

CLOQUET AREA FIRE DISTRICT BOARD (CAFD) MEETING MINUTES

August 13, 2009
CAFD Station #2, Perch Lake Town Hall 7:00 p.m.

1. Call to Order and Roll Call

Members present: DeCaigny, DeMenge, Harms, Nemmers
Members absent: Ahlgren
Staff: Foster, Klatt, Langenbrunner, Olson, Peterson, Saddler, Schroeder
Others: Fritsinger (Cloquet City Administrator), Eames (Recorder)

2. Approval of August 13, Meeting Agenda

MOTION (Nemmers/DeMenge): To approve the August 13, 2009, meeting agenda with the following additions. Motion carried.

- A. **Old Business Item F – Website**
- B. **New Business Item E – Muscular Dystrophy Association’s Annual Fundraiser “Fill the Boot.”**
- C. **New Business Item F – Paid-On Call Hiring Process**

3. Approval of July 8, 2009, Meeting Minutes

MOTION (Nemmers/Harms): To approve the July 8, 2009, minutes as recorded. Motion carried.

4. Presentation/Visitors

Justin LeBlanc - Scanlon Fire Department. No presentation.

5. Comments from Chair

DeCaigny observed that consideration of the agenda budget items will require more than one meeting. Therefore, he advocated scheduling a special meeting between now and the September 9, 2009, to properly review the 2010 budget (line by line). Dates for this special meeting and other meetings for Scanlon and Thomson will be considered later.

6. Old Business

A. Paid-On-Call (POC) Compensation

- (1) Recommendation to Board on Compensation Approach
For a more complete discussion on this topic, see City Administrator’s Request for Board Action, dated August 9, 2009.

The Board's Subcommittee previously met with Station 2 members at least twice to consider two different compensation approaches. As a result, both sides have agreed that the District should change from the current paid-on-call system of annual payouts based on a point system to the hourly wage shown below.

2009 Proposed Pay	
Months of Service	Hourly Wage
Retroactive to January 1, 2009	\$8.00

2010 Proposed Pay	
Years of Service	Hourly Wage
0 – 1	\$7.25
1 – 3	\$9.00
4 – 6	\$11.00
7 – 9	\$13.00
10+	\$15.00
EMT Certification	\$1.00 per hour additional
Medic Certification	\$1.00 per hour additional

See report for information on additional compensation for officers and training bonuses.

- (2) Recommendation to Board to amend CAFD Personnel Policy language on page 17, last paragraph: "Volunteer/Paid-on-call employees of the District will be compensated according to the policies of the District Board as set considering the recommendations of the Fire Relief Association."
- (3) Discussion points
 - (a) The change from the current point system to the new hourly rates would impact the District by cost estimates of \$18,000 in 2009 and \$50,000 in 2010. This will be built into the budget.
 - (b) DeCaigny asked if the impacts take into account the costs for recruiting and increasing membership and Fritsinger said yes.
 - (c) Frequency of payment: Steve Olson recommended a 2009 payout in September and December of 2009. Fritsinger recommended a monthly payout in 2010.
 - (d) Additional pay for officers
Langenbrunner advised that he was not at the meeting when the additional pay for officers was discussed. However, both Station 1 and Station 2 officers tentatively plan to meet August 25, 2009. At that time, he will identify the additional duties to compare with existing job descriptions. It was generally agreed that bonuses should be tied to a form of assessment (a set of expectations) and

documented for the personnel file. Staff should work out the details regarding documentation, and method and frequency of evaluation and payout and report back to the Board.

- (4) **MOTION (Nemmers/Harms): To amend the last paragraph of the District's Personnel Policy on compensation (page 17) to read as follows: "Volunteer/Paid-on-call employees of the District will be compensated according to the policies of the District Board as set considering the recommendations of the Fire Relief Association." Motion carried.**
- (5) **MOTION (Harms/Nemmers): To approve the following recommendations for paid-on-call members of the District:**
- (a) **2009 and 2010 compensation rates as set forth in the City Administrator's Request for Board Action, dated August 9, 2009.**
 - (b) **2009 payout in September and December**
 - (c) **2010 payout monthly**
 - (d) **Additional pay for officers, with details of documentation, and method and frequency of evaluation and payout to be worked out by staff and reported back to the Board.**
- Motion carried.**

DeCaigny opined that everyone should be able to discuss the advantages of the Fire District and the "value added" as it relates to the budget numbers discussed so far. In fact, he requested that this discussion be listed as an action item.

