

**Excelsior Fire District Board
EFD Governing Board Meeting
Wednesday, April 25, 2018**

**24100 Smithtown Road
Shorewood, Minnesota
7:00 P.M.**

MINUTES

1. CALL TO ORDER

Chair Erickson called the meeting to order at 7:00 P.M.

ROLL CALL

Present: Excelsior Fire District (EFD) Boardmembers: Chair Erickson; Boardmembers Fletcher, Jennings, and Miller; and, EFD Chief Gerber

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

Absent: Boardmember Sundberg

2. AGENDA APPROVAL

The agenda was approved as presented.

BOARD UPDATES:

Website

Chief Gerber noted at the last meeting, Shorewood Mayor Zerby had discussed website updates and posting documents as well as internal controls. As an update, Chief Gerber reported the website has been updated with board information including packets.

Informational; no action required.

Audit Comment

With regard to the audit comment, Chief Gerber stated the EFD has had an internal control policy since 2009. In the future, that topic will be on the Board agenda as a consent agenda item for review and determination whether any updates are needed. He explained that will not resolve the auditor's note but there are controls to keep everything in line.

Informational; no action required.

House File 4016: Pensions

Chief Gerber reported on a bill that had been introduced at the State Legislature relating to pensions, specifically for fire departments like Maplewood that are going from Paid on Call

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(POC) firefighters to career firefighters. Should that happen and the bill passes, the funds remaining after liabilities are paid off would go to the State's general fund.

Chair Erickson stated the EFD has \$5.2 million in liabilities and \$6.3 million in assets so if the EFD goes with career firefighters, \$1 million would go to the State instead of the firefighters or member cities.

Boardmember Fletcher asked, as a counter argument, should the fund be 80% underfunded, does the State fund it. Chief Gerber indicated the State would not and asked if there was Board support to send a letter to the Legislators about that bill.

Chair Erickson stated they probably looked at the funds Maplewood has and decided they want some of it. Chief Gerber noted the City of Plymouth also has some political issues involved with their pension.

Boardmember Fletcher stated the EFD firefighters have been patient with its capital but if things change and the State may get it, that could color the relationship and the firefighters may push for bigger increases.

Chair Erickson agreed it was bad policy and if there is consensus support, Chief Gerber will send a letter detailing the EFD's concern with that bill.

Vice Chair Jennings asked who is the legislator. Chief Gerber stated the name is not provided for House Bill 4016.

Excelsior Manager Luger stated she received the e-mail from the League of Minnesota Cities (LMC) about this matter. She suggested the letter include the names of all Boardmembers. Chief Gerber stated he will include Ann Finn from LMC as well.

Boardmember Miller asked if the EFD can join the LMC action against it. Boardmember Fletcher stated he doubts the bill will go anywhere.

It was the consensus of the Board to authorize Chief Gerber to send a letter under their signature to the Legislature stating the EFD's concern relating to House File 4016.

3. DISCUSSION OF THE PROPOSED 2019 CIP PLAN AND 2019 OPERATING BUDGET

Chief Gerber provided a summary of the 2019 Capital Improvement Plan (CIP) and Operating Budget, noting a draft had been provided last week for the Board's review. In preparing this first budget draft, he had worked with the firefighters, leadership team, City Managers and Administrators. The biggest discussion relates to staffing, which will be the biggest component in 2019 and well beyond. Chief Gerber reported there will be a change with the cleaning service and another company used for quarterly deep cleaning with Choice doing weekly cleaning. He continued review of the main budget impacts for 2019 including increase in health insurance costs to reflect projected increase of \$3,195; Worker's Compensation costs

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to reflect LMC cost increases of \$1,300; janitorial services for additional facility care of \$1,000, as already mentioned; replacement of final 8 portable radios that are at the end of life operations of \$7,000; purchasing 5 sets of turnout gear replacement increase \$1,000; maintain computer replacement plan for two computers; and, maintain audit specific line items to correctly reflect and capture all EFD audit costs.

Chief Gerber stated the Building Improvement Fund has funding for the projects listed including a \$24,000 transfer in 2019, carpet replacement, appliance replacement, phone system replacement, and landscaping maintenance at this facility. At Station #2, there will be carpet replacement, money set aside to replace appliances, when needed, and phone system replacement. Chief Gerber explained nothing is replaced unless it is needed. In 2018, they had spent a bit over budget on fitness equipment knowing that next year, there will be less spent on appliances so the funds will even out.

