

TO: MAYOR AND CITY COUNCIL

FROM: MIKE ALTHOFF, FIRE CHIEF

SUBJECT: Cannon Valley Rural Fire Association Fire Agreement

MEETING DATE: August 7th 2018

BACKGROUND

Our fire agreement with Cannon Valley Rural Fire Association expired on April 1st of this year. Protecting our neighboring townships is of great importance to us as a municipal department and I believe we should continue to provide coverage for them. It is a good neighbor gesture and generates needed revenue to maintain our high level department. I started the process of renewing a Fire Agreement with Cannon Valley Rural Association in February and worked with association chair Jason Fehling. We developed an agreement similar to past years to extend fire coverage with the association for another five years. There will be a two percent increase each year as stated in the agreement. Overall this agreement will generate total revenue of \$297,029.73 over the next five years. This agreement is slightly different than our CF TWP agreement. Randolph, Hampton, Stanton, Douglas, Leon, Vasa, and Warsaw townships participate in this association which makes negotiations easier by meeting with one group instead of numerous. CF TWP prefers to handle their own negotiations and does not participate in this association. You will see the various sections stated in this agreement that we cover in those townships. I also added \$250.00 to the fire call amount. This will allow us to bill residents' insurance companies up to \$750.00 per call to recoup expenses incurred when called for a structure fire. We can still bill nonresidents for all expenses incurred for a vehicle or structure fire. This agreement was reviewed by our city attorney; some minor language recommendations were made. A redline version showing changes was also drafted. Both versions were presented to the association before signing. I also had our state fire marshal representative look at this agreement and no changes were recommended.

STAFF RECOMMENDATION

I believe this agreement is of the appropriate value to our department and recommend approving it as written.

REQUESTED COUNCIL ACTION

Approve Cannon Valley Rural Fire Association Fire Agreement.

Attachment(s): Cannon Valley Rural Fire Association Fire Agreement

Fire Service Agreement

THIS AGREEMENT, made and entered into this ____ day of _____, 2018, by and between the City of Cannon Falls, a Minnesota municipal corporation of Goodhue County, Minnesota, hereinafter referred to as the CITY, the Cannon Valley Rural Fire Association, representing the political subdivisions or parts thereof as follows, hereinafter referred to as ASSOCIATION;

Randolph township—Sections 1 and 12

Hampton Township—Sections 23, 24, 25, 26, 35, 36

Stanton Township—Sections 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35, and 36

Douglas Township—Sections 19, 20, 21, 28, 29, 30, 31, 32, 33, 34, 35 36

Leon Township—Sections 4, 5, 6, 7, 8, 17 and 18

Vasa Township—Sections 4, 5, 6, 7, 8, 9 15, 16, 17, 18, 19, 20, 21, 22, WI/2 29, 30

Warsaw Township—Sections 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25 East 1/2 Sections 6 and 7, North 1/2 of sections 16 and 17

WHEREAS, ASSOCIATION, deeming it advisable to have available for the benefit of the residents in its members entities, the services of the CITY's Fire Department.

AND WHEREAS, each party hereto has, by appropriate action, authorized officers to enter into a Contract for the furnishing of said fire service.

NOW, THEREFORE, PURSUANT TO MINNESOTA LAW, IT IS MUTUALLY AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. That the Fire Department of the CITY answer l fire calls within the territory as defined above and will respond to such calls with suitable fire fighting apparatus .
2. That in consideration of said service, ASSOCIATION agrees to pay an amount for each contract year beginning April 1st, as follows:
 - 2018: \$57,076.75
 - 2019: \$58,218.29
 - 2020: \$59,382.66

2021: \$60,570.31

2022: \$61,781.72

It is further agreed that payment for fire service shall be 1/3 by April 1st, 1/3 by August 1st, and 1/3 by December 1st, of the year due.

In addition to the annual fees described above, the City shall be authorized to bill property and vehicle owners for the cost of its services for building, equipment and vehicle fires up to \$750 per call, for residents of the area covered by this agreement. City may bill non-residents for the actual costs of service without limitation. It is understood that the City has the right to bill its costs of service for: 1) intentional false alarm calls, 2) calls to rubbish, brush and grass fires where negligence of the property owner causes a fire call and 3) after second automated false fire alarm the city may bill for each additional call thereafter a cost of \$750.00 per call.

