

AGENDA
NAFRS Board Meeting
April 19, 2018, 8:00am
LOC: Northfield Police Department

1	Approve Agenda	(Page 1)
2	Approve Minutes	1. March 12 Minutes Special Meeting (Page 2) 2. March 15 Minutes (Page 3-5)
3	Chief's Report	
4	Finance	1. Motion 2018- 9 approving disbursement batches 84 and 85 (Page 6-13) 2. Review of Year to Date Financial Report (Pages 14, 15)
5	Cost Allocation Formula	3. Discussion planned amendment to JPA – Cost Allocation Formula, sent to Board 4/12/18 a) REVISION 4, Report (Pages 16-25) b) REVISION 4, Resolution (Pages26-33)
5	Facility	Resolution 2018-___ Recommending Acceptance of Bid and Award of Contract for Improvements to Fire Station Facility (Pages 34, 35) Resolution 2018-___ Authorizing Amended and Restated Fire Station Lease Agreement (Page 36)
6	Work Session- McGrath Report	Discuss priorities emergent from work session and determine next steps
7	Taxing District	4. Legislative Update (Pages 37-43)
8	Adjourn	

Special NAFRS Board Meeting
March 12, 2018; 4:00 PM
LOC: Northfield Police Department

Board Meeting Attendance

Voting Members:	present	absent	late
Anne Haddad	X		
Glen Castore	X		
Lee Runzheimer	X		
Dana Graham	X		
Paul Liebenstein	X		
Glenn Switzer	x		
Bron Scherer	X		
Jessica Peterson-White	X		

Ex-officio Members:	present	absent	late
Kevin Estrem	X		
Brian Edwards			
Ben Martig	x		
John McCarthy	X		
Monte Nelson	X		
Gerry Franek	X		

David Medin, Dean Odette

Called to order at 4:00pm

1	Call Meeting to order	Haddad called meeting to order
2	Discuss options regarding Facility Building's Bid Process and Next Steps	<p>Peterson-White presented</p> <p>MOTION: NAFRS Board recommends to the Northfield City Council that the project be rebid to general contractors, and that the bids that were received be rejected. Motion made by Castore, seconded by Peterson-White. All in favor, motion passes.</p> <p>Discussion:</p>
3	Adjourn Meeting	Meeting adjourned at 4:23pm.

Meeting Minutes
NAFRS Board Meeting
March 15, 2018; 8:00am
LOC: Northfield Police Department

Board Meeting Attendance

Voting Members:	present	absent	late
Anne Haddad	x		
Glen Castore	x		
Lee Runzheimer	x		
Dana Graham	x		
Paul Liebenstein	x		
Glenn Switzer	x		
Bron Scherer	x		
Jessica Peterson-White			x

Ex-officio Members:	present	absent	late
Kevin Estrem	x		
Brian Edwards	x		
Ben Martig			x
John McCarthy	x		
Monte Nelson	x		
Gerry Franek	x		

1	Approve Agenda	Agenda was approved with two changes: 1) the Northfield Fire Relief Association presentation follow the approval of the minutes. 2) an update on taxing district legislation will follow the Facility Report.
2	Approve Minutes	February 15 minutes were approved with no changes.
3	Northfield Relief Fire Association	Scherer presented an overview of activities, requirements, and priorities for the year. Scherer distributed a handout showing Relief Association financials. Relief Association President, TJ Dvorak, described the governance of the organization. Scherer mentioned that the Relief Association Board is considering raising the annual pension payment from \$8500 to \$10,000. Runzheimer advised considering what would happen to the Relief Fund if the markets drop substantially

4	Chief's Report	<ul style="list-style-type: none"> -Chief reviewed fire calls for the month -Met with Carleton College staff regarding emergency access from their building on 2nd and Division. -Met with residents at The Crossings regarding concerns about fire response and fire safety in the building. -Work on refining facility plans. -Six firefighters attended training in Alexandria. -Ambulance is almost in service. -Possible house burn inspection for May -ISO inspection not yet back. -All firefighters have been cleared for fitness exams, except two (one out of town, one other paperwork), though still within the window of time to complete.
5	Finance	<p>MOTION 2018-8: Approve disbursements #82, and #83 Scherer motioned; Liebenstein seconded; all present voted yes.</p> <p>Discussion: None.</p> <ol style="list-style-type: none"> 1. Scherer reviewed Year to Date Financial Report. Over budget in Jan due to timing of purchases. February is only 30% over budget vs 80% in Jan. Costs will even out over time. 2. \$25,500 was received from LMCIT for repair of ambulance and expected to fully cover the all costs.
6	HR Report	<ol style="list-style-type: none"> 1. Leah Davis, AEM Workforce Solutions, was present to give an overview of NAFRS HR protocols and the 360 Review of Fire Chief Franek. Martig raised the issue of privacy for a performance evaluation. Attorney Swanson advised that a performance evaluation may be done in open session, but that private personnel data discussed in open session, such as the 360 Review, remains private data after the meeting while the record of the meeting is public. Franek also gave permission for the 360 Review to be discussed in this meeting. 2. Workforce Resources is reviewing the SOG's to ensure compliance with recent changes to employment laws. 3. Scherer requested that Leah Davis be available to consult with the Personnel Committee as they review items for 2018.
7	Facility	<p>Facility Bidding: Peterson-White and Martig reviewed the bid process and next steps. The Northfield Council voted to reject the bids and put the project back out for bids to general contractors on March 21st. The bids will be opened April 12th, and construction is expected to begin in early May.</p> <p>Taxing District: Castore reported that the Taxing District Bill is before the House and Senate Tax Committees and requested that Board Members contact their congressman encouraging them to support the bill.</p>

8	Administrative	<ol style="list-style-type: none">1. Chair Haddad met with representatives of each of the JPA Parties.2. The consultant, Sharon Klumpp, will be phoning members to interview them for the upcoming work session regarding the McGrath Report3. Char will be out of office March 14-21.4. At the end of the meeting, Attorney Swanson reminded members that the 360 Review document is private personal data, not to be shared, so copies should be turned in to the chair or kept private in Board members' own files.
9	Adjourn	Meeting adjourned at 9:13am.

DRAFT

Batch #84

Statement DATE:	PAYEE:	AMT:	ACCOUNT:	Invoice	APPV'd
3/6/2018	AEM Workforce Resources	\$2,158.31	Expense G&A: HR/payroll (Feb.)	395885	Y
3/2/2018	Aldrich Technology Consulting	\$75.00	Expense G&A: Professional Services, IT	1360	Y
3/1/2018	Arrow Ace Hardware	\$49.98	EO: Facility, 50# de-icer	6397576	Y
3/1/2018	CenturyLink	\$106.32	EO: Communications, internet	Stmt	Y
2/28/2018	CFS	\$70.46	EO: Fleet; fuel	116456	Y
3/21/2018	City of Northfield	\$116.13	EO: Facility, water	(Feb.)	Y
2/28/2018	Culligan	\$16.25	EO: Facility; drinking water system (Feb.)	(Feb.)	Y
2/28/2018	DSI	\$174.94	EO: Facility; sanitation/garbage	Stmt	Y
3/5/2018	Erickson, Dean	\$125.00	EO: Educ. & Training, meals/wages (Mankato Fire School)	Reimb	Y
1/12/2018	Fire Safety USA	\$131.80	EO: Equip., extrication gloves	109423	Y
3/5/2018	Jaguar Communications	\$176.14	EO: Communications/landline	Statement	Y
3/5/2018	Kwik Trip	\$248.20	EO: Fleet; fuel	Stmt	Y
3/10/2018	MIN PEIP	\$685.59	EO: HR, insurance (April)	690900	Y
2/28/2018	NAPA Auto	\$43.32	EO: Fleet, 3 gal. Zerex anti-freeze	516263	Y
3/7/2018	Reese, Winter, and Associates	\$250.00	Expense G&A, January	12018	Y
3/22/2018	Spectrum Business	\$99.98	EO: Facility; communications/internet	Stmt.	Y
3/5/2018	Stowe, Darrin	\$190.18	EO: Educ. & Training, meals/wages/mileage (Mankato Fire School)	Reimb	Y
3/5/2018	Tussing, Andrew	\$190.18	EO: Educ. & Training, meals/wages/mileage (Mankato Fire School)	Reimb	Y
3/4/2018	Walgreen's	\$55.00	EO: HR, flu vacc. (Franek, Etzell)	32004, 1483	Y
3/5/2018	Webber, Jeremy	\$190.18	EO: Educ. & Training, meals/wages/mileage (Mankato Fire School)	Reimb	Y
3/7/2018	Xcel Energy	\$2,185.43	EO: Facility; elec. \$912.89, gas \$1272.54	Stmt	Y

