

**SANDSTONE CITY COUNCIL
SPECIAL MEETING – SANDSTONE FIRE HALL
February 28, 2018, 7:00 p.m.**

CALL TO ORDER: 7:05 p.m.

ROLL CALL:

Council Members present: Pete Spartz, Val Palmer, Tim Franklin, Phil Kester, Brandon Devlin
Fire Department Members present: Andy Spartz, Ross Degerstrom, Nick Eberhardt, Matt Haugen
Staff present: Administrator Kathy George
Township Representatives present: Jeff Schute (Danforth), Keith Carlson and Gary Hinsch (Sandstone), Jerry Volk (Finlayson), Dan O’Flanagan and Randall Davis (Dell Grove), Bill Erickson (Kroschel)

SPECIAL ITEMS OF BUSINESS:

2017 Review

Fire Chief Spartz provided information regarding 2017 fire calls and training. He noted that the Sandstone Fire Department provided mutual aid for 24 incidents; and received mutual aid for 3. He stated that each firefighter is required to have 30 hours of training each year. That goal was not met in 2017; however, they are working with a training company this year and expect that attendance will be better. Spartz also reported that 3 new firefighters have recently been added to the Department, with a 4th one ready for approval. This brings the number of firefighters up to 16.

The condition of the Fire Hall building was discussed. The City is looking into options for an air exchange/exhaust system and other steps to remedy moisture problems that are causing issues with mold and deterioration of the cement block walls. In 2017, the City had some work done on the roof, added some gutters, and did some grading work around the building.

2018 Fire Formula

The Administrator reviewed the packet of information that had been sent out to all Township representatives prior to tonight’s meeting:

Fire Formula Contributions – this sheet is a breakdown of each entity’s share for 2018 broken down for Operation & Maintenance, Long Term Equipment Depreciation, and Building Fund for both the July payment due and the December payment due. Total of all contributions is \$111,599.27.

Cost Share – this sheet takes the percentage of the 5-year total manhours for each entity and the percentage of valuation to come up with the overall percentage for each entity that is applied to the total needed (\$111,599.27), and then a 30% reduction is applied for the townships, with the City picking up the balance. Finlayson Township stated that the breakdown of FCI and East Central School District valuations is confusing. These figures are shown here because they are then deducted from the appropriate entity’s total valuation.

Combination of Operations, Long Term Equipment & Building Formulas and Comparison of Fees – this sheet shows the total for each entity for the year, broken down for Operations, Long Term Equipment Depreciation, and Building Fund. Also shown is a comparison of fees for each entity for each year from 2014 to 2018.

Equipment Depreciation – this sheet shows both the long term (15 years) and short term (5 years) depreciation schedules. The 2017 equipment purchases (\$21,570) were added to the short term schedule. Total annual depreciation is \$52,573.27.

Operating Expenses – this sheet shows a breakdown of operating expenses for 2015, 2016 and 2017. The 2017 equipment purchases (\$21,570) were discounted from the 2017 total as the fund was reimbursed from the Equipment Fund. 2017 is the first year this has been done. Other discounts include fire calls paid and rent (\$8,645) and building repairs and maintenance costs (\$22,910).

Equipment Fund – this sheet shows each entity’s contribution towards the Equipment Fund (depreciation), for a total of \$52,573.27. It also provides an accounting for the Equipment Fund (year-end balance of \$192,144), the Building Repair & Maintenance Fund (year-end balance of \$67,652), the City’s repayment to the Building Fund (current principal due \$47,362), and the City’s repayment for the truck loan (current principal due \$97,808).

Fire Call Hours – this sheet shows the total fire call hours for each entity for the past 5 years. It also shows the breakdown of the \$5,000 Building Fund amount.

Previous Year Fire Calls – Paid in 2017 – this sheet shows amounts collected in 2017 for fire calls that were billed out in previous years. It was noted that the bill sent to MN Power in 2015 for \$450 was written off. A total of \$1,745 was collected, with \$4,300 still outstanding. Most of these have been sent to collections.

2017 Reimbursements / Fire Calls Paid – this sheet shows amounts collected in 2017 for fire calls that were billed out in 2017. Total collected was \$2,700. It also shows the amount of rent collected from Essentia Health for the ambulance of \$4,200. These amounts, plus the \$1,745 collected in 2017 for prior years totals \$8,645, which is the amount deducted from Operating Expenses before being allocated to all entities.

It was confirmed that the City bills out the calls for Danforth, Finlayson, and Kroschel. Dell Grove and Sandstone do their own billing and collecting. Sandstone Township questioned a call they didn’t receive notice for; however, the Administrator found a memo that Staff had sent to the clerk and supervisors dated June 13, 2017. Sandstone Township also questioned being charged 3 manhours for a power pole fire. It was clarified that manhours are counted for each township except for medical assist/ambulance calls, DNR grass fire calls, mutual aid calls, and auto calls. Dell Grove Township confirmed that their percentage should be going down in the future as the 2013 manhours of 126.5 should be coming off of the 5-year calculation. This is true, but also depends on what else might happen in the Township in the coming years.

2019 Fire Formula

The Administrator then reviewed the packet of information that had been sent to all Township representatives regarding the proposed 2019 Fire Formula. She stated that the way the formula is currently being calculated, it is more of an after the fact approach – using the previous year’s expenses (2017) to calculate the current year’s contribution (2018). With Townships setting their 2019 budgets this coming March, the City would like to set the Fire Department budget early in the year (January/February) so that the formula can be calculated and then each Township will know exactly how much to budget for at the March meetings. The City created a new fund for the Fire Department, independent of the City’s General Fund, so that anything left at the end of the year will stay in the Fire Fund and help to build up the fund balance.

The Administrator reviewed the information:

Proposed 2019 Fire Department Budget – the proposed budget shows total revenue and expenses of \$126,398, which is \$7,905 more than the 2018 budget. The budget includes depreciation based on the 2018 payable amount. Fire call billings are not used to off-set the allocation – anything collected will be used to increase the fund balance.

Cost Share- like the 2018 formula, this sheet takes the percentage of the 5-year total manhours for each entity and the percentage of valuation to come up with the overall percentage for each entity that is applied to the total needed (\$122,198), and then a 30% reduction is applied for the townships, with the City picking up the balance. The total budget of \$126,398 is reduced by the \$4,200 anticipated to be received from Essentia Health for the ambulance rent. The manhours and valuation numbers used for 2019 are the same as what was used for 2018, since these are the most recent numbers available.

Market Value – this sheet shows the breakdown of each entity’s market value, along with prior years for comparison purposes.

Fire Call Hours – like the 2018 formula, this sheet shows the total fire call hours for each entity for the past 5 years, along with prior 5-year totals for comparison purposes.

Comparison of Fees – like the 2018 formula, this sheet shows a comparison of fees for each entity for each year from 2014 to 2019. It also shows the breakdown of Operations, Long Term Equipment Depreciation, and Building Fund amounts for each entity.

During discussion, Township representatives seemed appreciative of having the 2019 figures now, in time for their March budget meetings. Going forward, they would like the information sooner and also asked if the annual meeting could be held on the 1st Monday in February.

ADJOURN

With no further discussion, the meeting was adjourned at 8:15 p.m. Township representatives were invited to stick around for a tour of the Fire Hall.

Peter Spartz, Mayor

Kathy George, Administrator