

FIRE PROTECTION CONTRACT

THIS AGREEMENT is made and entered into by and between the City of Clear Lake (the "City"), the Town of Clear Lake and the Town of Palmer (collectively referred to herein as the "Towns").

RECITALS:

- A. The City owns and operates a Fire Department which is capable of providing fire protection services ("FPS") and emergency medical services ("EMS") in the City and the Towns.
- B. The Towns are in need of FPS and EMS to serve the households and properties within their boundaries.
- C. The purpose of this contract is to provide for the orderly, equitable and mutually beneficial provision, operation, management and division of costs of said services.

NOW THEREFORE, in consideration of the above recitals, and the rights, duties and obligations of the parties as set forth herein, the parties agree as follows:

1. ADMINISTRATION

A. ADVISORY BOARD.

There will be an Advisory Board (the "Board"), consisting of seven (7) members, selected as described in this paragraph, which shall have the authority defined in this Agreement. On or before January 1st of each year during the term of this contract, the City and each of the Towns shall select two people to serve on the Board, and shall submit to the co-chairpersons a list of substitute members (the "Substitute List") who meet the same eligibility requirements as the other members. The Chief of the Fire Department or a Chief Officer appointed by the Fire Chief shall also be a member of the Board. Each of said seven members shall be voting members, and a quorum shall be a sixty (60) percent of members in attendance at any given meeting.

The regular meetings of the Board shall be the second Wednesday of the second month of each quarter of the year. Additional meetings may be agreed upon by a majority of the members of the board, or called by at least two members of the board, upon not less than 10 days' notice to all other members. At the February meeting, the Board shall elect, from among its members, two co-chairpersons, who shall preside over the meetings of the members.

If a member of the Board cannot attend a meeting he/she may designate a substitute from the Substitute List, who will have authority to vote in place of the member.

The Board shall appoint a secretary, who shall not have a vote on matters coming before the Board. The secretary shall keep minutes and records of the meetings and actions of the Board, and perform such other duties as the Board assigns. A copy of the approved minutes shall be provided to the parties within a week of approval.

A vacancy shall be filled by the respective party. If a member misses two consecutive meetings, the Board may declare a vacancy, and request the respective party to fill the vacancy.

B. POWERS OF THE ADVISORY BOARD.

1. Shared Budget and Capital Plan.

On or before March 1st of each year, the Fire Department shall draft a proposed budget of costs to be shared by the parties for the following year (the "budget"), and a five year capital expenditure plan. The budget shall only include costs relating to purchase, maintenance, repair or replacement of vehicles and equipment, and shall not include any costs for facilities, fixtures or real property, or for any financing costs expected to be incurred by the City. A copy of the budget and five year capital plan shall be sent to each party.

On or before April 1st of each year, the Board shall make recommendations concerning the budget and capital plan. A vote by the Board on said recommendations shall require a quorum of two-thirds of the members. The budget and capital plan recommended by the vote of the Board shall be given to all parties for review. Upon approval of all of the parties, the budget shall be deemed approved for the following year.

Any party that objects to the Board's budget or capital plan recommendations shall provide written notice of the nature and the basis of such objection to the other parties before August 1st. The Board shall hold such meetings or hearings as it deems appropriate to resolve the objection(s). If the parties are not able to resolve such issues by August 31st, they shall first engage in mediation, and if the issue(s) remains unresolved after 30 days, they shall submit the issue(s) to binding arbitration.

2. Budgeted Capital Expenditures.

The Fire Chief shall have the authority and discretion to spend a total of up to \$3,000.00 per month on budgeted capital expenditures. In a given year, the total of such expenditures must not exceed the total amounts allotted in the approved annual budget. Any proposed monthly expenditures in excess of \$3,000 (whether for individual expenditures, or when combined with other expenditures during the same month), or any proposed expenditures that would exceed the annual budget for such, cannot be made by the Fire Department without approval by the Board. All such expenditures must meet the criteria for shared budgeted expenses, and may not be used for improvement, maintenance, repair, construction or acquisition of real property, facilities or fixtures ("Real Property Expenses"). Any expenditures for real property expenses, and any capital expenditures made by the Fire Department in violation of this paragraph or in excess of the budget, will be the sole responsibility of, and be paid exclusively by the City.

