

TO: MAYOR AND CITY COUNCIL

FROM: Neil Jensen, City Administrator

SUBJECT: 2023 -2027 Fire Contracts for Cannon Falls Township and Cannon Valley Rural Fire Association

MEETING DATE: April 18, 2023

BACKGROUND

The 2 fire contracts for the Townships in the Cannon Falls Fire District have been completed and approved by the Finance Committee. There will be a 4% increase over the next 5 years. No additional changes were made to the contracts. The Finance Committee and the Townships agreed to keep negotiating for a fairer and more equitable contract for the one beginning in 2028.

Please see the attached contracts for your approval.

STAFF RECOMMENDATION

Please approve the Fire Contracts with Cannon Falls Township and Cannon Valley Rural Fire Association for 2023-2027 with a 4% increase.

REQUESTED COUNCIL ACTION

Please make a motion to approve the Fire Contracts with Cannon Falls Township and Cannon Valley Rural Fire Association for 2023-2027 with a 4% increase.

Fire Service Agreement

THIS AGREEMENT, made and entered into this 18th day of April, 2023, 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, W 1/2 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:

That the Fire Department of the CITY answer fire calls within the territory as defined above and will respond to such calls with suitable fire fighting apparatus .

That in consideration of said service, ASSOCIATION agrees to pay an amount for each contract year beginning April 1st, as follows:

2023: \$64,252.99
2024: \$66,823.11
2025: \$69,496.03

2026: \$72,275.87

2027: \$75,166.90

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.

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.)

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.

That this Contract shall continue to be in effect for a period of five years from April 1, 2023

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 or 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).

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.

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.

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

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 2024 and December 2026 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.

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

IN WITNESS WHEREOF, 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

Matt Montgomery, Mayor

ATTEST:_____
Neil Jensen, City Administrator

Cannon Valley Rural Fire Association;

Chairman

ATTEST:_____
Secretary

FIRE SERVICE AGREEMENT

This AGREEMENT, made and entered into this 18th day of April, 2023, by and between the City of Cannon Falls, a Minnesota municipal corporation of Goodhue County, Minnesota, hereinafter referred to as the CITY, Cannon Falls Township, hereinafter referred to as TOWNSHIP;

WHEREAS, Minnesota Statutes Section 471.59 authorizes two governmental units by written agreement entered into through action of the governing bodies to jointly or cooperatively exercise any power common to the contracting parties; and

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

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 any and all fire calls within Cannon Falls Township and will respond to such calls with suitable firefighting apparatus.
2. That in consideration of said service, TOWNSHIP agrees to pay an amount of each contract year beginning April 1st, as follows:

2023: \$37,000.08

2024: \$38,480.08

2025: \$40,019.28

2026: \$41,620.05

2027: \$43,284.85

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It is further agreed that payment for fire service shall be 1/3 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 \$750.00 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 a breach of this agreement. (The judgement 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, 2023.
6. That the TOWNSHIP 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 or nonperformance under this Agreement, and that the TOWNSHIP further agree to defend, at their sole cost and expense, any actions or proceedings commenced against the CITY, its elected officials, agents, employees, 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 under this Agreement is controlled by Minnesota Statute 471.59, subdivision 1a and that the total liability for the Parties shall not exceed the limits on government 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 the firefighters, public liability and all other insurance deemed necessary to protect its interest while attending all fires occurring within the boundaries of the TOWNSHIP.
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 TOWNSHIP 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 TOWNSHIP shall have no ownership interest in the Fund.
9. That it is specifically acknowledged between the parties hereto that all firefighting facilities and equipment are the exclusive property of the CITY and CITY is providing TOWNSHIP with its firefighting 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 TOWNSHIP shall be reduced to reflect the cost of service to the area annexed, such 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 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%. 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 2024 and December 2026 for possible increase in cost to the TOWNSHIP. The review will consider residential development of five units or more and all commercial and industrial development. The cost to the TOWNSHIP shall be increased to reflect the cost of service to the area; such increase shall be based upon the market value of the property development as it relates to the total market value of the served area.

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City of Cannon Falls

ATTEST:

Neil Jensen, City Administrator

Matt Montgomery, Mayor

Cannon Falls Township

ATTEST:

Secretary

Chairman

