

**Excelsior Fire District Board
EFD Governing Board Meeting
Wednesday, June 24, 2020**

**24100 Smithtown Road
Shorewood, Minnesota
6:30 P.M.**

MINUTES

1. CALL TO ORDER

Chair Jennings called the meeting to order at 6:30 P.M.

ROLL CALL

Present: Excelsior Fire District (EFD) Boardmembers: Chair Jennings; Vice Chair Labadie; Boardmembers Dierking, and Fletcher.

Also present: Excelsior Fire District (EFD) Chief Mackey; Deephaven/Greenwood Administrator/EFD Fiscal Agent Young; Shorewood City Administrator Lerud; Tonka Bay City Administrator Laur and Excelsior City Manager Luger

Absent: Boardmember Erickson and Excelsior Operations Committee Wisdorf

2. APPROVAL OF AGENDA

Boardmember Fletcher suggested tabling the consent agenda and minutes until the next meeting due to receiving the packet on the same day as the meeting.

Fletcher moved, Labadie seconded, approving the EFD Governing Board meeting agenda as amended. Motion passed 4/0.

3. APPROVAL OF MINUTES

A. April 2020, EFD Board Work Session Minutes

Tabled to next meeting.

4. CONSENT AGENDA

Tabled to next meeting.

5. MATTERS FROM THE FLOOR

There were no matters from the floor presented this evening.

6. REPORT AGENDA

A. Fire Chief / Fire District Report

Chief Mackey reviewed the First District Report with the Board.

B. Communications

Chief Mackey reviewed the communications report with the Board.

C. Overnight Staffing 7 Days a Week

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Chief Mackey reviewed the overnight staffing report with the Board. He noted the July calendar is almost filled with overnight staffing, which is good.

7. UNFINISHED BUSINESS

A. 2021 Budget Update

Chief Mackey reviewed the 2021 Budget with the Board. He reviewed salary and benefits and noted at the last meeting there was the need to get this finalized in order to get the budget put together for discussion. The two things that was really important was the pay increase for the Fire Fighters and what it looked like along with how the rates came about and the pay study was also reviewed. The outcome was a two percent raise which would bring them to the \$366 number in the salaries and benefit section of the budget. He explained how the calculation was made for each department.

Chief Mackey explained another thing that needed to be hammered out was the Administrative Specialist position to an Office Manager position. He reviewed with the Board what was discussed and the pay determination for that position.

Chair Jennings indicated there is a column that shows increases and it has the percentages listed, those actually do not articulate with the salary itself. The increases are actually different than what is shown. He believed the Admin Specialist is increasing more than two percent for this year. Chief Mackey thought that was the number plugged in, but he would double check. He did not believe the numbers would be that much different. Chair Jennings thought the salary numbers are correct, but he thought relative to last year he thought it was more than a two percent increase. Chief Mackey indicated that was correct and believed it was quite a bit more. Per hourly rate was at twenty-three and this puts it closer to twenty-eight, which was what was determined to be a fairly and equitable pay for that position.

Chair Jennings apologized to the Board because he did see the budget before the meeting, and he did not catch the difference in percentages until now when he was looking at this.

Boardmember Fletcher asked if the increase did not also reflect the fact that the Admin Specialist is a trained EMT and is actually going to also function as a Fire Fighter so they will be getting a multi-disciplinary person there as well. Chief Mackey indicated that was correct. She is currently an EMT and has been responding to EMS calls, she was at one time a certified Fire Fighter and would be one of them going through the Cadet Program to get recertified. She has the previous experience but did not keep it up because it was not a requirement in the past to have it.

Tonka Bay Administrator Laur asked what the Administrative Specialist is making for a salary now. Chief Mackey believed she is making \$23.56. Tonka Bay Administrator Laur asked if the new pay would be \$28 and some odd cents. Chair Jennings noted when he did the math it is about a twenty-two percent increase.

Tonka Bay Administrator Laur asked if an hourly rate for the Fire Fighters was ever established. Chief Mackey indicated it was determined, on page two of the budget shows they will receive a two percent raise for \$13.66 an hour.

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Tonka Bay Administrator Laur indicated she is the daughter of a career Fire Fighter, thirty-five years with the Milwaukee Fire Department, and she felt this is a very highly skilled job which requires additional ongoing training for the whole career and she thought \$13.66 was a travesty and could not believe that is how much the Fire Fighters are being paid. She thought it was wrong on so many levels. She cannot believe that a Fire Fighter would risk their life for \$13.66 and she found it hard to believe that she is the only one that feels like there is something wrong with the dollar amount. Boardmember Fletcher indicated he has been fairly vocal about and in agreement with Tonka Bay Administrator Laur's position.