Chief Gerber stated in the Capital Equipment Fund, there is no change to the \$170,000 contribution. The Capital Equipment Fund includes the purchase of a new Chief truck, replacing the 2008 command truck and rotating other vehicles; purchase of a new light rescue truck to replace Rescue 12; purchase a new LUCAS CPR device to replace Auto-Plus Device; updated replacement time periods for Rescue 21, Rescue 11, Engine 22, Engine 21, and Ladder 11; and, \$50,000 for replacing the SCBA compressor at Station 1 based on operational needs and how we operate in the field and station.

Chair Erickson asked if the compressor was used to fill bottles. Chief Gerber stated that is correct and the new tanks will require a compressor with more pressure than the current one provides.

Chair Erickson asked if the Station 2 compressor will be sold. Chief Gerber stated it works and will be sold but it is not highly functional so it may not be very valuable. He stated they will purchase extra bottles so there are some spares, if needed.

Boardmember Fletcher asked how many bottles they go through at Station 2. Chief Gerber stated fewer than at Station 1. Assistant Chief McCarthy estimated 2-3 times a year. Boardmember Fletcher stated then it probably isn't an issue logistically to haul bottles back and forth. Assistant Chief McCarthy confirmed it is not.

Chief Gerber referenced the 4.8% operating budget increase in 2019 over 2018, noting the contribution total increases 3.18% amongst the member cities over 2018. Those numbers include the municipal contribution, shared services income, interest income, refunds and reimbursement, special events, and fund transfers.

Equipment Replacement Schedule

Boardmember Fletcher asked about the changes in the equipment schedules. Chair Erickson stated it comes down to analyzing the CIP out to 2050. What happens in the current plan, is that the escalating cost of trucks starts to bring up capital inputs into the out years. The contribution is at \$170,000 now then it increases to \$220,00 then escalates up to \$325,000 in the outyears. Chair Erickson reviewed his collaboration with Chief Gerber to rework the

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schedule and finding that if the 5 pieces of big equipment are scheduled so they do not overlap and financed for five years, it creates a 25-year rotation. By moving the big trucks into a 25-year rotation, it stabilizes the contribution at \$200,000 out to 2050. Chair Erickson explained this goes into full effect in 2033 and since trucks can last 25 years, the biggest concern is the aerial ladder truck. He referenced the capital budget at the 15-year mark, noting it puts \$35,000 into refit/refurbishment so at that point, the trucks are refurbished so they can stretch to 25 years and it saves \$1 million in 25-year cycle, a significant amount of money.

Chair Erickson noted the plan includes selling the tanker 5 years from now to move to a pumper tanker (like Engine 22) so it carries 2,000 gallons of water instead of 500 gallons. At that point, the tanker would be sold. He reviewed the response scenario to a fire from Station 1 when Truck 11 goes with the ladder and if Engine 12 comes behind it, then there are 2,000 gallons available with other supporting trucks coming in.

Boardmember Fletcher asked how much a tanker carries. Chief Gerber stated 3,000 gallons and it has a pump but its primary job is to haul and dump water. He noted he has pushed to combine the trucks and while the leadership team and firefighters are not 100% on board, the majority agree it is the right thing to do.

Boardmember Fletcher stated the reality is that one truck can carry 1,000 gallons and pump so the problem is that you need others to bring water. Chief Gerber clarified that both stations would have pumper/tanker trucks. Boardmember Fletcher noted the recommendation would result in having one fewer vehicle to haul water so he is just asking whether there is concern it is too dependent on other departments and are there enough resources with one fewer truck. Chief Gerber answered yes. Assistant Chief McCarthy stated it would be losing only 2,000-gallon capacity.

Chair Erickson stated he doesn't think the tanker has to be replaced every 25 years but the idea was that we really don't need it if we have a pumper tanker combination.

Boardmember Miller stated he likes these discussions about gallons of water but would ask, do all the changes and shifting trucks impact our service level or response time in any way. Chief Gerber stated it does not hurt our service level and it has potential to enhance it because in the future, the EFD will look to put trucks into our stations similar to the ladder truck we just got because it is better to train on, operate, and a better long-term solution. He noted it is in the CIP.

