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The Finance Commission (FC) meeting was called to order at 6:30 p.m. Chair Davies called the roll.

Commissioners Absent: Joe Tupy.

Receive Public Comments

Approval of Meeting Minutes

Commissioner Barclay moved, seconded by Commissioner Sagisser to approve the November 14, 2023 meeting minutes as amended. **The motion carried unanimously.**

Commissioner Bester updated the Commission on the Finance Commission Tracking Report.

Finance Director Pietrick stated Chief Brosnahan presented information regarding electric versus diesel fire engines at the November 14, 2023 meeting and the Commission indicated they had a few questions with more information regarding this transition and Chief Brosnahan provided the answers. She summarized the questions and answers and asked the Commission to discuss and make a recommendation on this item. Chair Davies noted the City Council will be voting on this at their next meeting.

Chief Brosnahan updated the Commission on the construction of the vehicles and locking in pricing. He noted the vehicle would not need to be paid for until 2026 but the City would need to put fifty thousand dollars down if the City entered into a contract.

Ms. Pietrick reviewed the CIP for the fund with the bonding shown in the spreadsheet.

Chair Davies asked if staff has calculated the interest costs because if the City were to get electric there will be more interest costs associated with that. She asked if staff has put together those calculations to see what the total outlay including interest for diesel versus electric.

Ms. Pietrick explained she did have the municipal advisor run some projections, not diesel versus electric, but one million eight versus one million dollars, which a diesel is roughly one million dollars. Staff also has noted potential grant funding. She reviewed the grant information with the Commission.

Mr. Pietrick indicated Chief Brosnahan has been working with the City's Sustainability Specialist Noelle Bakken on this and she identified some of the grant opportunities that the City might qualify for. Some of the grants have a matching component associated with them so the City would be required to pay fifty percent. Staff does not know which of those opportunities the City will qualify for and there may be other opportunities that may come up between now and 2026. She explained staff ran the two debt scenarios and had the potential debt service costs. The next question would be if the City wants the fund to pay the debt service, should it be put on as a debt levy, which would raise the levy, or a combination of those two. She noted she did not have time to run those scenarios all the way through. What she did see was either way, electric or diesel, there would not be enough money in the fund to pay for it let alone any of the future capital needs without doing some debt issuance or levy increases.

Chair Davies indicated her point is with electric the City will have to borrow more money. She assumed the City did apply for the Diesel Emissions Reduction Act. The deadline was December 2023.

Chief Brosnahan indicated that cannot be applied for until a vehicle is chosen.

Ms. Pietrick indicated MnDOT has a carbon reduction program that has a different cost share split, 20/80, and the application would be in 2024. With this one the City would have to come up with twenty percent. She did not know if that is a first come, first serve, competitive grant, but these are some of the options Ms. Bakken provided to Chief Brosnahan. She thought if the City can get some grants to bring the electric vehicle price down it might be closer to the diesel cost.

Chair Davies explained one of the questions the Commission had is it states in the packet that diesel engines are retained for a total of fifteen years, five years on the front, five years second line and five years as a reserve and she believed that it was stated with electric it is ten years on the front and ten years on the second line. She wondered if there is a reserve time at the end for the electric vehicle after twenty years.

Chief Brosnahan indicated that twenty years would be a useful life and at that time would need to be removed and replaced. He thought it would either be repurposed or sold after the twenty years, much like the other engines in the fleet.

The Commission discussed with staff the timeline on retirement of current engines and the purchase of new engines.

Chief Brosnahan indicated he would like to extend one diesel engine for five years longer, so the fleet always has three engines available.

Ms. Pietrick indicated if the City sticks with diesel engines the replacement would be one engine in 2025, one in 2030, one in 2035 and the very first one would be replaced in 2040.

Chair Davies thought this was new technology and is really hard to say what the new technology is going to be doing twenty to twenty-five years from now.

Ms. Pietrick explained the City is pricing both of the models at today's cost and maybe, if more people go to electric, those prices may hold fairly steady or depending on Legislative action, at the State or National level, the ability to purchase a diesel vehicle in the future may not exist.

Ms. Pietrick explained that even if the city decides not to go with the electric engine at this time due to the cost, in the future the city may be forced to purchase electric.

Chair Davies asked if there was anything in the spreadsheet for the charging station, which was around twenty thousand dollars.

Ms. Pietrick indicated there is not because the decision has not been made yet.

Commissioner Bester indicated he worked through some numbers on electric versus diesel and reviewed the information with the Commission.

The Commission discussed bonding, diesel vehicle sales, and how the City will pay for an electric vehicle.

Chair Davies asked regarding fuel savings, what is the correct reduction amount. She noted there was a discrepancy between the handout from Commissioner Bester and the November packet.

Chief Brosnahan indicated the amount would probably be between the two handouts. He indicated that the diesel engines typically use between ten to sixteen thousand dollars a year in fuel, budgeted annually the City spends about thirty to thirty-five thousand dollars. He noted some of the costs would include oil changes and some other maintenance costs as well.

Commissioner Sagisser thought there are a lot of unknowns here. He indicated they don't know what the bond rate is going to be, what the diesel fuel costs will be or what the price of electricity

will be, which will influence the cost. He did not think the Commission would know every factor in basing a decision. He would like more information on the grants before the Council meeting.

Ms. Pietrick indicated she would try to get that information.

Commissioner Sagisser moved, seconded by Commissioner Bester, to recommend to the City Council the purchase of an electric engine firetruck after analyzing financials and grants available as it appears to be less expensive or equivalent between the two. **The motion carried unanimously.**

Follow Up Regarding Vehicle Maintenance

Finance Director Pietrick stated there was discussion at the November 14, 2023 meeting regarding the vehicle replacement schedules used by various departments. She reviewed the follow up information with the Commission.

Staff Update

Finance Director Pietrick introduced Assistant Finance Director Josh Kent to the Commission.

Identify Discussion Items for the Future Meeting

Chair Davies indicated she will not be at the next two meetings so this will be her last meeting.

Commissioner Sagisser moved, seconded by Commissioner Dahir, to cancel the February Finance Commission meeting. **The motion carried unanimously.**

Ms. Pietrick indicated at the March meeting the Commission will need to select a Chair and Vice-Chair.

Chair Davies indicated she talked to Commissioner Bester, and he would be willing to be Chair unless Commissioner Sagisser would like to be Chair.

Commissioner Sagisser indicated he would like to remain Vice Chair unless someone else wants to be Vice-Chair.

Adjourn

Commissioner Sagisser made a motion, seconded by Commissioner Bester, to adjourn. **The motion passed unanimously.**

Meeting adjourned at 7:38 p.m.