

TOWN OF ELMORE, VT

Special Select Board Meeting

Meeting Minutes – prepared by G. Schwartz
Status: Draft

Meeting Date: February 26, 2019

Start Time: 7:00 pm **Adjourn:** 9:00 pm

Meeting Attendees: See Attached List

A. SPECIAL TOPICS:

1. Second of two informational meetings to discuss the Fire Departments desire to purchase a new fire engine in 2019

Notes: The Following is a summary of the facts that were agreed upon by both the Select Board and the Fire Department. Other information that was presented at the meeting is attached.

The Elmore Select Board and the Fire Department have recently held two informational public meetings on February 19 and February 26, 2019. The purpose of the meetings was to present options for the replacement of the Fire Department's 1979 pumper engine. During these meetings three options were discussed. They included fixing the existing truck, purchase a used truck and purchasing a new truck. In all cases the safety of the fire crew and equipment were considered. At both meetings, the Fire Department presented their recommendation that the 1979 pumper engine be replaced with a new Truck. In order to clarify any confusion, the following is provided to show the total tax impact of this purchase and funding a reserve fund for future purchases. The Fire Department and Select Board agree on the following impact statements:

- **Total Cost of a new truck:** Financing for this truck will be for 10 years. The estimated finance charge is \$70,000 raising the cost of the fire engine to \$440,000. The payments would be a maximum of \$36,000.00 / year depending on the actual interest rate. This purchase would be an increase over the current proposed budget by approximately of \$11,000.00/year or .00733 cents of tax impact
- **Additional Reserve Fund:** A Fire Department equipment reserve account will continue to be funded at \$7,000.00/ year, to plan for a future Rescue truck purchase. It is anticipated that the current rescue truck would need to be replaced in approximately 10 years. This reserve account would be an increase over the current proposed budget of approximately of \$7,000.00/year or .0047 cents of tax impact. The reserve at this level is intended to save approximately 50% of the cost of future equipment.
- **Combined tax impact:** The additional cost of a new engine and the reserve account will increase Elmore property taxes by is approximately 1.2 cents or \$12.00 per \$100,000 of assessed value. Example: if your property has an assessed value of \$250,000.00, this purchase will increase your municipal tax by

TOWN OF ELMORE, VT Special Select Board Meeting

\$30.00 each year for 20 years. The total annual investment in new Fire Department equipment will be approximately \$43,000 (possibly slightly lower depending on actual interest rate). This represents 2.87 cents of the budget which will be required for 20 years.

- **Future Engine #1 replacement:** It is anticipated the current Engine #1 (purchased in 2010) will last another 20 years. It is anticipated that funding a replacement for this truck will begin in 10 years once the new truck is paid off. We'll have 10 years to save for the replacement truck. Therefore, the proposed investment of \$43,000/year would be in place for the next 20 years.
- **Calls responded to each year:** The Fire Department responds to between 8 and 28 Elmore calls per year – a pumper engine would be used on about half of these calls. The FD also responds to calls in neighboring towns as part of our reciprocal response agreement.

Based upon the above facts, it is up to the voters of the Town of Elmore to decide whether or not to support the purchase of a new pumper engine to replace the Fire Department's 1979 pumper engine. A yes vote will result in the purchase of a new engine. A no vote will result in further study to either repair the existing engine, replace it with a used engine, or work toward another replacement option. Questions and comments will be welcomed at Town Meeting.

Town of Elmore
Meeting Attendance Record

ENTER MEETING DATE	2/26/19
ENTER MEETING NAME	SPECIAL Select BOARD Mtg (Fire truck)

Check all that apply
Reason for Attending

Reason for Attendance

YOUR NAME (printed)	Observer	Interested Party	Principal Party	Expert or Consultant	WHY ARE YOU ATTENDING?
Adam Audet		✓		✓	
Andy Jones		✓			
Stella Ryse		x			
Eugene Jambon				x	
Shawn Gooden	✓				
Hunter Tallman		✓			
Josep Miller		✓			
Math		x			
Michelle Lacasse		0			
Carl Tallman		x			
Robb Wills			✓		Select Board
Glen Schwartz			✓		Select BOARD
Jared Tallman		x			
Debra			✓		Select Board
Brent Hosking			✓		Fire Chief
Sharon Fortune		x			
WILLIAM CHILTON		✓			

Equipment Replacement Schedule / Capital Reserves Proposed

Elmore Fire Department

Engine 2 is a 1979 International Pumper:

Replacement FY 19/20

Approximate Cost: \$370,000

Yearly payment over 10 years \$34,000

Rescue 1 is a 1989 GMC & Rescue 2 is a 2003 Chevy Silverado:

Replacement approximately in 2029

Proposed Capital Reserve: \$7,000 over the next 10 years

That would give us \$70,000 in capital reserve to put toward replacing the two trucks into one truck.

Estimated Cost of Replacement in 2029: \$88,000-\$150,000 used.

Engine 1 is a 2010 International Pumper/Tanker:

Replacement Approximately in 2034-2039 (depending on evaluation)

In 2029 the loan for Engine 2 would be paid off.

