

**SANDSTONE CITY COUNCIL
SPECIAL MEETING – JOINT MEETING WITH SANDSTONE TOWNSHIP
NORTH PINE GOVERNMENT CENTER
December 2, 2021**

CALL TO ORDER: 7:10 p.m.

ROLL CALL: Pete Spartz, Val Palmer, Cassie Gaede, Randy Riley, Julena Rahier

Members absent: None

Staff present: Administrator Kathy George

Others present: Jon Dorau, Gary Hinsch, Linda Thomson, Ailene Croup, Maureen Hansen, Theresa Dawson, Skip Thomson, Don Eaton and Bernie Marks

SPECIAL ITEMS OF BUSINESS:

Joint Meeting with Sandstone Township – Fire Service Contract

The purpose of the joint meeting was to discuss the Fire Service Contract that would take effect for the year 2022, and beyond. Several meetings and communications have been occurring during the year to try to reach agreement on methods to determine the fire formula allocation and the amount being allocated to Sandstone Township. The initial allocation resulted in Sandstone Township’s share being \$28,062.19. After receiving feedback from several townships, the City revised the formula which reduced Sandstone Township’s share to \$20,044.42.

Sandstone Township had also asked for a contract. The City proposed a 5-year contract, which was rejected by the Township. The Township proposed a 3-year contract with a lump-sum annual payment of \$15,000, which was rejected by the City. The City proposed a 3-year contract reflecting \$20,044.42 for 2022. The Township then proposed a 3-year contract with a lump-sum of \$20,044.42 for each year, which was rejected by the City. The Township again rejected the City’s proposed 3-year contract reflecting \$20,044.42 for 2022, with the formula based only on market value, and then a 50% reduction applied to each township allocation.

Both entities agreed to meet on December 2nd to discuss the impasse. During the meeting, the following was discussed:

Issue	Township Perspective	City Perspective
Concern with the rate of past increases in the allocation.	<p>The average amount charged for 2018-2020 was about \$15,000 a year; the 2021 amount was about \$31,000 – a huge increase.</p> <p>How can the Township be sure there won’t be a large increase next year?</p>	<p>Understandable. The City was phasing out a 30% reduction that was previously applied. After concerns from Townships, the City reconsidered this and, at first, agreed to reinstate the 30% reduction and later increased the reduction to 50%</p> <p>Can’t promise that. The Fire Department looks at needs for</p>

		the coming year and sets the budget. The City tries to be a good manager of City funds for City taxpayers, keeping in mind the Townships as well. The City Council is as careful as possible.
\$20,044.42 is a fair amount if it can be locked in for 3-years	The Township needs more consistency because it is difficult to explain increases to their constituents	Understandable. However, the formula is a way to ensure that all Townships are treated fairly. Suggestion from one Councilmember: \$20,044 for 2022, then max increase of 10%? 15%? Barring something major happening? Sit down with Townships to discuss trucks? Not comfortable negotiating about safety equipment. Other Councilmembers not comfortable with this because of the other Townships (deviating from the formula).
The formula has too many variables	Using manhours and market value cause fluctuations	Agreed. The City worked with Townships to remove the manhour variable. Now, the formula is based on market value; and the City applied a 50% reduction to all Townships because typically 40%-45% of the manhours are attributed to the City. This made sense for the City constituents. There is a long history of the evolution of the fire formula, and efforts to make it fair for everyone.
Deviating from the formula	The Township would like a multi-year locked in rate	With costs rising, the City cannot lock in a contract with no room for inflation / cost increases. If Sandstone Township pays less, the

		<p>others have to pick up the difference – how is this fair?</p> <p>Sandstone Township is asking the City to deviate from the formula for them, regardless of how this affects other townships.</p>
The formula in the LMC model ordinance is different than what the City is using	The Township feels that their allocation would be much less, about \$15,000, if the LMC formula was used	The LMC formula uses market value, # of calls, and population. These calculations were made earlier this summer and shared with the Town Clerk. Using the total budget, the Township share would be about \$37,000; using just the operating budget, the Township share would be about \$25,000.
What happens when other townships opt out of contracting with Sandstone	How will this affect Sandstone Township's allocation?	Unknown at this time. If that happens, the City will definitely have to evaluate the situation.
Proposed City contract	Township doesn't like the clause under Town's Responsibilities that they will present a budget and levy to town electors at the annual town meeting	That can be removed from the contract.
Timing of annual meeting with Townships	The meetings should be held earlier – "the earlier the better"	The City holds the meeting in Jan/Feb for the following year; how much earlier would the Township like it?
Perhaps a Fire District would be better	<p>No, don't go down that road.</p> <p>It would give the Township opportunity for more input on the budget.</p>	A Fire District would eliminate the formula and these meetings; a representative from each coverage area would be on the board and set their budget and levy. The Fire District would hire staff and acquire / rent buildings and equipment.
Unspent Fire Dept Funds	What happens when the Fire Department ends the year with a surplus? Can't that be returned to the Townships?	Funds can be used to lower the budget; but they stay in the Fire Department fund balance and put the

