



Rice Fire Contract

PUBLIC MEETING AT WATAB TOWN HALL: APRIL 22, 2014

Goals of Public Meeting

- ▶ To inform you of the process and outcome of negotiations for a 2014 Fire Contract with the City of Rice
- ▶ To review potential options
- ▶ To get direction from you, the residents of the northern twelve sections of Watab Township, on a solution to the impasse in contract negotiations with Rice

Negotiation Process

- ▶ **September 24, 2013**: Watab Town Board discussed a new contract with the City of Rice. I announced that Mayor Rogholt would attend the next town board meeting on October 1st to discuss a new contract.
- ▶ **October 1, 2013**: Mayor Dale Rogholt and Councilmember Chris Scheel attended the Watab meeting and suggested a one-year contract for 2014 with a Cost of Living Increase added to the current lump-sum contract of \$38,500. The town board instructed the clerk to draw up a contract proposal based on this recommendation.
- ▶ **October 3, 2013**: Clerk prepared this contract and submitted it to the Rice City Clerk

- ▶ **October 29, 2013:** The town board received notice from the City of Rice of a Joint Meeting to be held between the City Council and Town Board at Rice City Hall on Wednesday, November 6th regarding the Fire Contract.
- ▶ **November 6, 2013:** Town Board attended the meeting and was told that the Council was not prepared to act on the proposal, because they just received the materials that were sent them on October 3rd. Councilman Voigt asked if Watab residents would like to discontinue medical calls by First Responders. Town board responded that they would not make that decision without input from the affected residents. I asked the council for a vote on our proposal, since that was the purpose of the meeting. It was rejected with Mayor Rogholt and Councilmember Scheel voting to accept it; and Councilmembers Brian Skroch, Dave Thene, and Al Voigt voting against it. The council stated that they would have discussion on the November 18th agenda about a contract.
- ▶ **November 7, 2013:** Rice City Clerk informed the Township Clerk that the Watab Contract would not be on the November 18th agenda because one of their council members would be absent.

- ▶ **November 18, 2013:** Rice City Clerk emailed the Township Clerk that the Mayor requested that the township contracts be on the agenda, but no action will be taken due to the absence of one council member. Rice City Council met and discussed the contract with a Langola Township Supervisor and voted on a contract for Langola, even though one member was absent. There was no discussion about a Watab contract.
- ▶ **December 3, 2013:** I reported to the town board that I have been invited to the Rice City Council Meeting for December 23, 2013 to settle the contract, which expires on December 31. I asked our clerk to contact the Mayor and inquire about the status of our contract proposal and to request consideration of a three-month extension of the 2013 contract.
- ▶ **December 6, 2013:** Township Clerk noticed a Special Meeting of the town board for December 16, 2013 to discuss the Rice Fire Contract.
- ▶ **December 16, 2013:** Supervisor Gondeck picked up a copy of the contract that Rice was proposing for all three townships from the City Clerk. It was prepared by the City Attorney at the request of Councilmember Al Voigt. The City Clerk stated that all three townships were receiving the same proposal for 2.35% of the 2012 Net Tax Capacity plus a 2% Cost of Living Increase and a per-hour rate for calls of \$350 for the first hour and \$300 for additional hours.

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- ▶ **December 16, 2013:** Watab Town Board had the Special Meeting to discuss the fire contract that was proposed by Rice. Supervisor Erdmann made the motion to approve the contract prepared by the Rice City Attorney; motion was seconded by Supervisor Gondeck and passed. I voted against the motion, because I believed that it should be a lump-sum contract as in 2013 and as the township has with other contractors rather than having additional costs for extra calls. We added an addendum stating that the township would not pay for mutual aid calls. The Clerk and I signed the contract and addendum to be presented to the City Council on December 23, 2013.
 - ▶ **December 23, 2013:** I attended the Rice City Council meeting. Mayor Rogholt and Councilmember Scheel voted in favor of the contract; Councilmembers Brian Skroch, Dave Thene, and Al Voigt voted against. Councilman Voigt said the contract was a mistake and that Watab shouldn't have had the same Net Tax Capacity percentage as the other two townships. Watab's was to be calculated at 2.6% of Net Tax Capacity rather than the 2.35%. The City Council voted to pass a contract with the 2.6% of NTC; this motion passed with on a unanimous vote of the council. This contract proposal included a 2% Cost of Living Increase on the 2012 Net Tax Capacity plus the hourly rates.