Boardmember Fletcher stated he is not against the recommendation but has some questions. He noted Tanker 11 has 16 years on it and would go away in 2027. He asked how expensive the truck is to maintain if not used very often. Chief Gerber stated it may not cost much to maintain but he would like to use it as collateral to replace two trucks into one.

Boardmember Fletcher asked whether there is a reason to replace it or is it an option to keep it in the fleet. Chief Gerber stated it is the right thing to do to combine the two trucks because they also need staff to put it out the door.

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Boardmember Miller noted the contribution would go to \$200,000, it would be \$220,000 in 2020 and stay there for 3 years, then drop to \$200,000 out to 2050. Chair Erickson stated the new schedule would save \$1 million every 25-year cycle. Boardmember Miller asked if other departments are doing the same to shift their replacement schedule. Chief Gerber stated it depends on the activity in the Department. If high use, then replacement is more often. He noted Chanhassen just replaced a 30+ year old ladder truck. Boardmember Miller suggest looking at data from similar departments to see if they are doing the same thing. He is concerned about risks if the EFD is wrong and needs to replace a big truck sooner than scheduled.

Boardmember Fletcher noted it does not impact the budget until it reaches year 20. Chair Erickson explained if you amortize the total cost of the truck over the life of the truck, it would be less per year. Boardmember Fletcher wanted to understand what is going on with the trucks, noting if this plan is in place, it does not change anything relative to the existing plan that couldn't be redone in a couple years since the contribution is the same. Chair Erickson stated that is correct until 2023 when the contribution would be \$20,000 lower.

Boardmember Miller stated that means this can be analyzed for three years to make the determination. Chair Erickson agreed that is correct, noting the next two trucks only have a one-year adjustment in the replacement schedule. Boardmember Miller supported undertaking a risk analysis and once that is completed, the Board can then determine if the plan should be implemented.

Fiscal Agent Young noted the contribution goes up to \$220,000 in 2020 and stays there for 2 more years before it drops to \$200,000.

Chief Gerber stated he does not believe this new replacement plan puts the Department at risk. Boardmember Miller stated he understands that but as a 'numbers guy' would like the ability to see a risk analysis.

Assistant Chief McCarthy stated the tanker is a PTO pump, which requires different training; however, Engine #11 is the same as our new ladder truck, which makes training more consistent.

Phone System Replacement in 2020

Boardmember Fletcher stated the plan includes replacing the phone system in 2020 but before the EFD buys anything, he would like Chief Gerber to talk to him about the costs because he thinks those numbers are high. Chief Gerber stated with the phone system, they need to replace the hardware part and he agreed Boardmember Fletcher has expertise in that area as well as Assistant Chief McCarthy.

Municipal Contribution

Vice Chair Jennings noted in 2020, the city contribution goes from \$170,000 to \$220,000 and all in, about a 3% increase. In 2020, it would be 6%. Chair Erickson explained they hope to offset the additional \$20,000 contribution so the increase is in the 3% range. In the past, the EFD has been able to find dollars by delaying other items. Vice Chair Jennings noted in 2022,

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even when down, it is still \$30,000 over where we are now and then it holds steady at \$200,000. Chair Erickson explained the concern was that it didn't hold at \$200,000, kept climbing out to \$320,000, and couldn't get any lower than that. In addition, it can be anticipated that the price for heavy trucks will climb at 5% plus the normal rate of inflation so it's not a full \$30,000 in today's dollars that are represented. It is inflated truck dollars at the anticipated cost, not what was paid in this cycle.

Boardmember Miller asked if the contribution should be bumped up now so there is not a jump of 7-8% in 2020. Chair Erickson asked if the increases should be ramped up and then back down. Boardmember Miller supported looking at that to avoid a large increase in one year.

Vice Chair Jennings stated the fire budget is a substantial part of the city budget so a large swing in any one year is a concern. Chair Erickson stated they can model that scenario. Vice Chair Jennings asked about the assumption for trucks to increase 5% per annum. Chair Erickson stated that has been the history. Chief Gerber stated he thinks it is on the low side, especially with the large trucks, but that percentage has worked because the EFD has been able to negotiate on the price with the contract.