Chair Jennings indicated this is certainly open for discussion and is one of those things that is probably not something to tackle this year. He noted the Fire Chief and himself talked about this as well while looking at things. They are trying to take down the concrete project this year and it is certainly open for debate because he did not think the Board is all on the same page necessarily on how each feel about this. It is going to be a more involved conversation and frankly he was worried to some degree about the timeline of this year's budget as well because he thought they were further behind than typical and he thought this is something to continue to discuss in the coming months but the Chief seems comfortable with the rate for this year and it is relatively higher than what was paid in 2019 and he thought there could be further discussion on this in the coming months and model it out like previously discussed.

Chief Mackey agreed and thought a great point was brought up. He noted with everything that is going on it does not seem like the job gets any easier and so with that they definitely have to look at pay. He thought everyone understood that it is a big need but with talking with the officers there was talk about some of the bigger projects right now, one being the concrete project, headsets in the trucks and things that can be done immediately to allow for better safety around the building and the way the Fire Department responds and they will continue to plug away at adding that pay piece. He noted they do not want to burden the cities with some giant leap because they understand that cities have budgets with fiscal responsibilities.

Chief Mackey indicated he could talk all night about pay because of the way Minnesota generally does not pay well as a State and he has all kind of data to support that. It is very much on their minds and appreciate the comment and is definitely a goal of his to get that moved up in the right direction in a way that the cities can absorb it and that it can be used to utilize recruitment, retention and the things they need to protect the Fire Fighters long term. He did not mean to disregard this but there is a plan in place.

Chief Mackey continued reviewing the budget with the Board. He reviewed the Capital Improvement Program.

Chair Jennings asked if they were factoring the build out costs. He imagined if they are leasing, they are returning two vehicles at a higher rate than they typically would if purchasing the asset. He wondered if the build out costs, the additional costs to update the vehicles when assessing the overall impact. Chief Mackey showed a graph as an example for the Board to review. He explained how he came up with the costs for the vehicles.

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Chief Mackey reviewed the Building Capital Improvement section of the budget along with the proposed budget allocation by City with the Board.

Chair Jennings noted on the Equipment Fund for 2021 they were originally budgeted to have \$205,000 and is now at \$190,000 to \$205,000.

Chief Mackey continued reviewing the 2021 Operating Budget with the Board. He explained the total 2021 operating revenues will be at \$1,904,358 but will still leave them short approximately \$45,808 of what is needed for the year. He noted they can look at a couple of different ways to offset that. They could reach for it back to the reserve fund and make them full, somewhere in the budget they could cut out some things, or they can increase the cities contributions by that much which would put the overall ask to closer to 5.45 and those amounts could change for each City by that amount.

Chief Mackey explained he would like to have some conversation on different perspectives of what the budget looks like. They can go through the budget and see if there are areas people would be interested in making adjustments to. They have done a lot of work this year. The Officer Corp, himself, and Kelly about auditing the budget and see where they can save money. A lot of things have been automated, bringing Anna on will save money and the fiduciary payout back to Deephaven will not be done. The phone lines have been redone at Station Two and they tried to redo the internet there as well. They are really looking at the fine details of the budget and to find ways to recover some of those funds.

Chief Mackey thought supplies, under 217, clothing in 2017 \$40,322 was spent, 2018 \$26,305 was spent, 2019 \$38,293 was spent and so far in 2020 \$23,362 has been spent. This has been upped to \$44,000 in 2021, which is a forty-five percent increase. One of the reasons they did that is with hiring and the overnight crews people had to be put in uniforms and they are pretty short on what is still needed. He thought all of the money will be spent, more than last year. He also explained the Fire Fighters will need sleeping attire because there is not time to get up and get dressed if a Fire call is made. Initially there is more investment because they will probably have to buy gym shorts, sweatpants, both heavy and light, that will be uniform attire and a few more lightweight tee shirts.

Chief Mackey noted some of the utilities were also increased because they are cooling the building more in the summer at night and adding more heat at night with the overnight crew. He thought the cost would be more.

Chief Mackey indicated he would like to hear from the Board on the budget and how they can get the \$45,000 deficit made up for 2021.

Chief Jennings explained the only thing he was curious about was taking \$46,000 out of reserves which would bring the reserves down to \$28,200 but he knew when talking reserve levels before that there were some other things that needed to be considered as well. Deephaven/Greenwood Administrator/EFD Fiscal Agent Young thought they need to look at how they budgeted for 2020 and they budgeted a \$50,000 deficit to begin with. Assuming that is how the 2020 budget ends up, it is not either a greater or lesser deficit, but they are projecting maybe at the end of 2021 around twenty-four percent reserve.