B. Fire Relief/Pension Discussion

Fritsinger noted that the Subcommittee members involved with the earlier POC compensation were the same for this discussion.

- (1) Setting the amount of the defined contribution for the POC pension

The final proposal accepted by both POC and Subcommittee members calls for POC Pension contributions as follows:

- (a) The 2009 contribution to remain at 100% of fire relief funds received from the State of Minnesota.
- (b) The 2010 contribution to increase to \$2,000 per employee.

Fritsinger noted that the 2010 adjustment represents a substantial increase - from \$5,500 (State) to \$40,000 (for 20 employees). He encouraged Board members to consider this in light of DeCaigny's earlier value-added comment, especially as it relates to the overall recruitment package.

MOTION (Nemmers/Harms): To accept the proposal presented, setting the amount of the defined contribution as follows:

- (a) **The 2009 contribution to remain at 100% of fire relief funds received from the State of Minnesota.**
- (b) **The 2010 contribution to increase to \$2,000 per employee.**

Motion carried.

(2) POC Pension Administration

Langebrunner explained two options, both of which call for lump sum payouts upon retirement:

- (a) The defined contribution plan (current plan) – lump sum plan
This plan is managed by the State Board of Investment (SBI). The \$2,000 contribution per employee would fund the plan. The Relief Association would select areas of investment and determine each participant's share. If there is a shortage, the District has no further obligation. To keep this option, members must create a new governing body and bylaws. Per Peterson, this new body would consist of POC members, the Fire Chief, and two CAFD Board members.
- (b) The Public Employee Retirement Association (PERA) administered plan – lump sum plan
All Fire State Aid monies from insurance companies (2%) would go straight to PERA plan. Persons with 20 years would be entitled to a full payout of \$40,000. The District could be obligated to make up any shortfall. There is no Relief Association Board.

At first glance, the PERA plan (option b) has the advantage of simplicity. However, this same plan has more risk for both the District and its POC employees. Therefore, based on available information, Langebrunner recommended that the District should stay with the current defined contribution plan (option a).

Fritsinger stated that no action is required from the Board at this time. The Association still has work to do in terms of updating bylaws. Also, Peterson will find out how many Board members are needed for the option a plan. This will be taken up again at the next CAFD meeting.

C. Capital Improvement Plan (CIP)

For a more detail, see City Administrator's Item Description, 2010-2019 Capital Improvement Plan, and dated August 10, 2009, a copy of which can be obtained from the Cloquet Area Fire District.

Fritsinger emphasized the importance of looking long-term at equipment so the Board can program replacement over a ten-year period. Board members should view the budget and CIP annually to minimize the spiking effect in budget. Fritsinger said he has attempted to average cash flow in the budget over a ten year period. The result is a "break-even" budget.

He noted an error in which the SCBA Equipment Replacement costs for F-013 could be adjusted by \$20,000 in 2010 and \$30,000 in 2011. For purposes of consistency, this adjustment was not made in the document below.

