

WILLMAR

City Clerk

**City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-214-5166
Fax Number 320-235-4917**

COUNCIL ACTION REQUEST

DATE: December 12, 2016

SUBJECT: Dovre Township Fire Agreement

RECOMMENDATION: It is respectfully recommended the City Council approve the following:

Approve an agreement with Dovre Township and introduce a resolution authorizing the Mayor and Interim City Administrator to execute the agreement.

BACKGROUND:

Dovre Township is under an annual contract for Willmar Fire Department service. A statewide formula has been used for decades to calculate the Township cost sharing proposal and is enclosed with current numbers.

Dovre Township

2017	\$21,645.84
2016	\$21,686.86
2015	\$23,164.20
2014	\$27,198.20
2013	\$29,434.58
2012	\$30,487.92

FINANCIAL CONSIDERATION: \$21,645.84 for the Dovre Townships fiscal year

LEGAL: N/A

Department/Responsible Party: Judy Thompson, City Clerk

AGREEMENT FOR FIRE DEPARTMENT SERVICE

THIS AGREEMENT, made this ___ day of _____, 20___, by and between the City of Willmar, a municipal corporation of Kandiyohi County, Minnesota, hereinafter referred to as "City", and the Township of Dovre, a political subdivision of the State of Minnesota, hereinafter referred to as "Township".

WHEREAS, the Township deems it advisable to have available for the benefit of the residents of said Township (Sections 25, 26, 27, 34, 35, & 36) services of the City's Fire Department, and the electors of said Township having, pursuant to law, provided a fund for the furnishing of said services, and

WHEREAS, the City has authorized its Mayor and City Administrator to enter into a contract with the Township for the furnishing of said services;

NOW, THEREFORE, IT IS AGREED between the parties hereto, that for the period commencing January 1, 2017, and terminating December 31, 2017, the Fire Department of the City will answer fire calls within the Township of Dovre which the City is requested to answer by the Township, and will respond to such calls with such fire fighting apparatus of the City Fire Department as may be authorized by the Insurance Services Office, and all equipment and resources deemed necessary by the incident commander, and will render all assistance possible in the saving of life and property, subject to City retaining in its corporate limits sufficient firefighters and equipment to maintain its fire class rating, and subject to the terms of this Agreement.

As payment for such services, the Township agrees to pay, pursuant to the formula attached hereto and made a part hereof, the amount of TWENTY-ONE THOUSAND, SIX HUNDRED FORTY-FIVE DOLLARS AND EIGHTY-FOUR CENTS, (\$21,645.84) payable TEN THOUSAND, EIGHT HUNDRED TWENTY-TWO DOLLARS AND NINETY-TWO CENTS, (\$10,822.92) on January 1, 2017, and TEN THOUSAND, EIGHT HUNDRED TWENTY-TWO DOLLARS AND NINETY-TWO CENTS, (\$10,822.92) on July 1, 2017.

IT IS FURTHER UNDERSTOOD AND AGREED that at times weather and road conditions through the seasons of the year demand for City's firefighters and equipment to be used at a fire within the City, or other special circumstances, may interfere in the rendering of the service contemplated herein, and in the event, failure to furnish the service herein agreed upon shall not be a breach of this Agreement. In an event whereby equipment and firefighters can not leave the City, Willmar Fire Command will activate mutual aid to render service to the township. Failure of the City to provide the services herein contracted for shall not result in the City being liable to Township or its residents for actual or consequential damages or for any other damages.

IT IS FURTHER UNDERSTOOD AND AGREED that the City will submit a billing statement to the Township within five (5) working days subsequent to a fire call listing the number of firefighters involved, firefighter hours, vehicles in use, and other data pertinent to assisting the township in making a "bill for services rendered" to the property owner receiving fire assistance. It shall be further understood that the sum total of the billings will not necessarily equal the annual contract price between the

City and Township due to various formula charges such as building and/or vehicle depreciation costs and administration and training costs which will not be a part of the individual billing statements.