3. Capitalization of Costs.

For any budgeted or shared capital expenditures, the Board shall determine whether expenditures shall be paid out of the capital replacement fund, subject to the availability of funds, or financed over time, and the terms and conditions of any such financing.

C. SELECTION OF FIRE CHIEF.

The City agrees to consider the recommendations of the Board in the appointment of the fire chief.

2. ALLOCATION OF BUDGETED COSTS.

Each party shall pay Annual Fixed Costs ("AFC") in the amount of \$2000.00. In addition to its payment of the AFC, each party shall pay its respective share of the costs of operation of the Fire Department budgeted costs on the basis of the formula described herein. Such costs shall be allocated on the basis of the number of total tax parcels within each party's boundaries, the total population within each party's boundaries and each party's net tax capacity. The number of total tax parcels and each party's net tax capacity amounts will be determined based upon the records of the Sherburne County Auditor/Treasurer office, population numbers will be obtained from the state demographer's office, and all such amounts shall be established as of December 1st of each year for the allocation of costs in the succeeding year. The formula illustrated below shall be used to determine each party's share of the Fire Department budget costs.

$$IFC_{Entity} = \left[\left(\frac{\frac{TPAR_{Entity}}{TPAR_{All Entities}} + \frac{NTC_{Entity}}{NTC_{All Entities}} + \frac{POP_{Entity}}{POP_{All Entities}}}{TNE} \right) * AB \right] + AFC$$

Key: IFC=Individual Party's Fire Contract Share
TPAR=Total Tax Parcels
NTC=Net Tax Capacity
POP=Population
TNE=Total Number of Entities/Parties
AB= Approved Budget
AFC= Annual Fixed Cost

The City agrees to provide the Board with an annual, complete accounting of all income and disbursements from the previous year's Fire Department operation by March 1st of each year this contract is in effect.

3. CAPITAL COSTS

A. REAL PROPERTY CAPITAL EXPENSES.

The City shall have the sole authority and responsibility to establish, maintain, budget and pay for the capital costs of Real Property Expenses. Capital costs for Real

Property Expenses shall be accounted for separately from any equipment costs or equipment capital replacement funds. The City shall be solely responsible for any indebtedness or mortgage payments on real property, if any, and such expenses shall not be paid out of the shared fire protection budget or paid out of any equipment capital replacement fund. Budgeted capital replacement funds shared with the Towns shall be applied solely towards the equipment capital replacement fund and not the building capital replacement fund. Any existing, and all future capital replacement funds related to the real property, and all interest which they earn, shall be the property of the City, to be used solely for real property expenses. Any existing, and all future capital replacement funds related to the equipment, and all interest which they earn, shall be jointly controlled by the Board, to be used solely for equipment expenses.

B. EQUIPMENT CAPITAL EXPENSES.

The cost of purchasing of equipment shall be paid from the capital equipment replacement fund, if the monies are available within such fund. If the monies are not available in such fund, and the Board approves such equipment expenditure, the costs of such equipment expenditure may be financed by the City. If the City agrees to finance such expenditures that have been approved by the Board, the City shall determine the terms of the financing, and the financing costs, including interest, which shall then be included in the annual budget. The City shall provide to the Board an annual accounting of deposits into, and payments from the capital equipment fund, and of any financing for capital equipment expenditures.

C. REFUND OF CONTRIBUTIONS TO EQUIPMENT CAPITAL REPLACEMENT FUND.

In the event a Town terminates its participation in this contract, and no longer receives FPS or EMS hereunder, such Town shall be entitled to a refund of 85% of any amount remaining from such town's contribution to the capital equipment replacement fund in the past year.

If this contract is terminated by all of the parties hereto, each party shall receive a refund of its full share of the remaining equipment capital replacement fund, in accordance with the contribution formula then in effect.