DRAFT CAFD Capital Plan					
Year	Project	#	Priority	\$	Total
2010	Defibrillator Replacement	F-006	2	21,000	53,000
	SCBA Equipment Replacement	F-013	1	32,000	
	Total				
2011	Roof Replacement	F-012	3	40,000	122,000
	SCBA Equipment Replacement	F-013	1	52,000	
	Repair Ambulance	F-018	n/a	30,000	
2012	SCBA Equipment Replacement	F-013	1	12,000	116,186
	Repair Ambulance #111	F-016	3	104,186	
	Total				
2013	SCBA Equipment Replacement	F-013	1	12,000	48,000
	Utility Vehicle	F-015	4	36,000	
	Total				
2014	SCBA Equipment Replacement	F-013	1	12,000	126,865
	Repair Ambulance	F-019	n/a	114,865	
	Total				
2015	SCBA Equipment Replacement	F-013	1	12,000	391,056
	Replace Commercial Pumper	F-020	n/a	379,056	
	Total				
2016	Defibrillator Replacement	F-006	2	24,000	162,636
	SCBA Equipment Replacement	F-013	1	12,000	
	Repair Ambulance	F-021	n/a	126,636	
2017	Defibrillator Replacement	F-006	2	25,000	37,000
	SCBA Equipment Replacement	F-013	1	12,000	
	Total				
2018	Defibrillator Replacement	F-006	2	25,000	475,804
	SCBA Equipment Replacement	F-013	1	12,000	
	Replace Commercial Pumper	F-022	n/a	438,804	
2019	SCBA Equipment Replacement	F-013	1	12,000	12,000
	Total				
Total					1,544,547

Board members will get detail sheets at their next meeting when they approve the Budget and Capital Improvement Plan.

Both Langenbrunner and Fritsinger emphasized that the CIP changes every year. Langenbrunner cited rapid advances in medical equipment and standards of administering emergency care in the field as factors that will impact the CIP. He described the CIP as a “best guess” plan.

DeCaigny asked about building a reserve, or “rainy day” fund which could be built into the budget in year one and adjusted annually thereafter.

Fritsinger recalled how last month’s consensus involved building reserves on the capital side. Presently, the District’s financial system is based on one fund. As

part of the proposed budget, he built an additional amount into the cash flow reserve of the regular operating budget to cover swings and start building a fund balance.

Fritsinger noted that in the past, the State Auditor has recommended that 40-60% of annual operating funds be kept in a fund balance; but recently, the Governor's Office has seen this as money to be spent. So, he supported Ahlgren's suggestion from last month that the additional funds be kept in a capital fund which is a dedicated fund.

Fritsinger discussed two options for building a reserve balance:

- (1) Levying additional dollars or
- (2) Obtaining upfront funds from each member.

DeCaigny noted that they need further discussion on this topic. However, if additional funds are required, he preferred levying additional dollars to the hardship of obtaining funds upfront from Perch Lake or Cloquet.

Further discussion revealed the Board's concerns about maintaining an adequate fund balance. At present, the District has no fund balance. Cloquet is fronting six months of funds until the District's fund balance has grown to where it can cover the District's bills. Fritsinger said that for now, the staff has built \$50,000 into the operating budget in the line item cash flow reserve.

Langenbrunner reported that an unknown factor is the replacement of the Station 2 pumper tanker. He is still hoping to acquire the pumper tanker from Andover. If the CAFD does not acquire the Andover pumper then it will have to obtain additional funds for the replacement of Station 2 pumper tanker. Klatt reported that Andover has not yet advertised for bids. DeCaigny advocated waiting a while longer for Andover to act before making any decisions.

D. Preliminary 2010 Budget

For a more detail, see City Administrator's Item Description, 2010 Preliminary Budget and Property Tax Levy, dated August 10, 2009, a copy of which can be obtained from the Cloquet Area Fire District.

The preliminary budget is broken down as follows: Station 1 (Cloquet), Station 2 (Perch Lake), Other District Activities, and Revenues. Station 1 and Station 2 use many of the same line items.

A simplified budget is listed below:

2010 Budget	
Revenues	\$2,881,830
Expenditures	\$2,598,330
Net Operations	\$283,500

The balance of \$283,500 does not represent money which can be spent. It includes funds for severance pay, capital equipment, and cash flow reserve.

Debt Service: Cloquet will continue to carry the debt service for the fire truck. Perch Lake also carried the debt service on one of its own trucks.

The proposed budget is a “break-even budget.”