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Boardmember Fletcher indicated that is still at the twenty to thirty percent guidance that they have. What he puts in the back of his mind is in 2023 they are going to be having more resources. He noted it would be nice to have some of the money going back to the cities but knowing that there is a reserve makes it not so worrisome.

Deephaven/Greenwood Administrator/EFD Fiscal Agent Young stated the only other thing to note when budgeting for a deficit as with proposed for 2021, just so that they are all aware, if they are working under the assumption that there is not \$45,000 in expenditures that can reduce somehow and eventually 2022, for example, they will have to start making up that budgeting for a deficit and has to be included in the municipal contribution. They are getting closer and closer when the bonds start dropping off so there is some play there but that is something to factor and eventually, they will need to start playing catch up.

Chief Mackey thought one of the things that was talked about last month that might help alleviate this as well is the \$100,000 mark was put in the budget for doing all of the concrete this next year and they could try to absorb half next year and half in 2022. He thought that was a real possibility and would reduce that amount that they would have to take out of the equipment program and keep it more whole. That would be one way they could start pushing back to the reserves some of the money out of the CUP rather than take all of that money out, like they have anticipated right now. The problem with trying to get a hard number on that is there is so much scope work that has to be redone to split that out. There will need to be a lot of recalculations done which will cost some money but may save some money as well.

Chair Jennings knew the concrete project has been talked about for a long time and should have been done a while ago to save them money, but he thought there is also a safety consideration around this as well. The sense he got from the last meeting is this should probably have been done this year and get it done right the first time. Boardmember Fletcher explained his experience on contracting is to keep it simple, method is the best and trying to split it between two years, the engineer will tell them it is not going to make much difference. Chief Mackey stated he has been told by Menken and Bolt that they understand money is a factor and if it can be done all at once it saves money in the long run and is their recommendation but he wanted to put it out there for the Board.

Chair Jennings knew that for Councilmembers Dierking and Labadie, this is new and did not think they are in a place tonight to make any definitive decisions. He thought the Board needed to look it over and think it over more.

Vice Chair Labadie indicated she shared Chair Jennings concerns about doing it over a two-year process. Suddenly what was promised the first year may not be the end result they get in the second year. That is a concern to her as well. She agreed that she did not have time to fully digest all of the information from tonight. She was also concerned about their timeline here. She wondered if any additional meeting needed to be called. Chair Jennings was not sure if additional meetings needed to be scheduled because there are several work sessions on the calendar where they could discuss and work on the budget. He thought the budget was put on the agenda as a starting point to get some of the creative juices flowing and now it is just a matter of making sure the group

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understands it and whether or not they are ok with it and if not what are the thoughts on adjusting it.

Chair Jennings wondered if they could put themselves in the position where the cities can “kick the can around” and start to talk about the other aspects of their overall budgets. He wondered if they could come to some sort of agreement on ceilings that they will not surpass.

Boardmember Dierking stated speaking for Excelsior, she had some real problems with the increase they are looking at for 2021, looking at the 2.95 level. In her mind, going beyond that and asking Excelsior to absorb more than what that represents is really going to be problematic. She understood that they have some other gaps that are needed to be filled and she was not exactly sure how to do that at this point and she wanted to be supportive of all of the work that needs to be done to continue to see a thriving Fire District but with looking at this for the first time she had some real problems and needed to go back and do some real analysis to figure out where this is coming from and what they are going to do with it because it is a substantial number for them.

Excelsior Administrator Luger expressed her concern as well. She explained she did not understand how Excelsior and Deephaven had similar increased and tax capacity, but Excelsior is seeing an \$18,000 increase and Deephaven is seeing an \$8,000 increase. She was not understanding why the increase amount is so significant. She thought, at this point, if they were to adopt an \$18,000 increase for Excelsior, they would be looking at raising its levy by 1.3 percent just for the Fire Department alone and that is going to be really challenging to do in the era of COVID. Deephaven/Greenwood Administrator/EFD Fiscal Agent Young stated the funding formula is really susceptible to what percentage increase each City has over its prior year. The formula can be really difficult to estimate and determine.