4. CONDITIONS OF SERVICE

- A. Calls for service shall be answered in the order received unless the Fire Chief or other officer in charge of the Fire Department directs otherwise.
- B. Road and weather conditions must be such that the run can be made with reasonable safety to members and equipment; the decision of the Fire Chief or other fire department officer in charge shall be final in such matters.
- C. Under the terms of this agreement, the City is an independent contractor for the Towns as to the equipment and firefighters utilized. The firefighters will be deemed employees of the City, in all circumstances, in all respects and for all purposes, without limitation or reservation.

- D. The City shall not be liable to the Towns for loss or damage of any kind whatsoever resulting from any failure to furnish, or any delay in furnishing, firefighters or fire equipment, or from any failure to prevent, control or extinguish any fire, regardless of the cause of such loss or damage.
- E. In responding to FPS or EMS calls, the Fire Chief or other officer in charge of the Fire Department shall dispatch such personnel and equipment as deemed necessary to handle the call, while also maintaining the resources to address emergencies in the other parties' jurisdictions. In case an emergency arises within one party's jurisdiction while equipment and personnel of the Fire Department are responding to a call within another party's jurisdiction, the Fire Chief or other officer in charge of the Fire Department may, at their discretion, recall or move to the other area such equipment and personnel as needed so that the emergencies may be best managed in both jurisdictions.
- F. The Board shall review the amount of fees to be charged, if any, for each call for FPS or EMS by the Clear Lake Fire Department, and such amounts shall be posted in the City's Fee Schedule.
- G. The City acknowledges that the sums paid to the City by the Towns or any residents of the Towns under the terms of this agreement for FPS or EMS shall constitute full payment for the use of the City's personnel and equipment, cost of any new equipment, compensation of fire fighters, and premiums on insurance, if any, purchased by the City to indemnify itself for the loss of or damage to any firefighting equipment while furnishing fire protection within the Town(s) area.

5. TERM AND TERMINATION.

The term of this contract shall be for a period of 5 years from the effective date hereof, and shall be automatically renewed for additional periods of 5 years at the end of each term thereafter, unless terminated earlier by any party by giving written notice of termination to the other parties at least 90 days prior to the renewal date. Any party may terminate its interest in this contract at the end of any year of the contract term, by giving written notice thereof to the other parties, provided that such notice of termination is given at least One (1) year prior to the end of the year when it is to be effective.

Prior to the end of the fourth year of the initial contract term, and at least one year prior to any subsequent renewal term thereafter, the Fire Advisory Board shall review this Contract and discuss any appropriate amendments hereto.

6. MISCELLANEOUS.

- A. This agreement shall be governed by the laws of the State of Minnesota.
- B. This agreement shall become effective upon the date last signed by a signatory hereto.
- C. The parties agree that a complete copy of this agreement shall be considered and treated as an original, in all respects and for all purposes.

- D. This agreement supersedes, replaces and renders void all existing contracts between any of the parties for fire protection services or emergency medical services.
- E. The provisions of this contract shall be deemed to be severable. The invalidity or unenforceability of any provision shall not affect the validity or enforceability of any other provision of this contract.
- F. This Contract may not be assigned by any party without the written consent of all other parties.
- G. This Contract may only be amended in writing, and by the mutual agreement of all parties.

NOW THEREFORE, each party hereto, by their designated representatives, who have each represented that they have the necessary authority to execute this agreement on behalf of said party, do hereby enter into this agreement as of the date of the last signature hereto.

CITY OF CLEAR LAKE

Date: 6-7-18

By: 
Mayor: Tim Goenner

ATTEST:

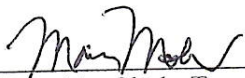

Clerk-Treasurer: Kari Mechtel

TOWNSHIP OF CLEAR LAKE

Date: 6-19-18

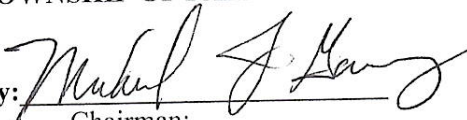
By: 
Chairman: Gary Gray

ATTEST:


Township Clerk, Township of Clear Lake

TOWNSHIP OF PALMER

Date: 6-26-18

By: 
Chairman: _____

ATTEST:


Township Clerk, Township of Palmer