Chair Erickson noted with the first run trucks versus the second round of purchasing, the ladder truck was held for 20 years. Chief Gerber stated Engine 22 replaced a truck that was 26-28 years old when sold and it was donated to the SCALE facility.

Boardmember Miller stated when looking at the risk analysis of the new replacement schedule, the assumptions should also be looked at again. Chief Gerber stated the EFD needs to come up with \$50,000 more by either an increase to municipal contributions or cutting something else and that hits in 2020 and then stays there in 2021 and 2022.

Boardmember Fletcher noted the balance at the end of 2024 is about \$4,000, which drives it. But, the building will be paid off in 2023 so the EFD could put more money in at that point. Fiscal Agent Young stated the final bond payment is in 2023. Boardmember Fletcher stated in that case, an additional contribution could be put into the replacement fund in 2024 instead of going for higher municipal contributions.

Chair Erickson stated that can be looked at but staffing is another issue that will need funding.

CPR Device

Boardmember Fletcher stated the CPR device is scheduled next year at \$18,000 and for replacement in 2026. He asked if that device should be moved one year forward, noting there is a \$263,000 fund balance this year. So, if it is moved forward one year, you can better maintain the balance. Chief Gerber stated he would like to buy it this year but it would take a Board action since it is not budgeted in 2018. Also, the EFD would need to look at CIP balances moving forward because we front loaded payments on buildings and ladder trucks. Chief Gerber noted the EFD gets paid quarterly from communities so there will be tighter budgetary times. Based on funding levels and cash flow, the EFD may not be able to purchase the CPR device until sometime after April. Boardmember Fletcher asked staff to look at the impact of moving that purchase up one year.

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Fiscal Agent Young explained they plan to hold off on any significant CIP purchase until after April when the funds are received from the city as the EFD is cash poor February-March.

The Board supported directing staff to look at the impact of purchasing the CPR device in 2018 for discussion at the May meeting.

Municipal Contribution & Equipment Replacement Assumptions

Boardmember Miller asked what is the contribution in 2023 with the old replacement schedule. Chair Erickson answered it goes up 7-10% out to 2040. The problem is that with 6 trucks and a 20-year replacement model, multiple trucks need replacement in the same budget year so there would be \$300,000 in truck payments in a given year.

Boardmember Miller stated that is a significant change in the funding so it is important that the assumptions and timeframe are solid because if wrong, the EFD would be in worse shape. Chair Erickson stated when Engine 22 was replaced, it was 28 years old but still in the fleet and being used. The aerial truck was sold to the Montgomery Fire Department, who had a 30-year-old truck still in service. In Minneapolis, 40,000 calls are answered annually and since they budget at 10-year rotations, have 14-15-year-old rescue trucks. Chair Erickson noted because the EFD has 5 cities together, it can look at it from each perspective, which is an advantage.

Vice Chair Jennings stated the capital expense would show 'hockey stick' growth in expenses but since the city contribution number is level, as inflation grows, the value of \$200,000 will decline over time. So, putting the two together should be more level in aggregate. Chair Erickson stated when he and Chief Gerber modeled the capital budget, they were surprised how much the new rotation would level out municipal contributions.

Boardmember Fletcher stated a good thing with the new schedule is that it forces you to prove a need for replacement if wanted earlier than scheduled. And if there is no staff to run the truck, then staffing needs to be addressed.

Boardmember Miller stated if using a 20-year rotation for replacement and then it is realized to be worse than that, perhaps the contributions should have been bumped up earlier. Chair Erickson noted you would not have to increase contribution \$100,000 in a given year because if it is known that a truck needs to be replaced sooner than scheduled, other things can be shifted (staff vehicles) to soften the impact.

Chair Erickson stated reserves also grow to the point of being able to replace half a truck so this model also includes that flexibility. He agreed the numbers may be a little off, such as the cost of crew trucks, but reserves are being built to absorb those mistakes.

Boardmember Fletcher stated there is time to look at all of those scenarios. Boardmember Miller stated the fund balance is slim in 2026. Boardmember Fletcher stated that is the same scenario as the old plan. Chair Erickson agreed since the new plan is not in place in 2026.