DeCaigny summarized the following issues:

- (1) Use of a “rainy day” fund
This concept has been covered in previous discussions. For now, the Administration has avoided “rainy day” funds, choosing instead to budget additional reserves in capital projects or line items.
- (2) Safety and training
The Board must ensure adequate funds for safety and training. Previously, Klatt has requested that fees be returned to the training budget. This topic can be discussed in a subcommittee meeting, preferably before the September meeting.
- (3) Anticipated legal expenses versus retainer.
Fritsinger anticipates some legal expenses when consulting Yetka regarding the Fire Relief pension plans and new member issues. However, it is not likely the CAFD will need Yetka for day to day items. Thus, a retainer is not necessary.
- (4) Administrative services
The Board should consider building more than \$8,000 into the budget for administrative services, as the day will come when the Board will need its own administrative staff.
- (5) Tracking revenue funds
The Board may want to track the sources of certain revenue funds, i.e., charging outside agencies for training received. Will the money received be credited back to the training budget? Fritsinger saw this as something the Board would track internally. This discussion can be deferred later.
- (6) Recommendation that governing agencies should maintain a 40-60% reserve to budget for ongoing operations.
DeCaigny asked if the District should be more aggressive about building this up. Board members discussed the pros and cons of doing so. Fritsinger recommended that the Board work towards 35%. The fact that District currently has no fund balance to pay its bills means that the City of Cloquet will need to front the first six months of operations until such time as the District receives its property taxes from the County.
- (7) Meeting to be set before end of this meeting:
 - (a) Go through line items in more detail.
 - (b) Cover items above still under discussion

E. EMSRB Letter

Acronyms used in this discussion: FDL (Fond du Lac Reservation), EMSRB (Emergency Medical Services Regulatory Board), PSA (Primary Service Area).

Fritsinger recalled that a draft letter to the EMSRB prepared in June had not yet been sent due to ongoing discussions with FDL and Thomson. He reported that Chief Langenbrunner has discussed the recent legislation with EMSRB representative Bob Norlen. To date, Norlen has returned no feedback.

Therefore, Fritsinger recommended that the draft letter prepared in June be sent now to the EMSRB. The letter outlines the District's position.

Re: Cloquet Area Fire District

Dear

Recently, the Legislature enacted Law which creates the Cloquet Area Fire and Ambulance Taxing District. (See attached language.) Currently, the City of Cloquet and Perch Lake Township have entered into a joint powers agreement as the first member communities of this organization.

Under this law, the District may exercise all of the powers relating to fire and ambulance services to the municipalities that receive fire and ambulance services from the District. Any municipality that is contiguous to the District may join the District. Upon joining the District, those communities shall receive both fire and ambulance protection from the District. Currently, the Fond du Lac Band of Lake Superior Chippewa and Thomson Township have expressed interest in joining the District. In joining, both communities are looking for the District to provide them with both fire and ambulance service to all properties within their legally recognized boundaries.

It is the position of the District that the new Law allows the District to provide ambulance service to all areas of those member communities even if portions lie within previously defined Primary Service Areas. As such upon the formal acceptance of these two communities into the District, the District Board asks that the State redefine any existing PSAs that are impacted by this Law and place those areas within the PSA of the District.

We appreciate you attention to this matter. Should you have any questions, please feel free to contact our Chief, Jim Langenbrunner (218-879-6514) or Attorney, Frank Yetka (218-879-3363).

Sincerely,

Bob DeCaigny
Chairman, Cloquet Area Fire District

cc: Jim Langenbrunner, Chief
Frank Yetka, Attorney
Fire Board
Karen Diver, Fond du Lac Tribal Chairwoman
Terry Hill, Thomson Township Supervisor

DeCaigny asked that the first sentence of the third paragraph be reworded to say “it is the District’s intent,” instead of “it is the position of the District.”

MOTION (Nemmers/DeMenge): To send the letter to the EMSRB in St. Paul (not Bob Norlen) as written with the Board’s modifications. Motion carried.

F. Update on Website

Schroeder reported that he and the webmaster have made some changes in the format and content:

- (1) The addition of the Perch Lake history.
- (2) A Community Partners page.