\$7,338.39

3/22/2018

Batch #85

Statement DATE:	PAYEE:	AMT:	ACCOUNT:	Invoice	APPV'd
4/6/2018	AEM Workforce Resources	\$2,158.31	Expense G&A: HR/payroll (Mar.)	39827	
3/13/2018	Aldrich Technology Consulting	\$75.00	Expense G&A: Professional Services, IT	1387	Y
3/22/2018	Arnold's Supply	\$56.00	EO: Facility, paper towels	603303	Y
3/28/2018	Cardmember Services (EFT)	\$384.32	EO: Educ, FDIC Registration	Feb.	Y
3/31/2018	DSI	\$174.81	EO: Facility; sanitation/garbage	Stmt	Y
3/3/2018	Etzell, Mark	\$190.18	EO: Educ. & Training, meals/wages/mileage (Mankato Fire School)	Reimb.	Y
3/29/2018	Innovative Office	\$67.75	EO: Office supplies, pocket folders	2007739	Y
4/1/2018	Kruse, Mike	\$150.00	EO: Facility; clearing of snow (Feb)	Stmt.	Y
4/6/2018	Kwik Trip	\$194.04	EO: Fleet; fuel	Stmt	Y
3/29/2018	Lampe Law	\$518.00	Expense G&A: Professional Legal Svcs (Feb.)	Feb.	Y
4/1/2018	Menards	\$370.87	EO: Facility, step ladder, smoke alarm	36812	
4/1/2018	MNIAAI	\$25.00	Exp. G&A: Membership Dues	Stmt.	Y
3/14/2018	Scherer, Bron	\$56.04	EO: Office supplies, copying of Board	Reimb.	
4/1/2018	ServiceMaster	\$692.00	EO: Facility, cleaning services	905642, 905723	Y
3/15/2018	*Valley Autohaus	\$22,874.28	EO: Fleet, repair 2002 Rescue Truck	B10248	Y
4/2/2018	Xcel Energy	\$1,598.38	EO: Facility; elec. \$813.48, gas \$784.90	Mar.	Y
		\$29,584.98			

4/6/2018

*This payment comes out of the funds of \$25,000 received from LMCIT, deposited 2/14/18.

NAFRS

UNAUDITED

**EXECUTIVE SUMMARY-FINANCIAL STATEMENT HIGHLIGHTS
AS OF MARCH 31, 2018 AND FOR THE PERIOD THEN ENDED**

BALANCE SHEET (FINANCIAL POSITION) ITEMS:	
Cash in bank (operating funds)	\$301,900
Cash in bank (capital funds)	(\$9,200)
Total cash balance, month end	\$292,700
Deferred facility soft costs (prepaid expense on Balance Sheet)	\$11,800
Accounts payable, period end (operating)	\$28,500
Net working capital, period end	\$303,300
Fund Balance, Operating Fund, period end	\$303,300
Fund Balance, Capital Fund (Air Paks/Compressor, Pumper/Aerial Plat.), period end	\$973,700

OPERATIONS ITEMS:	
Current Year Operating Budget (Annual)	\$525,000
Current Year Pro-rated Operating Budget through current period	\$131,250
Actual Operating Expenses, ytd, net of other income	\$139,800
YTD Actual Operating Expenses less than Budget [favorable variance]	(\$8,550)
% of budget-Actual Operating Expenses less than Budget	-6.5% YTD op expenses in excess of budget
TOTAL REVENUES YTD: TRAINING & EDUCATION	\$0
All major budget categories have favorable budget (or zero) variances except:	
Small equipment purchases	(\$20,000) Turnout gear-replacement & for new crew (budgeted in 2017-new crew)
General & Administrative	(\$2,600) All 2017 audit bill accrued/paid (Jan-Feb '18)
ITD unfunded Depreciation provision	(\$22,600)
	\$190,300

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NAFRS
BALANCE SHEET-OPERATING FUND

As of MARCH 31, 2018, FEBRUARY 28, 2018 & DECEMBER 31, 2017, 2016, 2015 & 2014

	<u>3/31/2018</u>	<u>2/28/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
ASSETS:						
Current Assets-						
Cash (all accounts)	\$292,667.69	\$321,455.83	\$189,518.88	\$114,747.69	\$145,084.44	\$48,927.93
Prepaid Rent, insurance & facility soft costs	\$47,740.04	\$30,283.99	\$23,286.61	\$30,927.30	\$16,368.41	\$27,394.70
TOTAL ASSETS	\$340,407.73	\$351,739.82	\$212,805.49	\$145,674.99	\$161,452.85	\$76,322.63
LIABILITIES & FUND BALANCE:						
LIABILITIES:						
Accrued payroll, taxes, benefits	\$8,693.69	\$11,546.97	\$18,556.13	\$15,459.21	\$10,659.22	\$7,911.41
Accounts payable-Operating Fund	\$28,458.79	\$11,704.58	\$13,644.17	\$14,091.63	\$9,866.03	\$16,973.12
TOTAL LIABILITIES	\$37,152.48	\$23,251.55	\$32,200.30	\$29,550.84	\$20,525.25	\$24,884.53
FUND BALANCE:						
Prior Year Fund Balance	\$180,605.19	\$180,605.19	\$116,124.15	\$140,927.60	\$51,438.10	\$0.00
Member Contributions	\$262,500.00	\$262,500.00	\$525,010.00	\$525,000.00	\$507,500.25	\$169,000.00
Transfer to Capital Fund from Op.-Truck Purchase	\$0.00	\$0.00	\$0.00	(\$34,999.00)	\$0.00	\$0.00
Less operating expenses, net	(\$139,849.94)	(\$114,616.92)	(\$460,528.96)	(\$514,804.45)	(\$418,010.75)	(\$117,561.90)
Excess of contributions over expenses	\$122,650.06	\$147,883.08	\$64,481.04	(\$24,803.45)	\$89,489.50	\$51,438.10
TOTAL FUND BALANCE	\$303,255.25	\$328,488.27	\$180,605.19	\$116,124.15	\$140,927.60	\$51,438.10
TOTAL LIABILITIES & FUND BALANCE	\$340,407.73	\$351,739.82	\$212,805.49	\$145,674.99	\$161,452.85	\$76,322.63

	<u>3/31/2018</u>	<u>2/28/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
NAFRS CAPITAL FUND:						
ASSETS:						
Cash (due to Operating Fund)	(\$9,210)	(\$9,210)	\$232,114	\$232,114	\$232,114	\$232,114
Fixed asset-Air Pack Equipment	\$232,114	\$232,114	\$232,114	\$232,114	\$232,114	\$232,114
Fixed asset-Scott Site sets (6) w/ comm	\$9,300	\$9,300	\$9,300	\$9,300	\$9,300	\$9,300
Fixed asset-Electronic Fire Extinguisher Tr. System	\$12,910	\$12,910	\$12,910	\$12,910	\$12,910	\$12,910
Fixed asset-Used Aerial Platform #8128	\$365,699	\$365,699	\$365,699	\$365,699	\$365,699	\$365,699
Fixed asset-New Pumper #8125	\$553,211	\$553,211	\$553,211	\$553,211	\$553,211	\$553,211
Less accumulated depreciation	(\$190,328)	(\$181,963)	(\$165,233)	(\$73,218)	(\$64,853)	(\$5,802)
Net fixed assets	\$973,696	\$982,061	\$985,791	\$1,077,806	\$1,086,171	\$226,312
TOTAL ASSETS	\$973,696	\$982,061	\$985,791	\$1,077,806	\$1,086,171	\$226,312
FUND BALANCE	\$973,696	\$982,061	\$985,791	\$1,077,806	\$1,086,171	\$226,312

UNAUDITED

**NAFRS
STATEMENT OF OPERATIONS
FOR THE MONTH ENDED MARCH 31, 2018**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAV. (UNFAV.)</u>	\$0 <i>Note A</i>
REVENUES:				
Total Revenues	\$0.00	\$0.00		
EXPENSES:				
Human Resources	\$14,612.26	\$23,041.69	\$8,429	
Facility	\$6,453.99	\$7,958.33	\$1,504	
Small Equipment	\$131.80	\$1,333.33	\$1,202	
Fleet	(\$1,074.53)	\$3,416.66	\$4,491	<i>Note A</i>
Education & Training	\$1,270.04	\$1,500.00	\$230	
Communications/I.T.	\$382.44	\$500.00	\$118	
General Insurance (liab/excess)	\$256.92	\$333.33	\$76	
General & Administrative	<u>\$3,200.10</u>	<u>\$5,666.66</u>	<u>\$2,467</u>	
TOTAL EXPENSES-OPERATING	<u>\$25,233.02</u>	<u>\$43,750.00</u>	<u>\$18,517</u>	
EXCESS OF REVENUES OVER EXPENSES-OPS	(\$25,233.02)	(\$43,750.00)	\$18,517	

NOTE A: Net credit in Fleet Expense Department relates to casualty loss (damages) incurred on the ambulance. Insurance proceeds were \$25,500 while related repairs approximated \$23,000 and are netted in "Fleet Expense" line.