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Vice Chair Jennings asked if 5% (assumption for trucks increase per annum) is too low, what should it be. Chief Gerber stated he is good with 5% thinking it is not too high or low and the numbers for big trucks are close. And, as the time nears, the EFD will have a better number. With the ladder truck, they were in under budget. Chief Gerber conceded it's a guess when 20 years out. Vice Chair Jennings stated he understands that but wanted to make sure 5% wasn't too low.

Boardmember Fletcher noted the building is paid off in 2023 and the truck is paid off in 5 years so the EFD has been very conservative. In addition, it pays off 20-year equipment on 5-year schedules. So, if looking at 5 years or 10 years, no one should have a complaint because it is very low in terms of leverage.

Boardmember Miller asked what if inflation grows to 7-9%, noting the plan will then have to change. Chair Erickson agreed if there is double digit inflation then everything will have to change.

Boardmember Fletcher stated we don't need to worry about putting \$5 million on a truck in 2030 because that is the decision of the board in place in 2030. This Board just needs to leave the Department in a reasonable and sound fiscal position.

Duty Crews / Staffing

Vice Chair Jennings asked whether, in the operating budget, there is a cost increase with the duty crews. Chief Gerber answered not in the 2019 budget. Chair Erickson stated there is a roughly 2% increase in POC numbers. Vice Chair Jennings stated there will be a cost associated with that as well, noting if the transfer piece is increasing and the Department structure is also changing. He asked what the increases would be in 3-5 years. Chief Gerber answered that is being looked at and today we are talking about 2019. He stated when he started 12 years ago as Fire Chief, the capital plan wasn't this inclusive and some mistakes have been made, like when the compressor was missed. But with the operating piece over the next 3-5 years, it is talking more about staffing than equipment and he wants more money budgeted in staffing than equipment.

Chair Erickson stated he knows the Board needs hard discussions going forward on personnel and whether that is duty crew work or some full-time work, we know in the future, the model we use is in trouble everywhere. Vice Chair Jennings stated he understands that but the \$50,000 jump in 2020 is in order to maintain a 3% levy. He asked if the money comes from somewhere else, where is that if the budget is also increasing costs for staffing.

Chair Erickson stated the bonds are paid in 2023 so in 2024, there is an additional \$500,000 to work with but everyone is looking at those dollars so that will have to be discussed. Vice Chair Jennings stated he is concerned about 2022 and 2023.

Boardmember Fletcher agreed there may be some rough bumps and the EFD has been getting by cheap with a POC model but if we can't keep that up, we are responsible for public safety and need to be realistic that it may cost more money.

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Chair Erickson stated Minnesota, as a whole, pays significantly less for fire services than almost everywhere else in the country. He noted there will be endless discussions on how to address that and the type of action needed. That will occur through 2018, as well as discussing POC, duty crews, other full-time operations, and how to gain revenue other than tax revenue. Chief Gerber stated it would cost approximately \$2.8 million to go to full-time staff.

Relief Fund

Boardmember Fletcher stated the Relief Fund has been doing well and there is a 5% increase this year so firefighters with 20 years of seniority and fully vested, if they leave the Department, will receive 5% on their money. However, if you stay with the Department, there are no increases, and the stock market goes down, then you get no increase. Chief Gerber stated the firefighter would then not get the \$7,650. Boardmember Fletcher stated the 5% would still be better. Assistant Chief McCarthy stated that has been talked about by the firefighters.

Chief Gerber stated a Chaska POC firefighter with 22 years vested, has been losing money the last two years by staying by taking the monthly pension. This is because the firefighter is serving to make a contribution but he agreed it is not a good financial decision for them. Chief Gerber stated if the firefighter leaves and is 50 years old, they can collect a \$525 per month annuity. He stated he hears the concern about how to avoid a 7% increase and he will work on modeling to address that. He noted that each city's increase is different because it is based on tax capacity.

Vice Chair Jennings stated that is his concern, not just the increase here but Tonka Bay also has significant capital replacement needs to address.

Boardmember Miller stated the Excelsior council is talking about setting a portion of the levy increase aside for pension and also talking about appreciation being high compared to tax capacity so it causes operating budget problems. So, in order to soften those blows, the Excelsior council would need to plan in advance for a small levy increase.

Building Improvement Projects

Chair Erickson noted Chief Gerber had reviewed the items included and that the dollars over spent on fitness equipment will be evened out with savings on the appliances.