IT IS FURTHER UNDERSTOOD AND AGREED that in the event of a hazardous materials incident the City reserves the right to exclude the call from the annual Funding Formula and bill the cost of the services rendered for special hazardous materials equipment and related costs directly to the owner of the property.

Township does hereby guarantee to the City that it is an equal opportunity employer and that it meets all United States Government and State of Minnesota Equal Opportunity Employment Requirements or that they are exempt from these provisions.

This Agreement may be terminated upon thirty (30) calendar days written notice by either party or the other party, and the cost of services prorated to the time of termination.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed by the respective officers thereof, and the respective seals of the parties have been affixed thereto.

CITY OF WILLMAR, A MUNICIPAL CORPORATION

BY: _____
MARV CALVIN, MAYOR

(S E A L)

BY: _____
MICHAEL MCGUIRE, INTERIM CITY ADMINISTRATOR

(S E A L)

In the Presence of:

TOWNSHIP OF DOVRE
BY: _____
Beth Johnston

(S E A L)

DOVRE TOWNSHIP - 2016
FIRE COST FORMULA

For Sections 25, 26, 27, 34, 35 & 36

$$S = [(C \times 1.05) + E/20 + P/50] \frac{(U + V)}{2}$$

- S = Cost of fire service for one year.
- C = 2015 actual operating cost of the Fire Department.
- E/20 = Cost of apparatus used for township fires depreciated for 20 years.
- P/50 = Cost of physical plant depreciated over 50 years.
- 1.05 = A number that when C is multiplied by it, the answer will be C plus an additional 5 percent charge for administration and accounting.
- U = Percent of Firefighter hours used by the Township in 2015.
- V = Percent market valuation of buildings and mobile home personal property for the area of the contracting unit being served as to the total market value of buildings and mobile home personal property in the area served by the Fire Department.
- C = \$640,039.82 (2015 Fire Department costs).
- E/20 = \$55,347.75 (cost of apparatus sent to township \$1,106,955.00 [units (5257) \$181,013 + (5276) \$315,942 + (5298) \$610,000])
- P/50 = \$3,888.85 (cost of building to maintain trucks \$194,442.50).

Payment for Actual Fire Calls

Protection

U = Use of Fire Department by Firefighter Hours
2015

V = Market Value in Fire Service
2015

<u>Unit</u>	<u>Firefighter Hours</u>	<u>Percent of Total</u>	<u>Unit</u>	<u>Market Value</u>	<u>Percent of Total</u>
City of Willmar	6,001	.9906	City of Willmar	\$822,192,000	.9054
Willmar Township	36	.0059	Willmar Township	35,340,700	.0389
Dovre Township	21	.0035	Dovre Township	50,615,000	.0557
TOTAL	6,058	1.0000	TOTAL	\$908,147,700	1.0000

U = .0035

V = .0557

$$S = [(\$640,039.82 \times 1.05) + \$55,347.75 + \$3,888.85] \times \frac{.0035 + .0557}{2}$$

S = \$731,278.41 x .0296

S = \$21,645.84



WILLMAR



**FIRE DEPARTMENT
FIRE CHIEF / MARSHAL**

**515 2ND ST. SW
WILLMAR, MN 56201
320-235-1354
FAX 320-235-1607**

COUNCIL ACTION REQUEST

DATE: December 12, 2016

SUBJECT: Fire Engine replacement

RECOMMENDATION: It is respectfully recommended the City Council approve the following:

Approval for the Fire Department to purchase a new fire pumper truck to replace an older one.

DESCRIPTION: The fire department is requesting permission to replace an older piece of fire apparatus. The 1988 Laverne pumper was due to be replaced in 2013. The life cycle of this type of fire apparatus is 25 years. It was not replaced due to the fact that another pumper was more unsafe and needed early replacement. The 1988 pumper is starting to show its age and is starting to require more and more repairs. The new fire pumper will be a multipurpose vehicle. It will respond both to city and rural calls, as well as serve the fire department and other agencies as an SCBA air supply vehicle as well as mobile command center. The truck was designed with both current and future needs in mind. The completion and deliver date of the truck will be approximately December 1, 2017.