UNAUDITED

**NAFRS
STATEMENT OF OPERATIONS
FOR THE YEAR-TO-DATE ENDED MARCH 31, 2018**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAV. (UNFAV.)</u>	<u>2017-3 MONS ACTUAL</u>
REVENUES:				
Total Revenues	\$262,562.69	\$262,500.00	\$63	\$262,516.35
EXPENSES:				
Human Resources	\$60,546.23	\$69,125.07	\$8,579	\$37,037.01
Facility	\$22,481.14	\$23,874.99	\$1,394	\$14,310.76
Small Equipment	\$24,015.67	\$3,999.99	(\$20,016)	\$71.44
Fleet	\$7,901.02	\$10,249.98	\$2,349	\$4,084.18
Education & Training	\$3,441.34	\$4,500.00	\$1,059	\$0.00
Communications/I.T.	\$1,147.32	\$1,500.00	\$353	\$1,582.54
General Insurance (liab/excess)	\$770.76	\$999.99	\$229	\$625.84
General & Administrative	<u>\$19,609.15</u>	<u>\$16,999.98</u>	<u>(\$2,609)</u>	<u>\$14,705.80</u>
TOTAL EXPENSES-OPERATING	<u>\$139,912.63</u>	<u>\$131,250.00</u>	<u>(\$8,663)</u>	<u>\$72,417.57</u>
EXCESS OF REVENUES OVER EXPENSES-OPS	\$122,650.06	\$131,250.00	(\$8,600)	\$190,098.78

Northfield Area Fire and Rescue Service
Statement of Operations
 January through March 2018

	<u>Jan - Mar 18</u>
Ordinary Income/Expense	
Income	
4000 · NAFRS member contributions	275,500.00
Total Income	<u>275,500.00</u>
Expense	
5000 · Communications/I.T.	1,147.32
5100 · Education & training	
5110 · Conference fee	1,285.00
5150 · Lodging	384.10
5155 · Per Diem, mileage, other travel	1,387.92
5100 · Education & training - Other	384.32
Total 5100 · Education & training	<u>3,441.34</u>
5200 · Equipment expense	
5230 · Small equipment purchases	24,015.67
5240 · Depreciation Expense	25,095.00
Total 5200 · Equipment expense	<u>49,110.67</u>
5300 · Facility	
5310 · Building maint & repair	49.98
5315 · Building Lease (City of NF)	5,000.25
5320 · Insurance	6,314.25
5330 · Outside services - cleaning	1,038.00
5340 · Outside services - grounds/snow	2,155.00
5350 · Outside services - refuse	699.52
5360 · Supplies	138.37
5370 · Utilities - electricity	3,758.85
5380 · Utilities - natural ga	2,940.24
5390 · Utilities - water/sewer/storm	386.68
Total 5300 · Facility	<u>22,481.14</u>
5400 · Fleet expense	
5410 · Fuel/oil/lubricants	1,420.23
5420 · Insurance	2,985.51
5430 · Repairs & maintenance	3,495.28
Total 5400 · Fleet expense	<u>7,901.02</u>
5500 · General & administrative	
5510 · Board expenses	56.04
5525 · Memberships & dues	114.00
5530 · Office supplies	796.02
5560 · Professional fees - acct/audit	9,150.00
5570 · Professional services - HR/pr	6,474.93
5580 · Professional services - legal	2,275.50

Northfield Area Fire and Rescue Service
Statement of Operations
January through March 2018

	<u>Jan - Mar 18</u>
5581 · Professional fees - other	150.00
5585 · Software	592.66
Total 5500 · General & administrative	<u>19,609.15</u>
5600 · Human resources	
5610 · FICA	3,002.79
5620 · Fire Relief Retirement prov	792.01
5630 · Gross payroll/stipends/allowanc	39,252.58
5645 · Insurance- health	2,056.77
5650 · Workers compensation insurance	8,830.50
5660 · Other benefits	230.58
5673 · Vaccinations / FF Physical	6,381.00
Total 5600 · Human resources	<u>60,546.23</u>
5700 · Insurance-general (liab/exess)	770.76
Total Expense	<u>165,007.63</u>
Net Ordinary Income	110,492.37
Other Income/Expense	
Other Income	
9000 · Interest income	62.69
Total Other Income	<u>62.69</u>
Net Other Income	<u>62.69</u>
Net Income	<u><u>110,555.06</u></u>

HISTORY OF OPERATING BUDGET PREPARATION AND REVIEW-NAFRS, 2014-2018

Since the inception of NAFRS, its Finance Committee, led by the Finance Committee Chair or Finance Committee Member representative has assumed primary responsibility for assembling applicable historical and prospective data to present relevant NAFRS Operating Budget data to the NAFRS Board for review and approval.

Such Operating Budget has been compiled on an annual basis utilizing the following key, informational components:

1. Detailed discussions with the Fire Chief and the (two) Assistant Chiefs in terms of specific plans with Operating Budget implications for the upcoming budget year including the following significant, potential uses of operating funds (these discussions occur throughout the year and specifically prior to the Finance Committee meeting in May of the current year):
 - a. Planned firefighter education and training costs
 - b. Anticipated hiring plans for new (and/or replacement) firefighters which affects the budget in the following areas:
 - i. Education and training (certifications) [see above]
 - ii. Turn out and other gear needs
 - iii. Recruiting and hiring process costs
 - c. Known, significant small equipment purchases and replacement of existing small equipment items.
 - d. Known, significant repairs and maintenance to NAFRS Facility.
 - e. Known, significant repairs and maintenance to NAFRS fleet.
 - f. Review of historical fire call hours paid with the goal of trying to estimate human resource costs for the upcoming budget year.
 - g. Administrative Department human resource cost estimates
 - h. Professional fees/projects including potential for facility related "soft costs" not encompassed by bonded facility costs.
 - i. Consideration of new facility lease with the City of Northfield, commencing in 2019.
 - j. Utilization of prior operating fund balance dollars to fund 2018-2019 construction period interest expense and/or to apply to an equipment or fleet purchase.
2. Detailed review of current year year-to-date expenditures and any apparent expense trends on an expense, line item by line item basis-general ledger, transaction detail review. Fire Chief reviews general ledger detail as well as Finance Committee representative.
3. Detailed review of prior year expenditures via review of general ledger, transaction detail. Fire Chief reviews general ledger detail as well as Finance Committee representative.

4. Each year's NAFRS Operating Budget is generated from the "ground up", starting at zero for each significant, variable expense line item (human resources, professional fees, small equipment purchases, major repairs and maintenance to fleet and facility, education and training and recruiting/hiring costs, if any).
5. Insurance costs are estimated based upon the facts and circumstances available at the time of budget preparation (new policy year premiums typically not available prior to budget preparation).
6. The NAFRS Finance Committee commences review of the upcoming year's budget report (worksheet) in May of the current year, reviewing the relevant information above with the goal to be complete with its responsibilities (in agreement with a recommendation among NAFRS Finance Committee Members) in June in order that the NAFRS Board has two months roughly (June and July) to review the operating budget and related support and approve such prior to the NAFRS Party budget deadline prescribed in the JPA Agreement (August timeframe).
7. Principal responsibility for the CEP (Equipment/Fleet acquisition plan) is with the NAFRS Equipment Committee but is reviewed by the NAFRS Finance Committee and assembled for inclusion in the overall budget package.

NOTE REGARDING FUNDING OF DEPRECIATION EXPENSE (INCEPTION TO DATE):

To date, the NAFRS Board has chosen to not fund (provide funds and reserve such) depreciation charges (provision). NAFRS now owns two apparatus (fleet) items, airpacks/compressor system, Scott Site Systems and a Fire Extinguisher Training System. No funds have been reserved for future replacement of such items to date.

DRAFT Report to the JPA Parties on the proposed revision of the JPA cost allocation formula

REVISION 4, Report

Resolution 2018-

(DATE)

Origin of the Proposal

From time to time during 2017 several Board members and community members have suggested revising the allocation formula to include fire calls or to consider discounting the land values portion of the estimated market value to more closely align the allocation of expenses to the use of the fire service. During the same period the Rural Fire District Administrator was voicing concern over the ever increasing cost of the facility project and the ability of the RFD to manage its portion of a 15 year bond. The proposed changes would align NAFRS with the practice of other communities and the League of Minnesota Cities.

The formula currently used in the Joint Powers Agreement results in an imbalance between use of the fire service and cost allocation as shown below:

	Fire Calls 2016		Fire Calls 2017		Allocation percentage
Northfield	213	80.4%	199	78.7%	72.22%
Rural Fire District	43	16.2%	41	16.2%	22.41%
Dundas	9	3.4%	13	5.1%	5.37%
	265		253		

In July 2017 the Board assigned to the Finance Committee the task of examining the Joint Powers Agreement (JPA) cost allocation formula and recommending changes as a 2018 project. The Finance Committee took up the issue in its August 2017 meeting. The effect of the proposed change in the formula on the financial viability of the Rural Fire District was discussed at this meeting. The Finance Committee continued to address the issue in its September and October meetings as reported to the Board.