Boardmember Miller stated there has been pushback on the \$200,000 sleeping room project so the EFD needs to make sure the costs are kept down and a serious competitive bidding process is used so we can justify that project and its costs. Chair Erickson noted there are also inbound grants from the State Public Safety to offset the 'lion's share' of that anticipated cost.

Vice Chair Jennings stated our piece is closer to \$70,000. Chief Gerber stated that is correct and paid with budgeted and reserve dollars. Chair Erickson stated that will be moved to building projects so it shows the project cost, offset from grants, funds from reserves, and what will be budgeted.

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Boardmember Miller asked if \$24,000 is ample based on anticipated changes, noting even once the bonds are paid off, they need to consider depreciation costs.

Boardmember Fletcher stated he had suggested having a building improvement fund, noting it is ahead of where we were so it is doing well. Chair Erickson stated that was created in last year's budget and does a good job of forward looking to eliminate upcoming surprises for a repair.

Boardmember Fletcher stated the sleeping room project relates to staffing and that is a major consideration. Chair Erickson agreed, noting it opens a level of flexibility with duty crews and overnight shifts. Boardmember Miller stated he is sold on that concept as it improves response times.

Operating Budget

Chair Erickson noted the changes are highlighted in yellow and the personnel section on the summary page is the area of the most significant percentage increases. He reviewed the other changes and relating percentage of increase. Chair Erickson asked about the administrative assistant step change. Chief Gerber stated that is the last step change and will need to be looked at again.

Boardmember Fletcher stated an outside group conducted a study. Fiscal Agent Young explained the League of Minnesota Cities salary survey shows organizations/cities of comparable size so you can find comparisons that make sense. He agreed it should be looked at again in the next year.

Boardmember Miller noted the fund balance is not being used much in 2019. Chief Gerber stated that is correct as shown for today but the fund balance will be used this current year with \$30,000 for the concrete project and additional funds to help our portion of the sleeping room remodel project. Fiscal Agent Young stated the budgets are based on zero growth with expenditures being covered by revenues. He noted this does not include authorization of transfers from operating reserves.

Boardmember Miller indicated he wanted to know the actual yearend balance to calculate their percentage of increase, which should be known when the budget is adopted in September. Fiscal Agent Young stated they will be as conservative as possible but there is always a lag because it is based on the prior year's fund balance as a percent of the current year's budget.

Vice Chair Jennings asked if there was a surplus last year. Fiscal Agent Young answered in the affirmative and stated it was \$36,794. Vice Chair Jennings asked if it would be distributed back to the cities as it had the prior year. Chair Erickson stated it will not since some has been designated to cover the concrete work and the sleeping room project.

Rate of Pay & Special Event Fees

Boardmember Fletcher stated he would like the Board to discuss increasing the pay rate from \$13 to \$15 per hour for POC and the duty officer coverage from \$85/day to \$100/day, noting the cost impact of doing that would be \$35,000 a year. He stated the EFD is a POC Fire

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Department, there are 38 on staff, and we don't fill all the duty crews now with \$48,000 budgeted for duty crews. He believed \$15 per hour sounded better, noting the EFD is already getting a bargain and he wants to make it more attractive so it is a reasonably paid part-time job. Boardmember Fletcher stated duty crews are not being met now and maybe \$15 per hour for an 8-hour shift may be attractive. He stated to fund this pay increase, the municipal contribution can be increased and/or the rate for special events can be increased. He stated other cities are paid \$150 per hour for special events so EFD's rate should be increased so we no longer subsidize special events.

Fiscal Agent Young stated approval from the governing body would be needed to increase the special events rate. He cautioned if you play too loose with fees, there will be a consequence of losing events or they operate at a loss. In addition, the EFD would need some justification on the level of fee charged. Boardmember Fletcher agreed but noted the current EFD charge for special events does not cover our cost relative to the service we provide.

Boardmember Miller stated cities can only charge fees to cover costs so if the EFD is under covering its costs, then an adjustment is needed. He suggested that any increase be phased in over a 2-3-year period of time. Boardmember Miller noted the Board just started discussing modeling and staffing but needs justification on what that special event rate should be, including recommendations from Chief Gerber and staff for the Board to discuss.