FINANCIAL CONSIDERATIONS: The total cost of the fire truck is \$597,922.00. \$579,922.00 is for the apparatus itself, which is separated into 2 payments - \$250,215.00 which will be due around 6-1-17 & \$329,707.00 which will be due at delivery (12-1-17). If the city agrees to and signs the contract prior to December 30, 2016 there will be a savings of \$2,000.00, which is included in this price. There is an additional cost of \$18,000.00 for the radio and intercom system for the truck. The only way to obtain state bid prices on the radio equipment is to purchase it separate. The 2016 vehicle replacement budget has \$400,000.00 approved and the 2017 vehicle replacement budget has \$200,000.00 approved for this project.

LEGAL: The contract has been reviewed and approved by City Attorney Robert Scott.

DEPARTMENT/RESPONSIBLE PARTY: Frank Hanson, Fire Chief

REVIEWED BY: Michael McGuire, City Administrator



To: City of Willmar
333 6th Street SW
P.O. Box 755
Willmar, MN 56201

Date: 12-07-16

Ref: HGAC Contract FS12-15

We hereby propose and agree to furnish, after your acceptance of this proposal and the proper execution by the City of Willmar, MN, hereinafter called the BUYER and an officer of Rosenbauer Minnesota LLC, Wyoming MN a division subsidiary of Rosenbauer America, hereinafter called the COMPANY, the following apparatus and equipment:

-HD EXT Extruded Aluminum Rear Mount Rescue Pumper Body	\$329,707.00
-Rosenbauer Commander 4000 3 Door Cab and Chassis	\$250,215.00**
TOTAL ...	\$579,922.00**

Five Hundred Seventy Nine Thousand Nine Hundred Twenty Two Dollars and 00/100.

All of which are to be built in accordance with the specifications and drawing attached which are made a part of this agreement and contract. Total contract price includes required HGAC inter-local agreement fee and apparatus familiarization class at Willmar FD. No other taxes or fees apply.

****Chassis portion progress payment will be due upon its completion (Approx. 6 months) or additional finance charges will apply.**

Delivery: The estimated completion time for the completed apparatus, is to be made within 360 calendar days after receipt of and approval of this contract duly executed, subject to all causes beyond the Company's control. The quoted delivery time is based upon our receipt of the specified materials required to produce the apparatus in a timely manner. The Company can not be held responsible for delays due to Acts of God, Labor Strikes, or Changes in Governmental Regulations that result in delayed delivery to our manufacturing facilities of these specified materials. This delivery estimate is based on the Company receiving complete and accurate paperwork from the Buyer and that no major changes take place during pre-construction, mid point inspections or final inspections. Changes required or requested by the Buyer during the construction process may be cause for an increase in the number of days required to build said apparatus.

Payment Terms: Final payment for the apparatus shall be made at time of final inspection and pick up of the completed vehicle. It is the responsibility of the Buyer to have full payment ready when the apparatus is complete and ready to pick up. If payment is delayed or delivery is delayed pending payment, a daily finance and storage fee may apply. Upon pick up of the apparatus by the Buyer, Buyer agrees to provide all liability and physical damage insurance. It is further agreed that if on delivery and test, any defects should develop, the Company shall be given reasonable time to correct same.

The amount in this proposal shall remain firm for 23 days.

Respectfully submitted,

BUYER

We accept the above Proposal and enter into contract with signature below.

CITY OF WILLMAR, MN

_____ Title _____

_____ Date _____

After company receipt of this document signed by the Buyer, the document will be reviewed and upon approval, countersigned by the Company putting the document in force.

ROSENBAUER MINNESOTA LLC.