The Rural Fire District Board, meeting on October 11, 2017 discussed the impact on the long-term financial health of the RFD of the combined effect of the projected facility cost of \$4,000,000 with a 15 year bond, the current CEP plan and the 2018-2019 cost allocation percentage of 22.88%. The RFD Board passed a motion in which they recommended limiting their payment on the facility to \$60,000 and their overall contribution percentage to less than 19.7%. They also discussed increasing RFD charges to the townships.

Motion to recommend to the NAFRS Board that the annual payment by the RFD on the facility bond be no more than \$60,000 and that the percentage of NAFRS expense allocated to the RFD be no more than 19.7% was moved by Odette and seconded by Penny. The vote in favor of the motion was unanimous.

Background of the Current Formula

The cost allocation formula in Exhibit D of the Joint Powers Agreement was developed in 2013 by the Fire Service Task Force. This group was formed in the fall of 2012 with the charge of examining three potential administrative structures for the fire department and recommending one. The Task Force engaged Emergency Services Consulting International to assess the condition of the department and to provide information on the administrative structures being considered. That report was received in June 2013. This type of procedure for cost allocation was discussed in that report.

In the course of examining the options the Task Force developed a model joint powers agreement which included a formula for cost allocation. The Task Force considered alternatives such as applying a 20% discount to estimated market value for townships, incorporating fire calls, and using estimated market value of improvements (EMVI) rather than estimated market value (EMV) and various weighting schemes were explored.

The Task Force settled on the current formula giving 20% weight to EMV and 80% to population for two reasons:

1. We viewed the fire department as an insurance program protecting people and property. The weights were meant to reflect the communities' priority between those. Applying the analogy with insurance to fire calls, one's home owners insurance is not reduced just because it hasn't been used. Following the analogy, a jurisdiction's relatively low number of fire calls should not result in a discount on the cost of insurance.
2. As a practical matter we were not able to get EMVI for the portions of the fire district in Dakota County. The Dakota County auditor's office was understaffed as a result of layoffs and they did not have the capacity to develop a special report for us. Hence we settled for EMV.

The Task Force wrote a draft joint powers agreement in November 2013 which served as the starting point for the agreement eventually developed. Exhibit C of that draft contained the formula the JPA currently uses. It was incorporated into the final joint powers agreement with no changes.

Proposed Revision to the Formula

The recommendation is to make the following changes to the JPA formula for allocating costs among Parties (Exhibit D of the JPA).

1. **Replace EMV (Estimated Market Value) with EMVI (Estimated Market Value of Improvements).** EMVI is based only on the improvements to property, primarily structures, whereas EMV includes the value of the land itself along with the improvements. EMV and EMVI both include taxable and non-taxable structures. EMVI is more representative of the service provided by the fire department which is to protect people and structures and it is one of the three factors recommended by the League of Minnesota Cities for allocating cost of fire service. Dakota County can now provide the EMVI data for those township sections in the NAFRS service area.
2. **Include a three year average of fire calls in the formula.** Fire calls is one of the three factors recommended by the League of Minnesota Cities for allocating cost of fire service. A fire call is counted if:
 - a. It occurs in the NAFRS service area. Consequently it occurs in either a township, Dundas or Northfield. All calls in townships will be attributed to the Rural Fire District. Mutual aid calls would not be counted in the allocation process.
 - b. A report has been submitted to the National Fire Incident Reporting System.
3. **Define a procedure for including rescue calls with fire calls.** If Rescue Squad related costs paid by NAFRS exceed ~~10% of the total NAFRS operating and capital budgets combined for a two-year continuous period~~ \$75,000 each year for two continuous years, then rescue calls will be added to fire calls in the next scheduled update of the Party allocation formula. A procedure for determining these costs is given later in this report.
4. **The three factors in the formula be weighted as follows:**
 - a. 33% Estimated Market Value of Improvement (EMVI)
 - b. 33% Fire Calls averaged over 3 years, omitting recalls
 - c. 34% Population
5. ~~The changes are to be implemented in 2018 for the 2019 in 2019 for the 2020 budget. The data in the formula will be updated every two years starting in 2021.~~

The League of Minnesota Cities developed a model fire service contract, available on the LMC website (www.lmc.org/media/document/1/citytownfireservice.docx), when one jurisdiction is providing fire service for another. The model contract published in May 2016 applies a payment formula which gives equal weight to each of EMVI, population and a three year average of fire calls. The new formula proposed for the JPA essentially adopts this practice recommended by the LMC.

Example Application of the LMC Categories to NAFRS

Recently the Dakota County Auditor’s Office agreed to create a standard report which gives the estimated market value of improvements (EMVI) for each section covered by NAFRS in Greenvale, Sciota and Waterford townships and the portion of Northfield in Dakota County.

By way of example in showing how this formula would work and the likely effect it will have on the contributions of the Parties the following table uses current data (fire calls were estimated since this example was created in mid-2017). *This would be updated in the summer of 2018 2019 to arrive at the actual contribution percentages for 2019 2020.*

	EMVI (payable 2018)	EMVI %	Population (2016)	Population %	Fire Calls	Call %
Northfield	\$1,035,768,030	67.6%	20,355	76.0%	213	82.2%
Dundas Rural Fire District	\$99,003,200	6.5%	1,490	5.6%	9	3.5%
	\$397,527,600	25.9%	4,936	18.4%	37	14.3%
	\$1,532,298,830	100.0%	26,781	100.0%	265	100.0%

Sources: EMVI – Rice and Dakota County Auditor’s Offices; Population – Minnesota State Demographer; Fire Calls – NAFRS fire call reports

A sense of the difference between Estimated Market Value and Estimated Market Value of Improvements is given by the following examples. EMV includes both land and structures whereas EMVI counts only structures. Taxable Market Value (TMV) is shown for information only.

Site	Description	EMV 2017	EMVI 2017	TMV 2017
Skinner Chapel	Building + 2.0 acres	\$6,221,800	\$5,993,100	\$0
First National Bank	Building + 0.13 acres	\$571,000	\$516,000	\$571,500
Peterson farm field	77.7 acre field	\$512,800	\$0	\$512,800

Source: Rice County Beacon

The EMV of non-taxable properties is not always current. For example, the listed EMV for Skinner Chapel for 2016, 2015 and 2014 was \$714,500. The comparison of Estimated Market Value, Estimated Market Value of Improvements (i.e. buildings) and Taxable Market Value is shown below.

	EMV		EMVI		TMV	
Northfield	1,365,418,300	54.7%	1,040,474,100	68.2%	1,286,892,083	53.3%
Rural Fire District	990,297,600	39.7%	385,823,200	25.3%	997,667,248	41.3%
Dundas	<u>139,747,400</u>	5.6%	<u>99,003,200</u>	6.5%	<u>129,742,000</u>	5.4%
	2,495,463,300		1,525,300,500		2,414,301,331	

Using the data in the above tables, the comparison of the current with the proposed procedure is:

	WEIGHT				JURISDICTION		
	EMV	EMVI	Fire Calls	Population	Northfield	RFD	Dundas
Current	20%	Not used	Not used	80%	71.75%	22.68%	5.57%
Proposed	Not used	33%	33%	34%	75.29%	19.54%	5.17%

Because fire calls are included and land values are not included the resulting allocation percentages more closely reflect the actual use of the fire service by each Party.

Procedure for Determining the Contribution of NAFRS to Rescue Squad Expenses

SUMMARY-ANNUAL COSTS

See accompanying Footnotes for supporting documentation and notes indicated below.

