CAPITAL FUND PROPOSAL

Investing in Lund Fire's Future

A dedicated, predictable capital fund to keep our apparatus, gear, and response capability ready —presented for review and approval of the municipalities we serve.

Why We Need a Capital Fund for Lund Fire

Four converging pressures are straining our ability to keep equipment mission-ready.

Grants Are Drying Up

Our equipment was largely updated through post-9/11 federal grants. Those grants are no longer readily available.

Our Fleet is Aging Out

The engines, tenders, and gear purchased with those grants are now reaching the end of their service life.

Replacement Costs Have Climbed

Fire apparatus prices have increased drastically since our equipment was last purchased.

Reserves Are Thin

The department carries no debt — but has under $30K cash on hand, not enough to absorb a major repair.

$90,000 per year in additional funding is needed to keep equipment up to date. Without it, our ability to respond will eventually suffer.

A Capital Fund for Lund Fire

Prudent financial management means planning ahead. A dedicated capital budget ensures our department is equipped, ready, and fiscally responsible.

Predictability

Fire engines, turnout gear, and radios have known life cycles and are costly to repair. A capital fund smooths out that cost curve.

Readiness

If we're hit with a major repair bill, it doesn't mean we have to beg, borrow, or delay. The fund ensures we can respond immediately.

Shared Responsibility

Our municipalities can contribute proportionally and consistently. We avoid scrambling during emergencies.

Lower Long-Term Costs

Planning ahead avoids interest-heavy borrowing. Proactive investment saves money over time.

We are proposing a capital budget on top of the current fire service budget — an investment in safety, readiness, and fiscal responsibility.

The Case for a Dedicated Capital Fund

A two-part budget approach that keeps operating costs stable while building capital reserves based on equalized value.

WHERE WE STAND

$63.9K / yr

currently assessed — approximately 0.015% of equalized valuation

0.027%

average assessment rate among neighboring municipalities, confirmed directly with their fire departments

THE ASK

+0.012%

additional assessment for a dedicated capital fund, phased in over two years

$50K Per year from the new capital assessment

$40K Per year from fundraising and grants

We are proposing a capital budget on top of the current fire service budget — an investment in safety, readiness, and fiscal responsibility.

Capital Fund Assessment Strategy

A two-part budget approach that keeps operating costs stable while building capital reserves based on Equalized Value (EV).

Operating Budget - .015%

Consistent percentage tied to yearly EV. This covers day-to-day operations, staffing, and routine maintenance.

Capital Budget (New) - .012%

Set at .012% of the most recent Equalized Value (EV). As EV grows each year, the fire assessment grows proportionally — a built-in, predictable increase.

Proposed 2-Year Phase-In

Year 1	Year 2	Year 3
.021%	.027%	.027%
of EV	of EV	of EV (full rate)

As EV increases each year, the fire assessment grows proportionally — providing a sustainable, built-in growth mechanism that keeps pace with community needs without requiring special assessments.

Lund Fire Apparatus Replacement Strategy

Focuses on large, long-term equipment purchases, specifically fire apparatus that require significant upfront investment and multi-year planning.

Fire Engines

Quality used units approximately 10–15 years old, when available and appropriate. Used purchases may reduce upfront costs while maintaining reliability. New is possible only through grants.

Tenders

Quality used 15–20-year-old used tenders.

Rescue Squad

Replacement timing evaluated based on age, condition, maintenance trends, operational needs. Quality used units approximately 20 years old, when available.

Brush Truck

Identified as a near-term capital priority due to service demands and vehicle age.

NFPA recommends frontline apparatus replaced at 15 years, reserve at 25

Apparatus & Equipment Replacement Plan

The capital fund exists to ensure that when replacement time arrives, the resources are already in place.

Asset	Year New	Replace By	Est. Cost	Replacement Considerations
Engine 1	2006	2035	$250K	15 yrs frontline + 15 yrs reserve
Engine 2	2001	TBD	TBD	Evaluate age, condition, operational needs
Tender 1	2010	TBD	TBD	15 yrs frontline + 15 yrs reserve
Tender 2	1995	2035	$250K	Evaluate age, condition, operational needs
Rescue Squad	1995	2035	$100K	Quality used unit, 20 yrs old, when available
Brush Truck	**1989**	**ASAP**	**$95K**	**Near-term priority — service demand & vehicle age**
UTV	2007	2037	$30K	30-year service life
Turnout Gear	2025	2035	$100K	Replace every 10 years
Air Bottles	2026	2041	$30K	15 years, Condition & maintenance trends
Breathing Air Compressor	—	2036	$30K	Condition & maintenance trends
Building	2004	TBD	TBD	Long-term facility planning

Proposed Capital Fund Budget

The capital fund exists to ensure that when replacement time arrives, the resources are already in place.

Year	Capital Deposit	Fundraising	Capital Expenses	Available Funds
2026	$0	$40K	$0	**$40K**
2027	$25K	$40K	**-$95K**	**$10K**
2028	$50K	$40K	$0	**$100K**
2029	$50K	$40K	$0	**$190K**
2030	$50K	$40K	$0	**$280K**
2031	$50K	$40K	$0	**$370K**
2032	$50K	$40K	$0	**$460K**
2033	$50K	$40K	$0	**$550K**
2034	$50K	$40K	$0	**$640K**
2035	$50K	$40K	**-$700K**	**$30K**
2036	$50K	$40K	**-$30K**	**$90K**

Brush Truck $95K
1989 Chevy with a manual transmission and four wheel drive. The truck was bought from Zumbro Falls Fire Department. It replaced a 1967 Army Jeep with a gas engine and tank of water.

Turnout gear $100K
Needs to be replaced every 10 years

Engine 1 $250K
2006 International diesel automatic carrying 1,600 gallons of water with a 1,250 gpm pump.

Rescue Squad $100K
This was purchased from the Egan fire department to replace a 1991 ambulance we bought from a neighboring EMS service department.

Tender 2 $250K
1995 GMC with automatic transmission carries 2,000 gallons of water. This truck replaced a 1985 International milk truck.

Breathing Air Compressor $30K
Condition & maintenance trends

What We're Asking the Board to Approve

The capital fund exists to ensure that when replacement time arrives, the resources are already in place.

- Increase the fire service assessment by 0.012% of equalized value, phased over two years (Year 1: 0.021% → Year 2 & beyond: 0.027%).
- Establish a dedicated capital fund alongside the existing operating budget — no change to day-to-day service funding.
- Fund shared proportionally by equalized value across all four member municipalities.
- Result: roughly $50K per year in new capital reserves — more in line with neighboring departments and keeping our fleet safe and ready.

TIMELINE

Town board presentations begin in July/August 2026, with approval requested for the upcoming budget cycle.

QUESTIONS

Please reach out to Lund Fire Department leadership — we're glad to walk through the numbers in more detail.