



MEMORANDUM

TO: Timothy J. Baroody, City Manager
FROM: Mark Whitley, Assistant City Manager
RE: Amending the FY 2022 Budget for the Purchase of Public Safety Equipment
ORIGINAL: January 17, 2022 (for the January 25, 2022 City Council Meeting)
REVISED: February 9, 2022 (for the February 22, 2022 City Council Meeting)

ISSUE

Shall the City Council amend the FY 2022 budget to advance the purchase of a fire ladder truck and purchase police vehicles from ARPA relief funds?

RECOMMENDATION

Original Memorandum

Staff recommends this amendment. This item is on as a transmittal, and a public hearing is required under state law for the amount of funds involved. A public hearing and first reading would be scheduled for the first meeting in February, followed by second reading at the second meeting in February.

{Revision for February 22 Meeting: A public hearing was held on this item on February 8, 2022. No testimony was received, and City Council adopted the attached resolution on first reading. Staff recommends approval on second reading.}

BACKGROUND

Replacement Fire Aerial Ladder

The Fredericksburg Fire Department currently operates a 2003 Pierce Tower unit as Tower 1. The unit has over 100,000 miles. The City's capital improvements plan anticipated replacing this vehicle in the FY 2023 (upcoming) budget, at an anticipated cost (at that time) of \$1.5 million.

The Fire Department has advised that both inflation and supply-chain issues could impact the replacement of the aerial unit. The projected cost of the replacement unit is \$1.8 million. In addition, the time of delivery has increased to sixteen to eighteen months between the time the order is placed and the delivery of the truck. By the time that the new replacement unit is delivered, the current unit will be approaching 20 years of service as a front-line unit.



Figure 1. Fredericksburg Fire Department Tower 1

The Fire Department is requesting a slightly different type of unit to replace the existing unit – a “Tractor-Drawn Aerial” or “TDA.” The TDA is both lighter and, because it has a tractor and trailer pieces, more maneuverable. Chief Jones provides a greater description, below:

“The unit we wish to acquire to replace Tower 1 is known as a tractor-drawn aerial [TDA] or some people refer to it as the old fashioned “hook & ladder truck”. The TDA has several advantages over the Tower that will better serve our community. First it bends in the middle so it allows it to access some areas a straight axle truck cannot. The TDA, because of the tractor and trailer pieces, allows it to be much more maneuverable and gain access into tight spaces (i.e. small one-way streets, narrow alley ways, suburban cul-de-sacs, etc.) because of its enhanced turning radius. The ladder device is mounted mid-ship (in the middle) rather than the rear end as our current units. This provides for a better “scrub angle” or ability to reach more parts of a buildings width from a proper position. It also features more cubic feet of cargo/equipment space which is especially valuable to Fredericksburg as we do not have a heavy rescue truck. All our vehicle extrication, rope and technical rescue gear must be carried on our aerials rather than staffing an additional unit that we currently don’t have the space or manpower for. The TDA because of its’ length (which we can still fit it into our current building) will allow us to distribute the vehicle and equipment weight and actually allow the truck to be about 4,000 lbs. lighter which results in less wear and tear on the drive components and undercarriage over the lifespan of the unit.”

There is an operational difference, in that the unit requires an operator in both the front and the back. (The back operator is known as a “tillerman.”) The Fire Department would be able to train current staff to serve the new back operator function.



Figure 2. Tractor-Drawn Aerial (for another Department)

The attached resolution, if approved, will allow the City to proceed to place the order and begin the process of manufacturing the unit in the current year.

Police Car Replacements and Additions

The City Police Department is requesting funding for four additional police units, which would be hybrid fuel units. Two units would be replacement units, while two would be fleet additions, based on growth the Department's patrol personnel.¹ The anticipated cost is \$200,000 – roughly \$50,000 per unit, fully equipped and outfitted.

The Police Department ordered three replacement patrol units in May of 2021, and have just placed an additional order for five replacement vehicles based on the funding in the current year's budget. The department is advised that because of supply chain issues, the three vehicles ordered last May are scheduled to arrive this May – an approximate twelve-month time between order and delivery.

The Police is requesting this supplemental order as a way to maintain (and supplement) the current fleet, and stay ahead of potential supply chain delays in replacing cruisers that are at the end of their useful life. Advancing the replacement schedule from full internal combustion engines to hybrid engines will also advance the City Council's goals of reducing fossil fuel usage. Once all of these vehicles are delivered, approximately 17% of the fleet would be hybrid vehicles.

¹ The City Police Department currently has forty-one patrol vehicles, nineteen detective division vehicles, and ten that are specialized or assigned to the administrative team.

FISCAL IMPACT

Fiscal Impact Discussion – Fire Aerial Ladder

The attached resolution recognizes increasing revenues in the City's sales tax and meals tax to pay for the aerial ladder without using debt. The budget forecast for sales tax in the attached resolution would be increased from \$13,150,000 to \$14,150,000, and the meals tax forecast would be increased from \$10,200,000 to \$11,000,000 – for a total of \$1,800,000.