Boardmember Fletcher noted \$15 per hour will be the minimum wage in Minneapolis in a few years. Chair Erickson supported discussing staffing and compensation and incentives at an upcoming work session to determine if the hourly rate should be increased. He is also concerned about adding money into the budget for pay increases as it needs to be justified so maybe that should also be considered in phases.

Chair Erickson stated he talked with Assistant Chief McCarthy and agreed with him that there are firefighters who will come no matter the pay and others who will not. Boardmember Fletcher also agreed, noting they only get paid if they show up. His concern is that at 38 firefighters with 35 firefighters being effective, and with a high number of senior firefighters who carry a lot of the load and could leave, it is a realistic issue that needs to be addressed. Chair Erickson agreed that is a fair discussion to have on staffing and incentive models in time for the 2019 budget but if not comfortable, then maybe a phased approach can be considered.

Boardmember Miller stated the Board does a good job of looking forward and given a lot of support for firefighters with the pension formula but the EFD needs to nail down the staffing issue. If the budget can't take the big bump, then the EFD can talk about a phased approach and plan how to deal with those issues.

Chair Erickson stated he would like to create several frameworks for POC and duty crew and determine at what point, at what stage, it is too low to deliver services and triggers the Board to look at full-time modeling. Boardmember Fletcher noted a \$3,500 increase in pay to keep the POC going will look cheap when considering a full-time option.

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Boardmember Miller stated when he reported the update to his council and talked about the response time improvement with duty crew, they realized it saves property and life and that is impressive. So, he believes anything to make the model work better will be supported.

Chair Erickson stated it will be hard to look at but he supports doing that now and creating models.

Shorewood Administrator Lerud stated he would be dubious if an increase in pay will result in a higher response, noting we can probably do a study on that since the data is there. If looking to reward firefighters, he suggested the EFD say that but if trying to increase performance, he did not believe it would happen for \$2 per hour more.

Chair Erickson asked if the increased amount of POC would affect recruitment. Shorewood Administrator Lerud stated it does not because in this case (firefighters) it involves a person who wants to serve and is looking for the pension. He suggested that if a salary survey is conducted, to look at what other departments pay for POC.

Boardmember Fletcher stated the EFD is in a tough district to serve with a full-time model due to having two stations and distance. He stated when looking at fire departments, everyone tries POC to keep it cheap and he thinks it really needs to go higher than \$15 per hour, noting this is why the sleeping rooms also make sense.

Shorewood Administrator Lerud stated another model is to have a dedicated shift of time model so you don't just show up when you have time. Chair Erickson stated the offset is that the EFD won't keep the firefighter on the days they are not on shift and those options can be modeled that may be easier to sell but he believed the decision to respond is still not based on income made.

Boardmember Fletcher noted the EFD can't fill duty crews now. Chief Gerber explained one on the duty crew needs to be able to operate a fire truck and that usually takes 2-3 years of training. He stated there still needs to be firefighters within a 15-20-minute distance to move the fire trucks.

Vice Chair Jennings stated he would be interested in seeing a scenario with \$15/hour minimum as he does not look at it from an incentive standpoint but from a principle standpoint as it is more of a living wage and maybe the Department should consider taking the lead.

Fiscal Agent Young stated with an overall budget increase at 6% or higher, the Deephaven council will have a concern at that level unless it can be shown that it will benefit response time and provide enough incentive for people to join the Department. Chair Erickson stated that may be why it should be a phased approach. Boardmember Fletcher doubted it can ever be proven that it will create incentive to join the Department. Fiscal Agent Young noted the EFD has one of the top five highest service levels in Minnesota and another consideration is our generous pension.

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Boardmember Fletcher agreed the EFD suffers from having two stations to cover, a limited population area, expensive housing, and while our firefighter's participation is high the EFD needs to discuss how to maintain that. Boardmember Miller agreed this is a critical issue and warrants a good discussion so the EFD can keep its current service level and not need to go to a full-time model.

Chair Erickson thanked all for the discussion points raised and stated the next work session will focus on staffing.

2. NEXT MEETING

A. EFD Governing Board Meeting May 30, 2018, 6:00 P.M., Station 1

Chair Erickson noted the next regular EFD Governing Board Meeting is scheduled for 6:00 P.M. on May 30, 2018, at Station I.

3. ADJOURNMENT

Chair Erickson adjourned the EFD Governing Board Work Session of April 25, 2018, at 9:12 P.M.