In 2029 I would suggest an evaluation of Engine 1, but I believe this truck could be replaced in approximately 2039. The evaluation would give us an idea of the life of the truck and if purchasing just a new chassis would be an option.

Once Engine 2 is paid off in 2029, that \$34,000 that is no longer being put towards truck payments could go towards capital, plus the \$7,000 that we have been putting into capital. That would give us around \$41,000 to put into capital reserve for 5-10 years to save for Engine 1 replacement and this would not raise the taxes. That would give us between \$205,000-\$410,000 in the capital reserve between 2034-2039.

Open Letter

To: Residents of Elmore

From: Elmore Select Board

Subj: Article Authorizing New Fire Engine Purchase

The Elmore Select Board recommends an OPPOSED/NO vote on the Australian Ballot Article presented on Town Meeting Day, March 5, 2019. The Article authorizes the Select Board to spend up to \$370,000 to support the purchase of a new pumper truck for the Elmore Volunteer Fire Department.

The Select Board will outline our concerns with this proposed purchase and our recommendations for next steps during public information meetings.

Tuesday, 2/19 at 6:00pm, Elmore Town Offices -or- Tuesday, 2/26 at 7:00pm, Elmore Fire Station

Overview:

- An investment in the Fire Department's 1979 pumper engine is required to ensure safe operation. Safety of our equipment and Fire crew is paramount.
- The purchase of a new \$370,000 pumper truck requires significant long-term, unplanned investment by the Town.
- **Total Cost:** Financing for this truck will be for 10 years. The estimated finance charge is \$70,000 raising the cost of the fire engine to \$440,000
- **Tax Impact of New Engine:** This investment will add between 2.5 – 3.0 cents to the Town's municipal tax rate for 10 years assuming all reserves are used toward this purchase.
- This investment will increase Elmore property taxes by \$25.00 – \$30.00 per \$100,000 of assessed value. Example: if your property has an assessed value of \$400,000, this purchase will increase your municipal tax by \$100.00 to \$120.00 each year for 10 years.
- **Additional Reserve Fund:** A Fire Department equipment reserve account must continue to be funded at \$20,000 - \$25,000/ year to plan for future equipment purchases and maintenance. The **combined tax impact** of the new engine and the reserve account is between 4.5 – 5.0 cents or \$45.00 – \$50.00 per \$100,000 of assessed value. Example: if your property has an assessed value of \$400,000, fire department equipment costs will be \$180.00 to \$200.00 each year for 10 years.
- **Total Investment:** This total investment represents more than 10% of the Town's tax rate.
- **Average Usage:** A pumper engine has been required on 2 – 5 calls per year for the last 5 years.
- **Other Investments:** Over the same 10-year period the Town must also plan for:
 - o Significant State mandated road erosion control expenses
 - o Construction of a new Town garage
 - o Maintenance of Town buildings
 - o Possible reclassification of roads from Class 4 to Trails due to funding gaps
 - o Milfoil removal from Lake Elmore
 - o School tax increases

The Select Board recommends the Town delay the purchase of a new fire engine to allow for deeper study of alternatives, including repair of our current engine, purchase of a used engine, or coordination with a dual-coverage town.

Questions and Answers:

What is the Select Board's recommendation?

- Vote no on March 5 to the purchase of a NEW pumper engine
- Immediately evaluate options to either repair or replace the existing 1979 pumper engine
- Evaluate availability of used pumper engines that will extend our ability to keep our fire department safe and allow for rapid response to critical fire emergencies.
- Bring all options to the Town for review and approval vs. only bringing forward a NEW purchase option.
- Evaluate this purchase in terms of all estimated expenses across all departments for the next 10 years. Make certain the Town understands this expense in terms of other capital equipment, permit, State roadway expenses and employee expenses the Town will be required to support over the same period we're paying for the new pumper engine.

When was the request for a new pumper engine made?

The request was presented to the Select Board at our January 2019 meeting. Based on the information presented at that meeting, the Board unanimously voted to delay this purchase until additional research and analysis can be completed.

Why was a petition circulated to request this vote?

A petition was required because the Select Board voted unanimously to delay this purchase. Articles for consideration must have Select Board support or 10% of voters can bring a vote forward.

What does the article say?

The Article authorizes the Select Board to spend up to \$370,000 to purchase a new pumper engine. If approved by the voters, the Select Board would begin the process of securing financing for a period not to exceed 10 years. A new fire engine would take up to 9 months to build and deliver. Payments would begin in late 2019 or early 2020. Tax increases would take effect in the July 2019 budgeting period raising taxes beginning September 2019.

What would the total cost of the fire engine be over 10 years?

If all existing reserve funds are used, financing for \$285,000 would be required. Estimated finance charges are \$70,000 bringing the total cost of the new engine to \$440,000.

What is the Select Board's priority?

The Select Board's first priority is balancing the long-term forecast of expenses and obligations with the Town's ability to pay for those expenses. The current budget is published here ([link](#)) and includes ongoing operational expenses (town employees, insurance, building maintenance), mandated State expenses like road permits, Town highway expenses (equipment, materials) and the Fire Dept budget.