	NAFRS COST	RESCUE SQUAD COST (or Donated)	NOTE
CAPITAL:			
Heavy Rescue (HR) Depreciation (cost recovery)	\$0	\$28,500	(1)
4 WD Ambulance (cost recovery) [assumes 100% cash financing]	\$0	\$8,550	(2)
	\$0	\$37,050	
Small equipment for rescue ops-HR		<u>\$5,000</u>	(3)
TOTAL CAPITAL	\$0	\$42,050	
OPERATING:			
Apparatus-			
Maintenance (fuel, insurance, r&m)	\$10,000	\$0	(4)
Facility:			
Space ("rent") [\$13,700 BUILDING IMPROV.]	\$1,600	\$0	(5)
Operations	<u>\$6,000</u>	<u>\$0</u>	(5)
	\$17,600	\$0	
Human Resources-			
Training			(6)
Personnel (payroll and benefits)	<u>\$1,900</u>	<u>\$31,500</u>	(7)
	<u>\$1,900</u>	<u>\$31,500</u>	
TOTAL OPERATING	<u>\$19,500</u>	<u>\$31,500</u>	
TOTAL ANNUAL COSTS	\$19,500	\$73,550	\$93,050
-Percentage of rescue squad ops paid by entity	21.0%	79.0%	100.0%
TOTAL ANNUAL COSTS WITH FINANCING			
-FOR BUILDING IMPROVEMENTS IN PLACE	\$31,600	\$73,550	\$105,150

NAFRS ESTIMATED ANNUAL BUDGETS:	-
-OPERATING	\$525,000
-APPARATUS	\$250,000
-FACILITY LEASE (incl. Building Improv.)	\$250,000
-	\$1,025,000

-Share of NAFRS total annual budget-rescue ops.	1.9%
-Share of NAFRS total (with Building Improv.)	3.1%

-Pro forma share of NAFRS total annual	-	-
—budget with rescue squad operations	-	-
—costs included	-	8.5%
-Pro forma share (with Building Improv.)	-	9.6%

NORTHFIELD AREA FIRE & RESCUE (NAFRS)
FOOTNOTES TO
RESCUE SQUAD (separate entity from NAFRS)
COST/BENEFIT ANALYSIS
JANUARY 2018

The purpose of this accompanying “Cost/Benefit Review-Rescue Squad Operations” is to:

- a. Document the estimated share of costs to the NAFRS organization of providing rescue squad services to the NAFRS area community.
- b. Document the estimated costs incurred by the rescue squad in providing rescue squad services to the NAFRS area community.
- c. Accumulate and summarize such rescue squad related costs to allow the reader (NAFRS Board and NAFRS Parties in particular) to better understand the financial impact to NAFRS as well as the financial benefits received by NAFRS via direct and donated financial contributions of the rescue squad entity to such rescue operations.
- d. Provide an objective template and means to determine when the NAFRS cost of providing rescue services exceeds \$75,000 each year for two continuous years. ~~over a defined period becomes “significant” as to be defined by the NAFRS Board and affirmed by the NAFRS Parties, the purpose being to determine if rescue calls, as defined, are included in the “call component” of the proposed revisions to the JPA cost allocation formula.~~

OVERALL NOTE: All information in these footnotes and in the accompanying “Cost/Benefit Review-Rescue Squad” report was derived from actual 2017 NAFRS (YTD through November 30, 2017) financial statements and the 2017 and 2018 NAFRS approved operating and capital budgets, respectively. Gerry Franek, NAFRS Fire Chief and Jeff Machacek, NAFRS First Assistant Fire Chief provided the remainder of the operating and facility information.

Notes:

1. The **Heavy Rescue (HR)** vehicle apparatus current, estimated replacement cost is \$600,000, twenty (20) year useful life, 5% residual value. Straight-line depreciation results in an annual cost of \$28,500, assuming no financing (all cash purchase). ***A HR apparatus is required by fire department operations, irrespective of future rescue squad operations serviced out of the NAFRS facility.*** HR is utilized on 100% of rural fire calls and approximately 70% of city fire calls. Historically, the HR has been financed via community donations and the rescue squad.
2. The **4WD ambulance (ambulance)** vehicle apparatus current, estimated replacement cost is \$180,000, twenty (20) year useful life, 5% residual value. Straight-line depreciation results in an annual cost of \$8,550, assuming no financing (all cash purchase). Historically, the ambulance has been financed via community donations and the rescue squad.
3. Substantial NAFRS owned/supplied and Rescue Squad owned/supplied equipment is utilized on the HR and ambulance including NAFRS owned turn-out gear. We believe it reasonable to assume that 50% of the cost of such equipment, related maintenance

and supplies are borne by each. It is currently expected that \$100,000 will be expended to outfit the new (planned for 2020) HR with the majority funded with rescue squad funds. For purposes of this analysis, such will be depreciated over twenty (20) years on a straight-line basis, no salvage value assumed.

4. **All** apparatus maintenance (fuel, oil, insurance and repairs and maintenance) are NAFRS costs. Total annual costs for such items approximates \$40,000 for ALL apparatus. While not all specific cost line items are tracked on a per apparatus basis, it is reasonable to assume that most of such costs (say 75%) are incurred by the six (6) major, more heavily used apparatus [two pumpers, aerial ladder, aerial platform, the HR and ambulance]. Thus, allocate one—third of 75% of total annual expenditures to maintain HR and ambulance: \$10,000. Assume that the boat(s) and track vehicle(s) operating costs are shared (and immaterial) and such apparatus are utilized by both parties roughly equally. But for purposes of this analysis, 100% of such costs are the responsibility of (and owned) by NAFRS as the boats and tracked apparatus vehicles are assumed necessary for fire operations, irrespective of rescue operation needs.
5. Facility costs allocated to rescue squad apparatus and operations are as follows: office-170 square feet and ambulance and heavy rescue garage-1,474 square feet, 1,644 total rescue squad apparatus and office square feet; total current space: 20,647 square feet or 8% of total occupancy without regard for office/apparatus space utilization (purpose) differences. Current rent of \$20,000 plus facility operating budget (utilities, insurance, supplies, repairs, outside services (cleaning, lawn, snow, etc.)) is approximately \$75,000, \$95,000 total or \$4.60 per square foot (\$3.60 operating plus \$1.00 facility). Allocate 8% to rescue squad results in “rent” of \$1,600 and facility operating costs of \$6,000. With financing of the NAFRS building addition and improvements, such cost could result in an overall cost per square foot of \$12.00 (\$3.60 operating plus \$8.40 facility) which would total approximately \$19,700, an increase of \$12,100 annually. NAFRS planned building addition is required irrespective of future ambulance space requirements.
6. Human Resources-Training. Certain initial and on-going (annual) training/continuing education costs are paid for by either NAFRS or the rescue squad. For purposes of this analysis, the assumption is that such costs are borne equally between the two entities and related benefits are shared equally between the two operations. Given the inter-play and interaction of operations, this is believed to be a reasonable assumption.
7. From a personnel cost perspective, both NAFRS and the rescue squad bear a portion of the costs of operations. NAFRS pays the monthly rescue squad captain a monthly administrative stipend of \$146.67, \$1,894.68 annually including employer share of FICA/Medicare tax. Conversely, the paid on-call fire fighters are not compensated for rescue squad calls, rescue related training and meetings. Based upon discussions with the rescue squad captain and review of recent, historical activity logs, the average annual hours worked for rescue squad operations is sixteen (16) hours. Meetings and training hours for rescue squad activities average thirty-five (35) hours annually. Using the fire suppression hourly call rate of \$21.63 and the meeting/training hourly rate of \$16.17 per hour, respectively, plus employer share of FICA/Medicare tax, total rescue squad pro-forma compensation would approximate \$31,500 annually, assuming a thirty-two (32) paid on-call personnel head count.

General note regarding NAFRS facility and maintenance costs allocated to rescue squad operations:

For purposes of the accompanying "Cost/Benefit Review-Rescue Squad Operations", 100% of the facility (space) cost relating to housing the HR and ambulance have been designated as NAFRS costs of housing such apparatus, recognized that such apparatus has not historically been purchased by NAFRS, or predecessor parties (acquisition costs financed via other methods as discussed above). Under this method, the assumption is made that such HR and ambulance are not utilized for fire calls. As discussed above, this is not the case. Again, the HR is used extensively on fire calls. And further, it is likely that a smaller emergency type vehicle be required as well to properly address fire call situations and risks, whether or not the 4WD ambulance is needed for rescue squad operations. Thus, for purposes of determining the "significance" of overall rescue squad operations in the accompanying "Cost/Benefit Review-Rescue Squad Operations", the costs assigned to the HR and ambulance apparatus maintenance and facility costs is conservative, erroring on the side of allocating such fixed and variable costs to rescue squad operations when in reality, such apparatus and related maintenance and facility space costs are required by fire operations irrespective of rescue squad operation needs.

Northfield Area Fire and Rescue Service
REVISION 4, Resolution
RESOLUTION 2018 –
Recommending an Amendment to the Joint Powers Agreement

DATE

WHEREAS the City of Northfield (“Northfield”), the City of Dundas (“Dundas”), and the Northfield Rural Fire Protection District (“Rural Fire”), (collectively the “Parties”), pursuant to Minnesota Statutes, section 471.59, entered into a Joint Powers Agreement dated April 1, 2014 (the “JPA”), to operate and provide fire protection and rescue services to their respective residents through a joint fire department called the “Northfield Area Fire And Rescue Service” (“NAFRS”); and

WHEREAS NAFRS is operated and managed by a joint powers board (“NAFRS Board” or “Board”); and

WHEREAS the NAFRS Board believes it is in the best interests of NAFRS and the Parties to amend the JPA cost allocation procedure as described in Exhibits A and B; and

WHEREAS the Board wishes to recommend the changes contained in this Amendment to the Joint Powers Agreement attached hereto and incorporated herein by reference as Exhibits A and B; and

WHEREAS Section 27.e. of the JPA requires the Board to present any proposed JPA amendment to the Parties by resolution, and to issue a report explaining the amendment and the process for consideration and adoption, which report will be prepared forthwith; and

WHEREAS the JPA requires that the Parties must act to approve, modify or deny a proposed amendment within 90 days after the Board issues its report concerning the proposed amendment.