3. That adverse weather and road conditions through various seasons of the year can and will interfere in the rendering of such service, though failure to furnish the service herein agreed upon because of such conditions shall not be taken to be a breach of this agreement. (The judgment of the Fire Chief and/or other fire department official in charge shall be conclusive.)

4. The parties understand and agree City will endeavor to provide the services indicated above to the best of its ability given the circumstances, but City makes no guarantees that the services it actually provides in a given situation will meet any particular criteria or standard.

5. That this Contract shall continue to be in effect for a period of five years from April 1, 2018.

6. That the ASSOCIATION agrees shall indemnify, save, and hold harmless the CITY, its elected officials, agents, employees and volunteers from any and all claims, demands, actions or causes of action, for whatever nature, arising out of the execution or performance on nonperformance under this Agreement, and that the ASSOCIATION further agree to defend, at their sole cost and expense, any actions or proceedings commenced against the CITY, its elected officials, agents, employee and volunteers for the purposes of asserting any claim of whatsoever character arising hereunder. This agreement to indemnify and hold harmless shall not apply to the gross negligence or the willful and wanton misconduct by the city. The Parties agree that liability for the Parties shall not exceed the limits on governmental liability for a single unit of government as specified in 466.04, subdivision 1.(a).

7. That the CITY shall pay the compensation for the firefighters responding to fire calls and will carry at its own expense Worker's Compensation Insurance on firefighters, public

liability and all other insurance deemed necessary to protect its interest while attending all fires occurring within the boundaries of the ASSOCIATION.

8. That the CITY agrees to account for the financial activity of the Fire Department by creating and maintenance of a Fire Department Operations Fund. The ASSOCIATION may from time to time engage the services of an independent auditor at its sole expense to review the accounting in such fund to satisfy itself as to the proper account of Fire Department revenue and expense. The ASSOCIATION shall have no ownership interest in the Fund.

9. That it is specifically acknowledged between the parties hereto that all fire fighting facilities and equipment are the exclusive property of CITY and CITY is providing ASSOCIATION with its fire fighting services in exchange for the fees itemized in paragraph 2 herein.

10. In the event of annexation by the City of Cannon Falls of any territory covered by this contract, the cost to the ASSOCIATION shall be reduced to reflect the cost of service to the area annexed, such as reduction based upon the market value of the property annexed as it relates to the total market value of the served area. However, if the annexation agreement or ordinance provides for phase down of the tax on the annexed area (sharing of the taxes with the township) then the reduction in cost under this agreement shall be reduced at the same rate as the tax sharing between the City and the affected township.

Example: If the fire service cost is associated with an annexed area totals \$3,000, and an orderly annexation agreement provides that the taxes on the annexed area are shared with the township based upon the following rates: Year 1-80%, Year 2-60%, Year 3-40%, and Year 4-20%. The Fire service cost that will continue to be paid under this agreement for each of the years for the annexed area would be: Year 1-\$2,400, Year 2-\$1,800, Year 3-\$1,200, Year 4-\$600, Year 5-\$0.

It is further agreed that a review of residential, commercial and industrial growth in any territory covered by this contract will occur in December 2019 and December 2021 for possible increase or decrease in cost to the ASSOCIATION. The review will consider residential development of five units or more and all commercial and industrial development. The cost to the ASSOCIATION shall be increased or decreased to reflect the cost of service to the area; such increase or decrease shall be based upon the market value of the property development as it relates to the total market value of the served area.

11. That this Contact is executed in duplicate, each having a copy and each copy shall be deemed an original for all purposes.

IN WITNESS WEHREOF, the respective parties have caused this instrument to be executed by the respective officers thereof and the seal of the respective parties be affixed hereto.

City of Cannon Falls

ATTEST: _____
Lanell Endres, Interim City Administrator

Robby Robinson, Mayor

Cannon Valley Rural Fire Assoc.

ATTEST: Raymond Q. Melhorn
Secretary

J. E. [Signature]
Chairman