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- ▶ **December 23, 2013 Meeting (continued)**: Mayor Rogholt suggested a compromise position for Watab to consider using a Net Tax Capacity percentage of 2.45%. I requested consideration of my request for a three-month extension of the 2013 contract, and said that I would bring this compromise back to the town board. The City Council passed a motion granting no more than a three-month extension of the 2013 contract lump sum amount of \$38,500 but added a cap of ten emergency calls per quarter. Additional calls would have an extra cost at the \$350 per hour rate. No action was taken on Mayor Rogholt's suggested offer of a compromise.
 - ▶ **January 7, 2014**: At the regular town board meeting, I informed the board of the Rice City Council meeting discussion and action on December 23. The township clerk was asked to contact Mayor Rogholt asking when he will be meeting with the City Council and townships regarding the fire department's financial report for 2013 and budget for 2013. Clerk Spence reported to the town board the 2012 and 2014 Net Tax Capacity report from the County Auditor. Also, the town board reviewed the 2007 through 2013 summary of emergency calls by Rice Fire Department.

- ▶ **January 16, 2014:** I instructed the township clerk to let the city clerk know that I will not present a contract proposal to Rice until the town board has the information from Mayor Rogholt on the 2013 fire department financial report and 2014 budget.
- ▶ **January 21, 2014:** I attended the Rice City Council meeting and the Watab Contract was taken off the agenda. Mayor Rogholt presented me written copies of the un-audited financial report for the fire department for 2013 and the 2014 budget to distribute to town board members.
- ▶ **January 28, 2014:** Mayor Rogholt presented the un-audited financial report for the fire department for 2013 and the 2014 budget at a special town board meeting.

Later in the meeting, the town board passed a contract proposal using 2.4% of **2014** Net Tax Capacity rather than the 2.6% of the 2012 Net Tax Capacity plus a 2% Cost of Living Increase, since all previous contracts had used the current tax capacity numbers. The township clerk was asked to request that this proposal be considered at the February 17, 2014 city council meeting.

- ▶ **February 3, 2014:** The town board reviewed the new contract language as discussed at the January 28th meeting and requested that the clerk send it to the City of Rice, which she did the following day.
- ▶ **February 4, 2014:** The township clerk received a letter from Rice requesting clarification of our December 3, 2013 minutes that stated that Supervisor Gondeck learned that Gold Cross is part of the mutual aid agreement, so the township should not have been billed for any assists on those calls. Supervisor Gondeck had a copy of the mutual aid agreement at the December meeting.
- ▶ **February 12, 2014:** I received the city council agenda for a February 18th meeting of the council (date change for President's Day). The Watab Contract was on the agenda. The township clerk submitted a response to the city's letter with copies of the Bylaws and Mutual Aid Agreement, which includes the City of Rice and other entities including Gold Cross Ambulance Service as an Associate Member. The township reported in the letter that seven Gold Cross assists and one Sauk Rapids Fire Department assist had been included in our calls.
- ▶ **February 18, 2014:** I attended the Rice City Council meeting. The council would not act on our proposal since Councilmember Thene was absent.

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- ▶ **March 3, 2014:** I attended the Rice City Council meeting. The council voted to accept our new contract proposal for consideration at a future meeting. Councilmember Voigt stated that the council had not received formal notice that their December 23rd proposal had been rejected. After asking for a recess so that I could call the township clerk and get further information from past meeting minutes, I came back and stated that the town board had submitted a compromise proposal with the 2.4% of 2014 Net Tax Capacity on February 4th to the City of Rice. The township would not be sending a counter-proposal if we were accepting their December proposal. Councilmember Al Voigt asked for a joint meeting between the council and town board for Monday, March 17th at the city hall.
 - ▶ **March 4, 2014:** I reported to the town board the discussion of the March 3rd meeting at Rice. I requested that the township clerk notice the joint meeting for March 17th, which she did the following day.