THEREFORE, BE IT RESOLVED by the NAFRS Board as follows:

1. The Board approves and recommends to the Parties the adoption of the Amendment to Joint Powers Agreement attached hereto as Exhibit A.
2. The Board approves and recommends to the Parties the adoption of the Amendment to Joint Powers Agreement attached hereto as Exhibit B.
3. The Parties are requested to pass a resolution approving the First Amendment to Joint Powers Agreement within 90 days of the date of issuance of the report on ~~February 15, 2018~~ DATE concerning the proposed amendment.

Gerry Franek, Fire Chief

Anne Haddad, Board Chair

	Yes	No	Abstain	Absent
Glen Castore				
Dana Graham				
Anne Haddad				
Paul Liebenstein				
Jessica Peterson-White				
Lee Runzheimer				
Bron Scherer				
Glenn Switzer				

EXHIBIT A

The changes proposed to the language currently in the Joint Powers Agreement:

7b. Adjustment Process. The ~~above~~ Party Contributions shall be updated every two years starting with the year 2019 for the 2020 budget in accordance with the procedure described in Exhibit D, which is attached hereto and incorporated herein by reference. Annual Party Contributions will be determined by the process described in Exhibit D. The population numbers used to calculate annual Party Contributions will be those most recently certified by the Minnesota State Demographer. The Estimated Market Values of Improvements will be those most recently certified by the relevant County Auditors for the Members' respective jurisdictions. Fire Calls will be those reported to the National Fire Incident Reporting System by the Northfield Area Fire and Rescue Service (NAFRS) and occurring in the NAFRS service area.

The language as it would read if the proposal is adopted:

7b. Adjustment Process. The Party Contributions shall be updated every two years starting with the year 2019 for the 2020 budget in accordance with the procedure described in Exhibit D, which is attached hereto and incorporated herein by reference. Annual Party Contributions will be determined by the process described in Exhibit D. The population numbers used to calculate annual Party Contributions will be those most recently certified by the Minnesota State Demographer. The Estimated Market Values of Improvements will be those most recently certified by the relevant County Auditors for the Members' respective jurisdictions. Fire Calls will be those reported to the National Fire Incident Reporting System by the Northfield Area Fire and Rescue Service (NAFRS) and occurring in the NAFRS service area.

EXHIBIT B

The changes proposed to the language of Exhibit D currently in the Joint Powers Agreement (the current language would be deleted in its entirety):

EXHIBIT D

Procedure for determining the allocation of costs among the Parties

~~Step 1: Get Estimated Market Values (EMV) and Populations for each of the members. The Auditors for Rice County and Dakota County provide the EMVs. The EMVs for a given year are finalized in the first week of February of each year. The population figures are available from the State Demographer.~~

~~The values used for determining the cost allocation for 2014, 2015, 2016 and 2017 are shown below:~~

	Estimated			
	Market Value	EMV %	Population	Pop %
Northfield	\$1,129,244,200	54.9%	20,373	76.5%
Dundas	\$117,547,100	5.7%	1,407	5.3%
Bridgewater	\$270,341,600	13.1%	1,791	6.7%
Forest	\$119,961,600	5.8%	680	2.6%
Greenvale	\$182,029,900	8.8%	811	3.0%
Northfield (twp)	\$192,709,000	9.4%	843	3.2%
Sciota	\$4,253,800	0.2%	111	0.4%
Waterford	\$7,295,500	0.4%	332	1.2%
Webster	\$33,579,200	1.6%	268	1.0%
TOTAL	\$2,056,961,900	100.0%	26,616	100.0%

~~Step 2: Consolidate the above data for the Rural Fire District members.~~

	Estimated			
	Market Value	EMV %	Population	Pop %
Northfield	\$1,129,244,200	54.9%	20,373	76.5%
Dundas	\$117,547,100	5.7%	1,407	5.3%
Rural Fire District	\$810,170,600	39.4%	4,836	18.2%
TOTAL	\$2,056,961,900	100.0%	26,616	100.0%

Step 3: Apply the agreed upon weight factors to EMV and Population to determine each Party's percentage contribution:

Characteristic	Weights
EMV	20%
Population	80%
	100%

Party Contribution Percentage Formula = (EMV Weight x EMV %) + (Pop Weight x Pop %).

For example, the Party Contribution Percentage allocated to Northfield based on the above data is calculated as follows:

$$\text{Northfield percentage} = 20\% \times 54.9\% + 80\% \times 76.5\%$$

The respective Party Contribution allocation percentages for 2014, 2015, 2016 and 2017 based on the above formula and data are shown below:

Party Contribution Percentages	
Northfield	72.22%
Dundas	5.37%
Rural Fire District	22.41%
	<u>100.00%</u>

Therefore, if the total 2014 budget for NAFRS operations is \$475,000, the amount allocated to each party is:

	Party Contribution %	Party Contribution \$
Northfield	72.22%	\$343,022
Dundas	5.37%	\$25,517
Rural Fire District	<u>22.41%</u>	<u>\$106,462</u>

The language of Exhibit D of the JPA as it would read if the proposal is adopted:

EXHIBIT D

Procedure for determining the allocation of costs among the Parties

Step 1: Get the Estimated Market Value of Improvements (EMVI) and Populations for each of the members. Get the fire call history for the previous three years. The EMVI is to be obtained from the Rice and Dakota County Auditors. The Population is to be obtained from the State Demographer. The fire call history is to be obtained from NAFRS.

Step 2: Consolidate the EMVI, Population and Fire Call data for the townships in the Rural Fire District.

Step 3: Determine whether Rescue Squad related costs paid by NAFRS exceed \$75,000 for each year of a two year continuous period. If so then rescue calls will be added to fire calls.

Step 4: Calculate the three-year average of fire calls (or fire calls plus rescue calls if so determined in Step 3) for each of the Parties. A fire call is counted if:

- a. It occurs in the NAFRS service area. Consequently it occurs in either a township, Dundas or Northfield. All calls in townships will be attributed to the Rural Fire District.
- b. A report has been submitted to the National Fire Incident Reporting System.

Step 5: Apply the following weighting factors for EMVI, Population and Average Fire Calls to determine each Party's' obligation.

<u>EMVI</u>	<u>33%</u>
<u>Population</u>	<u>33%</u>
<u>Fire Calls</u>	<u>34%</u>

EXAMPLE:

Step 1: Current data for Estimated Market Value of Improvements and Population:

<u>Member</u>	<u>EMVI</u>	<u>Population</u>
<u>Northfield</u>	<u>\$1,035,768,030</u>	<u>20,355</u>
<u>Dundas</u>	<u>\$99,003,200</u>	<u>1,490</u>
<u>Bridgewater</u>	<u>128,172,500</u>	<u>1,837</u>
<u>Forest</u>	<u>60,085,700</u>	<u>682</u>
<u>Greenvale</u>	<u>76,394,800</u>	<u>823</u>
<u>Northfield</u>	<u>62,582,200</u>	<u>869</u>
<u>Sciota</u>	<u>11,894,400</u>	<u>114</u>

<u>Waterford</u>	<u>39,708,100</u>	<u>333</u>
<u>Webster</u>	<u>18,689,900</u>	<u>278</u>

Step 2: Consolidate the data for the townships in the Rural Fire District.

<u>Rural Fire District</u>	<u>EMVI</u>	<u>Population</u>
<u>Bridgewater</u>	<u>128,172,500</u>	<u>1,837</u>
<u>Forest</u>	<u>60,085,700</u>	<u>682</u>
<u>Greenvale</u>	<u>76,394,800</u>	<u>823</u>
<u>Northfield</u>	<u>62,582,200</u>	<u>869</u>
<u>Sciota</u>	<u>11,894,400</u>	<u>114</u>
<u>Waterford</u>	<u>39,708,100</u>	<u>333</u>
<u>Webster</u>	<u>18,689,900</u>	<u>278</u>
	<u>397,527,600</u>	<u>4,936</u>

Step 3: Calculate the rescue squad related costs paid by NAFRS and the percentage of these costs compared to NAFRS operating and capital budget for the year. These costs are determined as follows, using 2017 costs in the example:

<u>Capital equipment</u>	<u>\$0</u>	
<u>Small equipment</u>	<u>\$0</u>	
<u>Maintenance</u>	<u>\$10,000</u>	<u>equipment maintenance, fuel, insurance</u>
<u>Rent</u>	<u>\$1,600</u>	<u>use \$5.00 /sq ft for the upgraded facility</u>
<u>Operations</u>	<u>\$6,000</u>	<u>8% of NAFRS facility budget</u>
<u>Personnel</u>	<u>\$1,900</u>	<u>Captain's pay + employers contribution to FICA, Medicare</u>
<u>Total</u>	<u>\$19,500</u>	

The total NAFRS contribution to the Rescue Squad for this year was \$19,500.