Through planning, the Select Board has been able to keep the tax rate stable and predictable. Reserve funds are a tool used successfully for the purchase of expensive equipment. The Town forecasts equipment utilization (how many times will we use it, how many miles a year, maintenance costs, insurance). The Select Board reviews alternatives to equipment purchase (rent, use contractors, buy used, buy new). By planning and setting aside smaller reserve amounts each year, taxes are kept level, and we reduce or eliminate the need to pay financing charges. Planning also gives the Board an

opportunity to look for the best fit of equipment to our needs and negotiate from a strong financial position.

The Town's continued ability to operate responsibly to the benefit of our residents has been reflected in our comparatively low tax rates and low to no finance charges that are always associated with bonds or borrowing funds.

Does the Select Board support the Town's Fire Department?

Yes. The Select Board is fully supportive of our volunteer Fire Department. We have recommended that the Fire Department partner even closer with the Select Board on budget development. The approach the Board uses to buy large road maintenance equipment can be used for the Fire Dept budget process as well. The Board recognizes the tremendous value a volunteer fire department brings to our town.

The Board agrees that a pumper engine repair or change is needed to ensure the safety of our equipment operators, team members and the public they serve.

The Board has asked the Fire Department to immediately discontinue the use of any equipment that is deemed to be unsafe. Operator and passenger safety is our priority.

Other Towns have new equipment, why not Elmore?

Wolcott and Morrisville have purchased new pumper engines in the last several years. Wolcott's engine is very similar to what has been requested in Elmore. These towns either have a larger base of property owners to pay for new equipment or they have determined that they need to make a significant local investment.

Could Elmore partner with neighboring cross-coverage towns?

Yes, we could explore combining efforts to purchase equipment that is complimentary and could be pooled to support each other's needs. Especially when we have few calls that require advanced equipment. See "Other Town have new engines" below.

If Elmore doesn't have a pumper engine, will our houses burn down?

Without a working Elmore-owned pumper engine, calls that require a pumper engine will be answered by a local cross-coverage Town (Morrisville, Worcester, Wolcott). Depending on the location of the emergency, call response time may be longer.

How often is the pumper engine used?

- The Elmore Fire Dept responds to 8-26 total calls per year; of those, 1-5 require the pumper engine. The pumper is also used for training purposes. See attached report.

Repair vs Replace

- Repair costs of \$10,000 - \$15,000 would return the current engine to safe working order
- A repair extends the Town's ability to save funds for the purchase of a new truck
- Addition time to save funds reduces finance charges on a new truck purchase
- A repair gives the Town time to look for a viable used truck

Replace with a Used Truck

- A used pumper engine could extend the Fire Department's ability to respond to emergency events for up to 15 years, allowing the Town to save for a longer-term solution
- A used pumper engine would provide a significant safety and capability upgrade to our 1979 engine. It may not have all upgrades that a new truck would provide.
- A used pumper engine could potentially be purchased from existing funds or require significantly reduced fund borrowing, tax impact and finance charges
- A used pumper engine may have unknown maintenance costs. An extended warranty would be investigated.

Replace with a New Truck

- A new truck will take about 9 months to custom build and cost \$370,000 - \$440,000 after financing
- A new truck will have lower maintenance costs for the initial ownership period
- The truck could be used for more than pumper-specific calls and would allow Elmore to be a viable backup responding Town for other area departments that need support. A used pumper could provide this coverage as well.
- A new truck will bind the Town to 10 years of payments and finance charges

Other Towns have new pumper engines, why don't we?

- Each Town approaches their equipment investments to meet their specific needs. No two Towns are exactly alike or have the same priorities, tax base or tax rate.
- Wolcott purchased a new engine of similar specs within the last few years.
- Is there an opportunity to partner with cross-coverage towns to maximize the equipment types we have and not necessarily duplicate resources? Does every town need to fund the same type of resources? Can each Town afford to fund the same resources?
- Elmore's municipal tax rate is lower than other towns of similar size. We manage equipment, employees, etc. in different ways. Example: Elmore's rate is \$.400, Wolcott's rate: \$.6839.

Funding overview:

- A reserve fund approved in 2018 contains \$30,000
- The 2019 Town budget adds \$25,000 to the reserve fund for a total of \$55,000
- The Fire Dept identified \$30,000 in accumulated funds that would be added
- Financing the truck for the maximum 10 years would cost an additional \$70,000
- A reserve account for future Fire Department equipment purchases must CONTINUE to be funded for at least \$20,000 a year, in addition to any payments required for new equipment

Elmore Fire Department Call Status

EFD Stats	2018	2017	2016	2015	2014
Fire - Structure	3	2	0	1	4
Fire - Car	1	0	0	1	0
Fire - Vegetation	2	0	2	0	0
Fire - Other	3	1	0	0	1
CO	4	3	1	3	0
Fire Alarm	7	1	0	1	2
Medical	1	1	1	1	3
Car Accident	5	3	2	2	5
Other	0	0	2	1	3
Total	26	11	8	10	17

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