- ▶ **March 6, 2014**: Mayor Rogholt phoned the township clerk and stated that there wouldn't be a joint meeting on March 17th, because Councilmember Thene had met with him and said that he would be absent on that date due to a planned fishing trip.
- ▶ **March 17, 2014**: I attended the Rice City Council Meeting and was surprised that Councilmember Thene was present, since we had been told that he would be on a fishing trip so that no action could be taken on our contract proposal. Councilmember Thene made a motion to give Watab Township another three-month extension on the 2013 contract for April through June to include ten additional emergency calls. All additional calls will be billed extra at a per-hour rate. I was told that our proposal would be acted on by the council at their April 7th meeting.

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- ▶ **April 7, 2014:** The City Council passed a motion to reject Watab's proposal. Councilmember Voigt accused Watab of stalling on contract negotiations until we got the 2014 Net Tax Capacity figures. I mentioned that Traci Balder, Assessor for Rice and Watab, had presented the reduction in Net Tax Capacity for 2014 at the Rice City Council meeting in December, months before she presented the information to Watab. Councilmember Voigt also brought up items in past township minutes. He also announced that he wanted no further negotiations with Watab, and that 2.6% of the 2012 Net Tax Capacity plus a 2% increase would be the final offer.
 - ▶ **April 13, 2014:** I asked our township clerk to send a letter of invitation for this public meeting to all the residents of the area served by the Rice Fire Department and to notice the meeting for the public.

What difference is there between the two contract proposals?

Rice Proposal

- ▶ Contract amount of \$22,967.22 is based on 2.60% of the tax capacity that is two years prior to the year of service (2012) plus a 2% increase
- ▶ Additional payments monthly for each fire call or emergency run including false alarms and non-highway rescue at \$350 for the first hour and \$300 for each additional hour. Based on our 5-year average for calls by Rice, that would add \$17,150.
- ▶ Total projected annual cost of \$40,117.22

Watab Proposal

- ▶ Contract amount of \$19,335.10 based on 2.4% of the tax capacity for 2014
- ▶ The same amount for the additional payments
- ▶ Total projected cost of \$36,485.10

Considerations:

- ▶ Watab has a long history of over-payments to City of Rice for fire contracts with billing done for several years based on budgeted costs rather than actual costs. Excess funds in revenues over expenses for 2013 went into the City of Rice's General Fund.
- ▶ City of Rice residents had no levy for fire protection other than the retirement fund and the debt payment for the fire truck until last year according to reports from the State Auditor's Office, so the townships have been subsidizing Rice residents' services from the fire department. They should be paying their fair share.
- ▶ Watab residents in the northern 1/3 of the township served by Rice will now pay the total cost of the services for the Rice Fire Department due to the establishment of the two fire districts.

Additional Considerations:

- ▶ Of 245 calls during the past five years, 63% were for first responders on medical calls, 18% were rescue calls, and 12% were fire related (many were grass fires along the railroad tracks). The remaining 7% were false alarms and cancelled calls.
- ▶ Most insurance companies will not reimburse residents for the first responder service; they will only pay for the ambulance service. As a result, the township has over \$10,500 in unpaid Rice-area emergency calls turned over to a collection agency in St. Cloud.
- ▶ The Sauk Rapids Fire Contract, which covers 2/3 of the township costs Watab \$31,835 annually. It uses 1.97% of the 2014 Net Tax Capacity. They provide fire and rescue service and do all the billing. Their hourly rate to residents is \$355 for the first hour and \$240 for each additional hour. Contract negotiations require one meeting.

Options:

- ▶ Accept the City of Rice's Proposal. Residents of the northern third of the township pay the estimated cost of \$40,117. Again this is based on an average of 49 calls per year, and could be more or less depending on the total number of calls for the year.
- ▶ Get one City Council member to change his mind and vote to give Watab the same contract as the other two townships.
- ▶ Request that the Rice Fire Department discontinue medical first responder calls to residents in Watab's northern 12 sections and continue with Gold Cross Ambulance Service as currently offered. This would bring the cost down by approximately \$10,850.

Further Options:

- ▶ Make a formal request to the City of Sauk Rapids and Sauk Rapids Fire Department to cover the entire township for July through December of 2014. This would be a total cost of:

50% of 1.97% x Rice-area 2014 NTC (\$805,629) = \$ 7,935.45

1.97% x Sauk Rapids-area NTC (\$1,615,995) = 31,835.00

Total \$ 39,770.45

This could be a savings of approximately \$12,000 for the residents of the northern third of the township for the last six months of 2014.