Step 4: Calculate the average of fire calls for the previous 3 years:

<u>JPA Party</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Average</u>
<u>Northfield</u>	<u>208</u>	<u>221</u>	<u>211</u>	<u>213</u>
<u>Dundas</u>	<u>7</u>	<u>10</u>	<u>11</u>	<u>9</u>
<u>Rural Fire District</u>	<u>41</u>	<u>37</u>	<u>34</u>	<u>37</u>

Step 5: Apply the weighting factors to determine the percentage contribution for each Party

	<u>EMVI</u> <u>(payable 2018)</u>	<u>EMVI %</u>	<u>Population</u> <u>(2016)</u>	<u>Population %</u>	<u>Fire Calls</u> <u>Average</u>	<u>Call %</u>
<u>Northfield</u>	<u>\$1,035,768,030</u>	<u>67.6%</u>	<u>20,355</u>	<u>76.0%</u>	<u>213</u>	<u>82.2%</u>
<u>Dundas</u>	<u>\$99,003,200</u>	<u>6.5%</u>	<u>1,490</u>	<u>5.6%</u>	<u>9</u>	<u>3.5%</u>
<u>Rural Fire District</u>	<u>\$397,527,600</u>	<u>25.9%</u>	<u>4,936</u>	<u>18.4%</u>	<u>37</u>	<u>14.3%</u>
	<u>\$1,532,298,830</u>	<u>100.0%</u>	<u>26,781</u>	<u>100.0%</u>	<u>259</u>	<u>100.0%</u>

<u>Party</u>	<u>Formula</u>	<u>JPA Percentage</u>
<u>Northfield</u>	<u>67.6% x 33% + 76.0% x 33% + 82.2% x 34% =</u>	<u>75.29%</u>
<u>Dundas</u>	<u>6.5% x 33% + 5.6% x 33% + 3.5% x 34% =</u>	<u>5.17%</u>
<u>Rural Fire District</u>	<u>25.9% x 33% + 18.4% x 33% + 14.3% x 34% =</u>	<u>19.54%</u>

Northfield Area Fire and Rescue Service

RESOLUTION 2018 –

Recommending Acceptance of Bid and Award of Contract for Improvements to Fire Station Facility

April 19, 2018

WHEREAS the Northfield Area Fire and Rescue Service (“NAFRS”) is a joint powers organization formed pursuant to Minnesota Statutes, section 471.59, and operating pursuant to a Joint Powers Agreement originally dated April 1, 2014, and presently in process of being amended (the “JPA”); and

WHEREAS NAFRS provides fire and rescue services operating out of a facility (“Facility”) located in and owned by the City of Northfield (“Northfield”); and

WHEREAS the Facility is subject to a Fire Station Lease Agreement originally dated August 28, 2014, and presently in the process of being amended, between Northfield as landlord and NAFRS as tenant; and

WHEREAS under Section 17. a. of the JPA, any maintenance, alterations or improvements to the Facility are the financial responsibility of NAFRS and NAFRS is responsible for managing and overseeing such maintenance, alterations and improvements; and

WHEREAS under Section 11.2 of the Fire Station Lease Agreement, NAFRS may not make material alterations or improvements to the Facility without the written consent of Northfield; and

WHEREAS Northfield duly approved a Facility upgrade project, and NAFRS and Northfield entered into a Project Management Agreement for NAFRS Facility Upgrade Project, which designates the project (the “Project”) as a City-owned Project and designates NAFRS to act as the representative of Northfield (the “Owners Representative”) with respect to the Project; and

WHEREAS it is anticipated that Northfield will finance the Project through the issuance of General Obligation Bonds which will be payable from revenues generated by NAFRS’ operations, to be paid to Northfield as rent and to be allocated to the NAFRS parties in a pro rata amount as provided by the JPA; and

WHEREAS this financing mechanism will require amendments to the JPA and to the Fire Station Lease Agreement as mentioned above; and

WHEREAS approval and execution of the amendments to the JPA and the Fire Station Lease Agreement are a condition precedent to Northfield awarding the contract for construction of the Project; and

WHEREAS bids were solicited for the Project on a General Contractor basis and bids have been duly received, opened, reviewed and evaluated; and

WHEREAS the NAFRS Board, on or prior to the date of approval of this Resolution, has approved and recommended to the JPA parties the necessary amendments to the JPA, and has approved the necessary amendments to the Fire Station Lease Agreement, in order to facilitate the financing mechanism for the Project; and

WHEREAS it is anticipated that the City of Dundas and the Rural Fire District will approve the amendments to the JPA before Northfield undertakes to award the contract for the Project, and that Northfield will approve the amendments to the JPA and to the Fire Station Lease Agreement before it awards the contract for the Project.

NOW THEREFORE BE IT RESOLVED by the Board of the Northfield Area Fire and Rescue Service that, following approval of the necessary amendments to the Joint Powers Agreement and the Fire Station Lease Agreement as required to secure payment of the General Obligation Bonds to be issued by Northfield to finance the Project, the Board recommends that the Northfield City Council accept the bid and award the contract for construction of the Project to _____ in the amount of \$_____.

Northfield Area Fire and Rescue Service

RESOLUTION 2018 –

Authorizing Amended and Restated Fire Station Lease Agreement

April 19, 2018

WHEREAS the City of Northfield (“Northfield”) and the Northfield Area Fire And Rescue Service (“NAFRS”), (collectively the “Parties”), entered into a Fire Station Lease Agreement dated August 28, 2014 (the “2014 Lease”), for the purposes of NAFRS operating and providing fire protection and rescue services within the NAFRS service area; and

WHEREAS NAFRS is operated and managed by a joint powers board (“NAFRS Board”); and

WHEREAS the Parties desire to amend and restate the 2014 Lease in its entirety in order to facilitate debt financing by Northfield for a NAFRS facility upgrade project.

THEREFORE, BE IT RESOLVED that:

1. The NAFRS Board hereby approves the Amended and Restated Fire Station Lease Agreement attached hereto and incorporated herein by reference as Exhibit A, amending, restating, replacing and superseding the 2014 Lease in its entirety, provided that such approval is contingent on the award of a contract for the NAFRS facility upgrade project by the Northfield City Council; and
2. The NAFRS Board further hereby authorizes and directs the Board Chair to execute the attached Amended and Restated Fire Station Lease Agreement, upon approval of the same by the Northfield City Council and upon award of a contract for the NAFRS facility upgrade project by the Northfield City Council.

MEMORANDUM

To: NAFRS Board

From: Glen Castore

Date: April 15, 2018

Subject: Update on Fire Service Taxing District Legislation

The bill proposed by the Minnesota Fire Chief's Association (MFCA) to allow the formation of taxing districts for fire and emergency medical services was introduced again this session. It has been heard by both the Senate and House Tax Committees.

The House has approved the bill HF2120 which establishes the authority and framework for creating a taxing district for fire and emergency services. The initial sponsors of the HF2120 were the Chair and ranking minority member of the House Tax Committee. The corresponding (identical) Senate bill SF1918 was heard by the Senate Tax Committee. They recommended including the House version without changes in the Omnibus bill rather than acting on it as an independent bill.

The MFCA lobbyist, Sherry Munyon, expects it to be included in the Omnibus bill.

There has been one significant change to the language that was recommended by the Minnesota Fire Chiefs Association. That is in Subd. 4.b which now allows the levy to be apportioned among the district members using a formula, agreed to by the members, which incorporates population, fire calls, market value of improvements or other measures.