Excelsior Administrator Luger indicated that is what she did not understand because Deephaven is at 29.23 percent this year, last year it was at 28.61 percent so about a .62 percent increase. Similarly, for Excelsior they were at 13.22 this year and 12.62 last year with about a .6 increase so very similar increases but yet Excelsior is absorbing a much higher amount. That is what she cannot figure out. She noted Deephaven and Excelsior typically have had very similar increases and typically absorb much of the budget, but it just feels like Excelsior is absorbing a disproportionate share of it. She is not saying it is wrong, but she needs to look into it further. Deephaven/Greenwood Administrator/EFD Fiscal Agent Young indicated it all has to do with the formula. He noted she will find if they add back in the \$45,000 it does not get proportioned any more fairly, the majority of that will be going to Excelsior. Chief Mackey thought the spreads do not help once that is factored in.

Chair Jennings thought that is a really good point and maybe they should take a look at things again. He asked Chief Mackey to send out the Excel spreadsheet to show how the formulas are working. He wondered if a work session should be scheduled for July 8th to go over all of the budget information. Vice Chair Labadie thought it was a good idea to give everyone time to digest this information more.

Chair Jennings indicated he saw one thing tonight and wondered if it should be adjusted to be safe. He explained when looking at the special event permits he thought there was

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budgeted \$5,000 for the year and year to date they are at \$1,470 out of \$5,500 budget and last year when these numbers were put together COVID did not exist so did special events get impacted because of COVID and people not being as much out in the open. Chief Mackey stated that was correct. All of the events in Excelsior and other cities have been canceled and so do not generate any inspections.

Chair Jennings thought to be a little more conservative on this to make sure they are not over anticipating any revenues. If that item is lowered it will actually increase the overall reserve number amount for them and is probably better for them to plan around that number. He thought things were actually worse than they look right now. In regard to the concrete, he thought instead of breaking it into two pieces which would make it more complicated and more expensive, what if it is kept as a single project but start it in 2021. He wondered if they should set some money aside this year knowing it will be spent later and that way it can be spread out and hopefully keep costs down.

Boardmember Fletcher wondered if the concrete project would be next year anyways by the time the engineering is done on it. Chief Mackey indicated it was actually a last year project and never was done and was supposed to be this summer, but the numbers have been shocking and put it into a tailspin again.

Chair Jennings explained that is what worries him because they have been talking about concrete literally since he has been on the Board and it seems like the more they wait the more it seems to get away from them because the prices are increasing. He thought it was a tricky one.

Boardmember Fletcher did not think they would be able to get a bid package out and done this year because all of the good concrete companies are busy with projects.

Chair Jennings thought instead of doing the project next year or breaking it into two pieces it would be done in 2022. The only thing different is they would push the project down the road, but they never had a plan and this way there will be a plan with setting aside money.

Deephaven/Greenwood Administrator/EFD Fiscal Agent Young did not think there was any benefit in waiting until 2022 because they have \$100,000 from Deephaven/Greenwood, \$100,000 from the South Lake Police Department, earmarked to be spent next year. It could always bid in the late fall for 2021 construction and would probably be the best way to get pricing.

Chair Jennings indicated the reason he is bringing it up is because this way they would not have to come up with \$100,000, they would only need to come up with \$50,000 which is the reserve amount and they could try to tackle it in 2021.

Shorewood City Administrator Lerud thought they would then need to come up with an extra \$50,000 next year on top of what is being planned already so it is \$100,000 now or \$100,000 in 2022 and does not really matter.

Boardmember Fletcher explained it is all the same unless it is pushed to 2023 but he was not sure if they wanted to do that but if it is being pushed to 2022 then it might as well

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be 2023 when there is not going to be the station payment. Chair Jennings indicated he was trying to think of different options.

Boardmember Fletcher thought what happened to Excelsior it was 12.62 percent of the total property tax values for the budget for 2020 and Excelsior went from 12.62 up to 13.22 percent and that drives that increase. Deephaven/Greenwood Administrator/EFD Fiscal Agent Young explained that Deephaven has dropped from this year to next year. Boardmember Fletcher concurred.

Boardmember Dierking wondered why the State Fire Aid budget went to zero in 2020 when it was pretty hefty in previous years. Boardmember Fletcher believed that was an offset to the big revenue number on the other side. It is actually a passthrough number. Chief Mackey indicated he would take this out of the budget because it is confusing.

Chair Jennings noted the Excelsior Administrator joined the meeting after attendance was called.

8. NEW BUSINESS

None.

9. OTHER BUSINESS

None.

10. NEXT MEETING

A. EFD Governing Board Meeting July 22, 2020, 6:30 P.M., Station 1

Chair Jennings noted the next regular EFD Governing Board Meeting is scheduled for 6:30 P.M. on July 22, 2020, at Station I.

11. ADJOURNMENT

Labadie moved, Dierking seconded, Adjourning the EFD Governing Board Meeting of June 24, 2020, at 7:54 P.M. Motion passed 5/0.