

**Excelsior Fire District Board
Joint Work Session of the EFD Member City Councils
Wednesday, June 28, 2017**

**24100 Smithtown Road
Shorewood, Minnesota
6:00 P.M.**

MINUTES

1. CALL TO ORDER

Vice-Chair Jennings called the meeting to order at 6:00 P.M.

ROLL CALL

Present: Excelsior Fire District (EFD) Boardmembers: Vice-Chair Jennings; Boardmembers Fletcher, Miller and Sundberg (arrived at 6:06 P.M.); and, EFD Chief Gerber

Also present: Deephaven Administrator/EFD Fiscal Agent Young; Excelsior City Manager Luger; Shorewood Administrator Lerud; Tonka Bay Administrator Crawford; and, EFD Assistant Chief McCarthy

Absent: Chair Erickson

2. AGENDA APPROVAL

Fletcher moved, Miller seconded, approving the EFD Governing Board meeting agenda as presented. Motion passed 3/0.

Chief Gerber noted that since the EFD Board's last meeting Pat McCarthy has been appointed to the position of Assistant Chief. He introduced Assistant Chief McCarthy.

3. Discussion of the Proposed Excelsior Fire District 2018 Operating Budget and 2018 Capital Improvement Program with the EFD Member Cities' Councils

Chief Gerber noted that he had emailed the EFD Board with a copy of the third draft of proposed 2018 Budget packet on June 8. It included a copy of the revised 2018 Operating Budget and associated documents, the 2018 – 2038 Capital Improvement Program (CIP) and the revised 2018 – 2038 Building Projects Improvement Program (the BPIP).

He explained this meeting provides member Cities' Mayors and members of Councils the opportunity to share with the EFD Board any concerns they may have about the proposed 2018 Operating Budget, CIP and BPIP. This is not the time for the Board to rehash the Budget.

He then explained that during the July 26, 2017, EFD Board meeting the Board needs to pass a recommended Budget, CIP and BPIP. Those would then be sent to the five EFD member City Councils by August 1 for their approval. Depending on what the Councils do the Board will record the adoption of the Budget, CIP and BPIP during either its September or November meeting.

Vice-Chair Jennings explained the 2018 Operating Budget includes a \$24,000 transfer into the newly created Building Improvement Fund (BIF). The BPIP includes a line item Cities Contribution for an amount of \$24,000 for 2018 – 2038. He asked if the \$24,000 in the BPIP just an estimate at this time. He also asked if only the surplus is going to be transferred to the BIF. Chief Gerber explained the plan is to

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transfer \$24,000 in to the BIF each year throughout the BPIP in order to fund the BPIP. In response to a comment from Jennings, Gerber clarified the transfer comes out of the Operating Fund and goes into the BIF.

Chief Gerber explained that in the BPIP for 2018 there is \$5,000 for appliances for the kitchen and wash room and the EFD, for example, only ends up spending \$4,000. He asked Jennings if he was saying that the 2019 transfer in to the BIP would only be \$23,000 because there was the \$1,000 surplus in 2018.

Vice-Chair Jennings asked what happens with any surplus in the Operating Fund above the EFD's Fund Balance Policy (20 – 30 percent of the next year's budgeted operating expenses). Chief Gerber noted that stays in the unreserved Operating Fund balance.

In response to a comment by Boardmember Fletcher, Chief Gerber explained that in 2014 the EFD Board approved using the unreserved Fund Balance (those above the Fund Balance Policy) as follows: \$30,000 was returned to the member cities; \$30,000 went to the Fire Relief Fund to help offset a mandatory contribution by the member cities; and \$30,000 was used for building projects. Before that was done he thought the unreserved fund balance was about 42 percent.

Chief Gerber noted the BIF was created to accrue money to fund items in the BPIP.

Vice-Chair Jennings questioned if basically the BIF would be used to accumulate money that could instead be returned to the member cities.

Boardmember Fletcher noted that the BPIP indicates the balance in the BIF would end up being \$423 in 2025. It would be \$764 in 2023.

Vice-Chair Jennings stated if the money in the BIF is not spent he asked if that goes back to the member cities.

Chief Gerber explained that some years the BPIP projects would cost more than \$24,000 and in other years they would cost around \$24,000. The \$24,000 transfer into the BIF is intended to stabilize funding of the BPIP. If by odd chance the EFD does not spend the money in the BIF and if there are no upcoming projects being accrued for there is a possibility the transfer in would not be made. The BIF funding approach is similar to the Capital Fund funding approach.

Boardmember Fletcher explained that during the Board's May 24, 2017, meeting the Board asked Chair Erickson and Chief Gerber to bring a recommendation to the Board during its July 26, meeting, about how to use the approximate \$93,000 surplus in the Fire Facilities Fund that was created by the refunding of bonds for the facilities. Part of the recommendation was to return some of the surplus to the cities.

Boardmember Miller stated it is his understanding that the BIF is to be used for smaller capital projects. If the BPIP projects cost more than the amount in the BIF for any year the cities would have to increase their municipal contribution. If the available balance in the BIF grows to be far in excess of what is needed then some of the balance would be returned to the cities. He noted that during his tenure on the EFD Board he thought the budget has been managed conservatively and when there have been substantial excess funds some of the funds have been returned to the cities.

Miller asked if the cost estimates for the capital projects, both large and small, are reasonable. Chief Gerber stated he thought so.

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Chief Gerber stated Chair Erickson had indicated to him that the Deephaven Council was okay with the proposed Budget, CIP and BPIP.

Administrator Young noted the Deephaven Council wants Deephaven's share of the Fire Facilities Fund surplus back.

Chief Gerber noted that funding for a full-time assistant chief is not included in the budget. But, he included cost projections as part of the budget packet. He also included cost projections for four full-time fire technicians in the packet.

In response to a comment from Vice-Chair Jennings, Chief Gerber stated there needs to be additional discussion about future staffing models and requirements.

Boardmember Fletcher stated he reviewed the general terms of the budget with the Greenwood Council and no concerns were expressed. He then stated the Greenwood Council would like Chief Gerber to come to a Council meeting to answer any questions that Council may have.

4. NEXT MEETING

A. EFD Governing Board Meeting July 26, 2017, 6:00 P.M. Station 1

The next EFD Governing Board Meeting is scheduled for 6:00 P.M. on July 26, 2017, at Station 1.

5. Adjournment

Sundberg moved, Fletcher seconded, Adjourning the Joint Work Session of the EFD Board and member City Councils of June 28, 2017, at 6:16 P.M. Motion passed 4/0.

RESPECT FULLY SUBMITTED,

Christine Freeman, Recorder