

### A. Call to order

President Gary Laurant called the work session of the West Metro Fire-Rescue District Board of Directors to order at 6:30 p.m. on January 13, 2016, at Station 3, 4251 Xylon Avenue N., New Hope, MN.

### B. Roll Call – The following Directors were present:

Gary Laurant	Representative at Large, President
Anne Norris	City Manager, City of Crystal, Secretary
Kirk McDonald	City Manager, City of New Hope, Vice President
Mary Serie	Citizen Representative, City of Crystal
John Elder	Council, City of New Hope
Jeff Kolb	Council, City of Crystal

The following staff members were present:

Fire Chief Sarah Larson  
Assistant Fire Chief Adam Wodtke  
Assistant Fire Chief Joel Nelson  
Assistant Fire Chief Josh Kunde  
District Counsel Roger Knutson  
Recording Secretary Amy Juntunen, JASS

### C. Aerial Apparatus

#### 1. Refurbishment and cost of ownership – Dave Schneider, Red Power Diesel.

a. What does a typical refurbishment accomplish. Refurbishment includes upgrades such as current standard LED lights for headlights and emergency lights. Items suffering corrosion such as air tanks, suspension, exhaust, and other things on the bottom of the truck will be replaced or cleaned of corrosion and coated with an epoxy coating to delay future corrosion. Hydraulic hose ends, the hoses themselves, and components of the lift/extension systems become corroded or otherwise deteriorate and require replacement or cleaning. The drive system including brakes, steering components, tie rods, engine, and transmission will be reviewed and replaced/repared as necessary. The cost estimate for a refurbishment at this time is approximately \$150,000, though unknown factors found during the refurbishment may cause the cost to increase. The refurbishment comes with a one-year warranty on all parts. The aerial is currently 12 years old and could last for many more years.

b. Impact on maintenance budgets if aerial is kept in service for 25 years without refurbishment. Maintenance costs inevitably rise with the age of the vehicle, even with refurbishment. The older the equipment is, the more likely parts are to become obsolete and require additional work or custom parts to be made. Maintenance is ongoing, such as oil changes, for regular wear and tear. Refurbishment is meant to prevent catastrophic failure in the various systems of the apparatus. There is a point where items are too corroded for repair.

#### 2. Resale and purchasing new – Brad White, North Star Fire.

a. Approximate value of current aerial and effect on value if kept in service for 25 years. A third-party broker was used to determine the approximate value of the current apparatus and, without

seeing the truck, gave a value of between \$300,000-\$350,000 due to the Minnesota climate and expected corrosion. It is possible that the resale value may be higher. That price is for as-is condition without refurbishment. The value of the aerial will continue to decline as the vehicle ages and the value after 25 years of use is approximately \$25,000, or scrap price. At that age, the aerial will no longer meet NFPA requirements. If a major failure occurs or the apparatus fails the annual test, the aerial will be out of service and a new one will be required to maintain the current ISO rating. Many organizations sell their large vehicles at 10-12 years to get the best cost-per-year as maintenance costs increase with age.

A larger fire department did extensive studies and found the best cost-per-year is 7-8 years for pumpers and 7-10 years for aerials. The longer you keep an item, the lower the resale value and the higher the maintenance costs.

b. Cost to purchase aerial platform vs. 107 ft single axle aerial stick. The cost of a new aerial similar to the existing vehicle with a bucket is \$1,084,000. A new aerial with a 107 ft ladder, without the bucket, is \$810,000. Buckets do help during rescue situations.

c. Synopsis of Houston-Galveston Area Council (HGAC) and its function for purchase or lease. HGAC is a consortium whereby fire departments can buy apparatus at similar to a state bid/contract to avoid a lengthy bid process. HGAC allows each fire department to get the apparatus that meets their particular needs. The equipment is already bid out to the state. The current contract went into effect December 1, 2015 and lasts for two years. Every manufacturer who bids these apparatuses has a price listed. Every manufacturer's specifications are slightly different, i.e., Pierce uses independent suspension on its vehicles, where other manufacturers don't. WMFRD did procure its heavy rescue truck through HGAC. There is a one-time \$2,000 fee for using HGAC that is included in the purchase price of the first vehicle. The information, specifications, and pricing for each apparatus made by an included manufacturer is on the web and available for review.