Both sales taxes and meals taxes have consistently shown returns that are higher than budget forecast, as both revenue sources are returning to “normal” and actually higher than pre-pandemic levels – some of which is likely attributable to inflation. The increase in the forecast remains conservative enough to allow for a slowdown in these returns prior to the close of the fiscal year.

Additional Options for Financing the Aerial Ladder

Staff recommends, and the attached resolution indicates, that the City use current assets to pay for the replacement aerial ladder. That said, the City Council does have options for the method of payment for the fire truck. The original plan in the capital improvements plan was to utilize lease-purchase debt financing, and staff will pursue that if Council wishes. Based on a projected interest rate for a five-year lease of 2.5%, the additional interest cost would be approximately \$125,000 over the life of that lease. Annual payments would be approximately \$385,200. Lease-purchase financing does not impact the City's general obligation debt policy limits.

In addition, the City's financial advisor indicates that the City could “piggy-back” part of an upcoming General Obligation issue for other projects at 1% for a five-year term. (The remainder of that large issue – for schools and possibly other projects – would carry a higher interest rate and a much longer term of twenty-five to thirty years). Payments under that scenario would be less – approximately \$370,000 per year. Total interest costs would be approximately \$50,000 over the life of the loan. However, this option does impact the City's debt policy limit, and staff recommends that Council minimize General Obligation issues not related to major capital projects at this time.

Fiscal Impact Discussion – Police Vehicles

The attached resolution utilizes funds that the City has available under the American Rescue Plan Act (ARPA) to pay for the four police vehicles.

The City appropriation is currently \$5,000,000 of a total of \$10,600,000. The resolution recognizes an additional \$200,000 in this revenue source to pay for the police vehicles. This would increase the total revenue currently recognized in the FY 2022 budget to \$5,200,000. The City will complete the appropriation process for the ARPA in the FY 2023 budget, and will carry forward into FY 2023 any amounts that are unspent at the close of FY 2022.

The ARPA may be used for this purpose under the “general revenue loss” category which allows for broad governmental service provisions up to the amount of the “general revenue loss” that is determined for the local government.

In summary, the total resolution is for \$2,000,000 in additional spending, not counting the transfer from the General Fund to the Public Safety Capital Fund for the replacement fire aerial ladder.



February 22, 2022
Regular Meeting
Resolution 22-07

MOTION:

SECOND:

RE: Amending the Fiscal Year 2022 Budget to Appropriate Funds for the Purchase of a Fire Ladder Truck and Police Vehicles

ACTION: APPROVED: AYES: 0; NAYS: 0

FIRST READ: February 8, 2022

SECOND READ:

The City of Fredericksburg Fire Department currently operates a fire aerial ladder truck that is approaching the end of its useful life. The current capital improvements plan includes a replacement for this truck in the FY 2023 budget. The City Council wishes to advance this purchase and supplement this funding because of supply chain and inflationary pressures.

In addition, the City Council wishes to fund an additional four police vehicle units for the Fredericksburg Police Department.

Therefore, City Council resolves that the following appropriations amending the FY 2022 budget in the General Fund, the Public Safety Capital Fund, and the American Rescue Plan Act Fund be made:

Section 1: Fire Aerial Ladder Replacement

General Fund (Fund 100)

Sources

Sales Tax

Local Sales and Use Tax	0100 312010	\$ 1,000,000
Total		<u>\$ 1,000,000</u>

Meals Tax

Meals Tax	0100 312100	\$ 800,000
Total		<u>\$ 800,000</u>

Total Sources \$ 1,800,000

Uses

Interfund Transfers

Transfer to Capital	10093100 492040	\$ 1,800,000
Total		<u>\$ 1,800,000</u>

Public Safety Capital Fund (Fund 302)

Sources

Transfers from Other Funds

Transfer from General Fund	0306 341050	\$ 1,800,000
Total		<u>\$ 1,800,000</u>

Total Sources \$ 1,800,000

Uses

Fire Equipment Replacement

Motor Vehicles & Equipment - Replacement	30694601 481010	\$ 1,800,000
Total		<u>\$ 1,800,000</u>

Total Uses \$ 1,800,000

**Section 2: Police Vehicles Additions & Replacements
 Coronavirus Relief Fund (Fund 230)**

Sources

American Rescue Plan Act (ARPA)

American Rescue Plan Act	0230 332093	\$ 200,000
Total		<u>\$ 200,000</u>

Total Sources \$ 200,000

Uses

Police

Motor Vehicles & Equipment - Replacement	23035910 481010	\$ 100,000
Motor Vehicles & Equipment – Additions	23035910 482010	<u>100,000</u>
Total		<u>\$ 200,000</u>

Total Uses \$ 200,000

Votes:

Ayes:

Nays:

Absent from Vote:

Absent from Meeting:

Clerk's Certificate

I certify that I am Clerk of Council of the City of Fredericksburg, Virginia, and that the foregoing is a true copy of Resolution No. 22-07, adopted at a meeting of the City Council held February 22, 2022 at which a quorum was present and voted.

***Tonya B. Lacey, MMC
 Clerk of Council***