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in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 2120

03/06/2017 Authored by Davids, Marquart, Gunther, Hansen, Bennett and others
The bill was read for the first time and referred to the Committee on Taxes

- 1.1 A bill for an act
- 1.2 relating to political subdivisions; authorizing the creation of fire protection special
- 1.3 taxing districts; authorizing property tax levies and issuance of bonds; amending
- 1.4 Minnesota Statutes 2016, section 275.066; proposing coding for new law as
- 1.5 Minnesota Statutes, chapter 299O.
- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.7 Section 1. Minnesota Statutes 2016, section 275.066, is amended to read:
- 1.8 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**
- 1.9 For the purposes of property taxation and property tax state aids, the term "special taxing
- 1.10 districts" includes the following entities:
- 1.11 (1) watershed districts under chapter 103D;
- 1.12 (2) sanitary districts under sections 442A.01 to 442A.29;
- 1.13 (3) regional sanitary sewer districts under sections 115.61 to 115.67;
- 1.14 (4) regional public library districts under section 134.201;
- 1.15 (5) park districts under chapter 398;
- 1.16 (6) regional railroad authorities under chapter 398A;
- 1.17 (7) hospital districts under sections 447.31 to 447.38;
- 1.18 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;
- 1.19 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- 1.20 (10) regional development commissions under sections 462.381 to 462.398;

- 2.1 (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- 2.2 (12) port authorities under sections 469.048 to 469.068;
- 2.3 (13) economic development authorities under sections 469.090 to 469.1081;
- 2.4 (14) Metropolitan Council under sections 473.123 to 473.549;
- 2.5 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 2.6 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 2.7 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter
2.8 437, section 1;
- 2.9 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 2.10 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections
2.11 1 to 6;
- 2.12 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,
2.13 section 39;
- 2.14 (21) Middle Mississippi River Watershed Management Organization under sections
2.15 103B.211 and 103B.241;
- 2.16 (22) emergency medical services special taxing districts under section 144F.01;
- 2.17 (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;
- 2.18 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home
2.19 under Laws 2003, First Special Session chapter 21, article 4, section 12;
- 2.20 (25) an airport authority created under section 360.0426; and
- 2.21 (26) fire protection special taxing districts under section 2990.01; and
- 2.22 (27) any other political subdivision of the state of Minnesota, excluding counties, school
2.23 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the
2.24 county auditor, as determined by the commissioner of revenue.

2.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.26 **Sec. 2. [2990.01] FIRE PROTECTION SPECIAL TAXING DISTRICTS.**

2.27 **Subdivision 1. Definitions.** (a) For purposes of this section, the following terms have
2.28 the meanings given unless the context clearly requires otherwise.

2.29 (b) "City" means a statutory or home rule charter city.

3.1 (c) "Governing body" means for a city, its city council; for a county, its county board;
3.2 and for a town, the board of supervisors.

3.3 (d) "Political subdivision" means a county, a city, or a township organized to provide
3.4 town government.

3.5 Subd. 2. **Authority to establish.** (a) Two or more political subdivisions may establish,
3.6 by resolution of their governing bodies, a special taxing district to provide fire protection
3.7 or emergency medical services or both in the area of the district, comprising the jurisdiction
3.8 of each of the political subdivisions forming the district. For a county that participates in
3.9 establishing a district, the county's jurisdiction comprises the unorganized territory of the
3.10 county that it designates in its resolution for inclusion in the district. The area of the special
3.11 taxing district does not need to be contiguous or its boundaries continuous.

3.12 (b) Before establishing a district under this section, the participating political subdivisions
3.13 must enter an agreement that specifies how any liabilities, other than debt issued under
3.14 subdivision 6, and assets of the district will be distributed if the district is dissolved. The
3.15 agreement may also include other terms, including a method for apportioning the levy of
3.16 the district among participating political subdivisions under subdivision 4, paragraph (b),
3.17 as the political subdivisions determine appropriate. The agreement must be adopted no later
3.18 than upon passage of the resolution establishing the district under paragraph (a), but may
3.19 be later amended by agreement of each of the political subdivisions participating in the
3.20 district.

3.21 Subd. 3. **Board.** The special taxing district established under this section is governed
3.22 by a board made up initially of representatives of each participating political subdivision
3.23 in the proportions set out in the establishing resolution, subject to change as provided in the
3.24 district's charter, if any, or in the district's bylaws. Each participating political subdivision's
3.25 representative must be an elected member of the governing body of the political subdivision
3.26 and serves at the pleasure of that participant's governing body.

3.27 Subd. 4. **Property tax levy.** (a) The board may levy a tax on the taxable real and personal
3.28 property in the district. The proceeds of the levy must be used as provided in subdivision
3.29 5. The board shall certify the levy at the times provided under section 275.07. The board
3.30 shall provide the county with whatever information is necessary to identify the property
3.31 that is located within the district. If the boundaries include a part of a parcel, the entire parcel
3.32 is included in the district. The county auditors must spread, collect, and distribute the
3.33 proceeds of the tax at the same time and in the same manner as provided by law for all other
3.34 property taxes.

4.1 (b) As an alternative to paragraph (a), the board may apportion its levy among the political
4.2 subdivisions that are members of the district under a formula or method, such as population,
4.3 number of service calls, cost of providing service, the market value of improvements, or
4.4 other measure or measures, that was approved by the governing body of each of the political
4.5 subdivisions that is a member of the district. The amount of the levy allocated to each
4.6 political subdivision must be added to that political subdivision's levy and spread at the
4.7 same time and in the same manner as provided by law for other taxes. The proceeds of the
4.8 levy must be collected and remitted to the district and used as provided in subdivision 5.

4.9 Subd. 5. **Use of levy proceeds.** The proceeds of property taxes levied under this section
4.10 must be used to provide fire protection or emergency medical services to residents of the
4.11 district and property located in the district, as well as to pay debt issued under subdivision
4.12 6. Services may be provided by employees of the district or by contracting for services
4.13 provided by other governmental or private entities.

4.14 Subd. 6. **Debt.** (a) The district may incur debt under chapter 475 when the board
4.15 determines doing so is necessary to accomplish its duties.

4.16 (b) In addition, the board of the district may issue certificates of indebtedness or capital
4.17 notes under section 412.301 to purchase capital equipment. In applying section 412.301,
4.18 paragraph (e), to the district the following rules apply:

4.19 (1) the taxable property of the entire district must be used to calculate the percent of
4.20 estimated market value; and

4.21 (2) "the number of voters at the last municipal election" means the sum of the number
4.22 of voters at the last municipal election for each of the cities that is a member of the district
4.23 plus the number of registered voters in each town that is a participating member of the
4.24 district.

4.25 Subd. 7. **Powers.** (a) In addition to authority expressly granted in this section, a special
4.26 taxing district may exercise any power that may be exercised by any of its participating
4.27 political subdivisions and that is necessary or reasonable to support the services set out in
4.28 subdivision 5. The district may only levy the taxes authorized in subdivision 4. These powers
4.29 include, without limitation, the authority to participate in state programs and to enforce or
4.30 carry out state laws related to fire protection or emergency medical services, including
4.31 programs providing state aid, reimbursement or funding of employee benefits, authorizing
4.32 local enforcement of state standards, and similar. These include but are not limited to fire
4.33 protection related programs and political subdivision powers or responsibilities under

5.1 chapters 299A and 424A; sections 6.495, 69.011, and 353.64; and any administrative rules
5.2 related to the fire code.

5.3 (b) To the extent that the district's authority under this subdivision overlaps with or may
5.4 conflict with the authority of the participating political subdivision, the agreement under
5.5 subdivision 2, paragraph (b), must provide for allocation of those powers or responsibilities
5.6 between the participating political subdivisions and the district and may provide for resolution
5.7 of conflicts in the exercise of those powers.

5.8 Subd. 8. **Additions and withdrawals.** (a) Additional eligible political subdivisions may
5.9 be added to a special taxing district under this section as provided by the board of the district
5.10 and agreed to in a resolution of the governing body of the political subdivision proposed to
5.11 be added.

5.12 (b) A political subdivision may withdraw from a special taxing district under this section
5.13 by resolution of its governing body. The political subdivision must notify the board of the
5.14 special taxing district of the withdrawal by providing a copy of the resolution at least two
5.15 years in advance of the proposed withdrawal. The taxable property of the withdrawing
5.16 member is subject to the property tax levy under subdivision 4 for the two taxes payable
5.17 years following the notice of the withdrawal, unless the board and the withdrawing member
5.18 agree otherwise by a resolution adopted by each of their governing bodies. If a political
5.19 subdivision withdraws from a district for which debt was issued under subdivision 6 when
5.20 the political subdivision was a participating member of the district and which is outstanding
5.21 when the political subdivision withdraws from the district, the taxable property of the
5.22 withdrawing political subdivision remains subject to the special taxing district debt levy
5.23 until that outstanding debt has been paid or defeased. If the district's property levy to repay
5.24 the debt was apportioned among the political subdivisions under an alternative formula or
5.25 method under subdivision 4, paragraph (b), the withdrawing political subdivision is subject
5.26 to the same percentage of the debt levy as applied in the taxes payable year immediately
5.27 before its withdrawal from the district.

5.28 (c) Notwithstanding subdivision 2, a special taxing district comprised of two political
5.29 subdivisions continues to exist even if one of the political subdivisions withdraws.

5.30 Subd. 9. **Dissolution.** The special taxing district may be dissolved by resolution approved
5.31 by majority vote of the board. If the special taxing district is dissolved, the assets and
5.32 liabilities may be assigned to a successor entity, if any, or otherwise disposed of for public
5.33 purposes as provided in the agreement adopted under subdivision 2, paragraph (b), or

- 6.1 otherwise agreed to by the participating political subdivisions. A district may not be dissolved
- 6.2 until all debt issued under subdivision 6 has been paid or defeased.
- 6.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.