The next step is to work on information on staff and Board members. Schroeder asked for input on the following ideas:

- (1) Group photo of Board members instead of individual photos.
- (2) Board members making their District email addresses available as contact information for the public.
- (3) Community news area.

Schroeder asked Board members to visit the website and provide feedback. DeCaigny said he has navigated easily through the site and had no problem making his email address (the one linked to Sappi) available. Also, he supported the idea of inviting community input, i.e., web addresses on the vehicles (which has been done) and a newspaper piece.

Both Nemmers and Harms stated that they did not want their District emails listed as contact information. DeMenge said he was “open to criticism.”

Langenbrunner indicated that he is checking into having member communities listed on the facility doors.

6. New Business

A. Update on Organizational By-Laws

Bylaw - a law or regulation that governs the internal affairs of the organization.

DeCaigny mentioned that he has already spoken with WLSSD (Western Lake Superior Sanitary District). WLSSD does not have bylaws. They operate according to statute.

Harms suggested that Fritsinger could obtain the (BLASD) Big Lake Area Sanitary District bylaws from Attorney Yetka.

Fritsinger said he has organized some items in a folder, including some materials from Emergency Services Consulting, International. He invited DeCaigny and others to help review these items, and suggested a meeting sometime after the Budget considerations. Subcommittee: Fritsinger, Langenbrunner, Schroeder, DeCaigny, and one other Board member (to be decided at the September 9th meeting).

B. Sale of Ambulance

Langenbrunner submitted a staff recommendation, dated August 11, 2009.

MOTION (Nemmers/Harms): To approve the sale of the 1994 Wheeled Coach Ambulance to Fred Fleisch, based on his bid of \$1,650.00. Motion carried.

C. 2010 Department Additions (Safety/Training)

DeCaigny recalled that this item will be discussed at the special budget meeting to be set before the next September meeting.

D. Approval of Payment of the Bills

MOTION (Nemmers/DeMenge): To approve the payment of invoices due on or before August 13, 2009, and listed on the Summary Report, dated August 10, 2009, for a total amount of \$14,920.20. Motion carried.

E. International Association of Fire Fighters Presentation: Muscular Dystrophy Association's Annual Fundraiser: "Fill the Boot."

Sean Saddler described the proposed campaign to collect contributions. He provided an insurance certificate and asked Board members for their approval to set up a boot drive at the WalMart entrance and Gordy's on the North Road and Highway 33. The campaign would happen Friday, September 4, 2009, before the parade.

DeCaigny emphasized safety as the priority. Langenbrunner saw this as good public relations for the District.

MOTION (DeMenge/Nemmers): To approve the proposed MDA Annual Fundraiser, "Fill the Boot" campaign and assigning Chief Langenbrunner as a sounding board for safety considerations. Motion carried.

F. POC Hiring Practice

- (1) Division Chief Olson distributed a draft hiring practice for the Board to review. He outlined the various steps for hiring paid-on-call personnel. Olson asked for feedback by email.
- (2) Application for Employment
Olson asked for feedback by email.

7. Other/Next Agenda

A. Future agenda items

None

B. Confirm Next Meeting Date

Date	Time	Place
September 9 (Wednesday)	3:00 p.m.	Station 1 Cloquet Fire Hall
October 8 (Thursday)	6:00 p.m.	Station 2 Perch Lake Town Hall
November 4 (Wednesday)	3:00 p.m.	Station 1 Cloquet Fire Hall
December 10 (Thursday)	6:00 p.m.	Station 2 Perch Lake Town Hall
January 13 (Wednesday)	3:00 p.m.	Station 1 Cloquet Fire Hall
February 11 (Thursday)	6:00 p.m.	Station 2 Perch Lake Town Hall

C. Action Items List Review

See attached list.

D. Other

Fritsinger announced that he spoke with Jim Putnam from Scanlon who would like the Board to meet with their City Council on September 9, 2009. DeCaigny expressed an interest in a special meeting instead. The meetings must include their Fire Department and elected officials. This will be discussed later.

8. Adjourn

MOTION (DeMenge/Nemmers): To adjourn at 8:30 p.m. Motion carried.