d. Warranty on purchase/lease of new aerial. A new aerial will include a five year warranty on the electrical system, and many other limited warranties on other systems.

e. Maintenance responsibilities for leased/owned unit. New units include touch screen command zone display and better diagnostic reviews. The system logs any trouble codes for future review and maintenance. The new aerials have epoxy-coated parts to reduce corrosion. They are more user-friendly, requiring less training and knowledge to operate. They do tend to have a reduced maintenance cost due to these items. Whether the vehicle is owned or leased, WMFRD will be responsible for all maintenance. Warranty work would be performed by Red Power Diesel. If leased, maintenance is required throughout the life of the lease.

f. Overall safety differences in a new aerial. New aerials include front and side-roll airbags for safety, and are also crash-tested. They also include tire protection systems so, if a tire blows, the vehicle does not lose control.

### **3. Leasing – Tom Whitmer, Pierce Financial Solutions.**

a. Outline of leasing program. Pierce recommends PNC Equipment Finance Bank for financing purchases or leases. The lease/purchase product, which is the most commonly used, means that WMFRD owns the equipment at the end of the lease period. The terms of this lease are 2-15 years for custom apparatus. There are no mileage or condition provisions. A second program is the turn-in lease, which structures a balloon payment at the end of the lease which should be close to the equipment's

resale value. This lease will amortize the cost less the balloon payment, resulting in a smaller lease payment. With the turn-in lease, WMFRD can pay or finance the balloon payment and keep the apparatus or turn it in to Pierce and order a new apparatus. Pierce must be notified 18 months prior to the termination date of the lease if a new truck is to be ordered to allow time to build the new aerial. Mileage conditions for this type of lease are 10,000 or 15,000 miles per year, cumulative. The term of this lease is 10 years. Pierce leases approximately 200 trucks per year through PNC. PNC offers a tax-exempt municipal lease. The tax-exempt lease is a rolling one-year commitment and the District simply must appropriate funds for the lease payment each year or return the aerial. Leasing also offers options such as step-up payment plans or pre-pay programs that offer discounts, reduced payments, or reduced effective interest rate of lease. The lease can be started one year prior to the delivery of the truck, resulting in the pre-pay program. Clients who have used the turn-in lease have sometimes received a higher resale value than the amount of the balloon payment, sell the equipment themselves, and are able to keep the excess funds for other uses. There is also flexibility as an aerial can be turned in for a pumper or other type of truck. Example financing options were shown.

b. Maintenance/warranties that can be included in leasing program. Maintenance is the Department's responsibility whether leased or owned. All warranty work will be performed by Red Power Diesel.

c. Why some fire departments don't consider leasing.

The Board directed Staff to make a recommendation whether to refurbish or replace the aerial at the February Board meeting, detail the cost for a turn-in lease, and detail the options for selling or turning in the current aerial.

**D. Strategic Planning – Fire Stations**

This item was moved to a future meeting due to time constraints.

**E. 2016 Meeting Calendar**

The March 9 work session was cancelled and the June annual meeting was rescheduled from June 15 to June 8. The normal Board meeting is the second Wednesday of even months. Work sessions will be held the second Wednesday of odd months.

**F. District Review Board Membership**

The membership was changed to replace the WMFRD Board President with one at-large member, preferably with a human resources background. New Hope recently had a vacancy on its Personnel Board and received two applications. The Board President and City Managers will interview the candidate that was not selected by New Hope and bring a recommendation to the February Board meeting.

**G. Other Matters and Announcements**

**H. Adjournment**

There being no further business the meeting was adjourned at 7:56 p.m.

Respectfully submitted,

Amy Juntunen

Recording Secretary