		Department on firm ground to deal with unexpected expenses and purchases. This has not always been the case.
Grants	Can't the Fire Department apply for grants that will then lower the budget/township allocation	Grants are typically for equipment; the Department has pursued and received grants in the past.
Depreciation / \$5,000 fund	This should not be added to the budget. The Townships should not have to pay for depreciation / savings accounts.	Responsible budgeting includes setting aside funds for replacements and future expenditures.
Township's lack of assets	The Township had to spend \$17,000 in 2016 for floods. They don't have capital assets set aside. They have to take out loans. They can't increase the levy by \$5,000 without some push back from taxpayers. Bonding, difficult.	Understand.
Ladder Truck	Doesn't benefit the Township	Educating taxpayers is key. The ladder truck allows firefighters to fight fires from above, which is more effective and safer, no matter how high a building is.
Building improvements	Why should the Township contribute? These improvements aren't capital assets of the Township.	This is part of the Fire Department budget.
Buildings not likely to be saved in the Township	All believe they need the Fire Department; but in reality, buildings are not likely to be saved	People make the decision to live further away from town; that is part of the reality. The Fire Department has been successful in containing a fire and saving other buildings and equipment.
No Fire Service	Audience member supports Town Board not having fire service/contract. Step away, look at it again in a year. Understands both sides. One Town Board member: What if Township agrees to pay \$2,500 per fire call and if	City will probably look into billing if the Fire Department comes out, including rescue calls. The amount of the fee is unknown at this time and will likely depend on how many firefighters/vehicles respond and how long they are on site.

	<p>a huge fire occurs (lots of personnel & equipment) the City would bill the homeowner. If no fires, no bill. If fires, \$20,044 max to be billed to township? Maybe the Fire Department should consider fundraising.</p> <p>Another Town Board member: wants 3-year flat rate.</p> <p>Another Town Board member: would like to figure something out for 2022; variables are the scariest thing for everyone.</p>	<p>Annual meeting with Townships is in Jan/Feb. Sandstone Township separates for 2022, can attend the meeting, maybe reconsider for 2023 or 2024.</p> <p>Some form of cap on increases seems reasonable; City doesn't want to slap property owners with huge bills.</p>
Billing for Fire Calls	Township bills property owners \$750 for fire calls – people not happy paying that and most don't, then the Township has to take collection action.	City has the same situation; although the City doesn't bill for house fires at this time.
Is Dell Grove still on board with Sandstone Fire Dept?	Township is concerned about what will happen if Dell Grove pulls out of the group.	They are on the schedule, using the same formula as offered to Sandstone Township. They have indicated that they will continue with Sandstone.
Market Value changes	Market values can go up, which increase the formula	City market values go up too, typically more than Townships; especially when new construction occurs.
Township budget	One-fifth of the budget is for Fire Service	Understood. Township's typically have limited categories – roads, fire service, etc.
Township Levy	Exorbitant increases cause taxpayers to refuse to pay; the Town Board has a hard time with the amount of this year's formula (\$31,289.54). They feel they overpaid for 2021 and have difficulty getting their taxpayers on board. The	Understandable. The City has made adjustments to the formula based on this feedback.

	taxpayers only approved a \$10,000 increase for 2021. They weren't able to set their 2022 levy and had to put it off until September. They are hurting and don't have enough funds to take care of their roads.	
Insurance Rates	A previous Town Board member had looked into this and said there would be no change in rates if the Township did not have Fire Service.	How are insurance rates affected if the Township doesn't have Fire protection? Distance to Fire Station, ISO rating, access to water – all of these factors are taken into effect when insurance companies insure a property.

Township Chair Dorau asked Supervisors Hinsch and Thomson what they wanted to do for 2022. Both stated that they were in favor of not having Fire Service in 2022 and perhaps consider it again in the future.

ADJOURN

The Joint Meeting was adjourned at 8:25 p.m.

Peter Spartz, Mayor

Kathy George, City Administrator