_____ Title _____

_____ Date _____



WILLMAR

Public Works Director

**City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4913
Fax Number 320-235-4917**

COUNCIL ACTION REQUEST

DATE: December 12, 2016

SUBJECT: Order Preparation of Improvement Report for 2017 Improvements

RECOMMENDATION: It is respectfully requested the City Council approve the following recommendations:

Adopt the resolution ordering the Improvement Report for the 2017 Street Improvements.

Adopt the resolution amending the 2017 Street Improvement Projects preliminary budget.

DESCRIPTION: As required by State Statute, a report is required for the 2017 Street and Other Improvements. The list of streets and other proposed projects for 2017 has been prepared. The City Council is required to order the preparation of the Improvement Report explaining the proposed improvements and estimated costs.

FINANCIAL CONSIDERATIONS: Sources of funding for the 2017 Improvement Projects includes monies from the Willmar Municipal Utilities, assessments, federal and state aid funds, and bond proceeds. The estimated total cost for the 2017 Improvements is \$3,400,000.

LEGAL: N/A

DEPARTMENT/RESPONSIBLE PARTY: Sean E. Christensen, Public Works Director

REVIEWED BY: Michael McGuire, Interim City Administrator

RESOLUTION NO. _____
PRELIMINARY 2017 STREET IMPROVEMENTS BUDGET

ESTIMATED TOTAL COST \$3,450,000.00

*Budget Amounts are Essential

Dated:

Code

PERSONNEL SERVICES

10* Salaries Reg. Employees	_____
11* Overtime Reg. Employees	_____
12* Salaries Temp. Employees	_____
13* Employer Pension Contr.	_____
14* Employer Ins. Contr.	_____
TOTAL	\$0.00

RECEIVABLES

Assessments Prop Owners	\$1,513,560.00
Community Investment	\$486,440.00
General	\$600,000.00
State Aid	\$750,000.00
WTP	\$50,000.00
MUC	\$50,000.00
Kandiyohi County	\$0.00
TOTAL	\$3,450,000.00

SUPPLIES

20* Office Supplies	_____
21* Small Tools	_____
22* Motor Fuels & Lubricants	_____
23* Postage	_____
24 Mtce. of Equipment	_____
25 Mtce. of Structures	_____
26 Mtce. of Other Improvements	_____
27 Subsistence of Persons	_____
28 Cleaning & Waste Removal	_____
29* General Supplies	_____
TOTAL	\$0.00

FINANCING

General	\$600,000.00
Bonds	\$2,000,000.00
State Aid	\$750,000.00
WTP	\$50,000.00
MUC	\$50,000.00
Kandiyohi County	\$0.00
TOTAL	\$3,450,000.00

GRAND TOTAL **\$3,450,000.00**

Dated: _____

OTHER SERVICES

30 Communications	_____
31* Printing & Publishing	_____
32 Utilities	_____
33* Travel-Conf.-Schools	_____
34 Mtce. of Equipment	_____
35 Mtce. of Structures	_____
36* Mtce. of Other Impr.	\$2,657,735.00
37 Subsistence of Persons	_____
38 Cleaning & Waste Removal	_____
39* Other Services	\$265,773
TOTAL	\$2,923,508

Mayor

Attest:

City Clerk

OTHER CHARGES

40 Rents	_____
41* Insurance & Bonds	_____
42 Awards & Indemnities	_____
43 Subscription/Memberships	_____
44 Interest	_____
45 Licenses & Taxes	_____
46* Prof. Serv.	\$511,492.00
47* Advertising	_____
48* Adm. OH (Transfer)	_____
49 Other Charges	\$15,000.00
TOTAL	\$526,492.00

GRAND TOTAL **\$3,450,000**



WILLMAR

City Finance Department

City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4984
Fax Number 320-235-4917

COUNCIL ACTION REQUEST

DATE: Monday, December 12, 2016

SUBJECT: Insurance Trust Dividend/Designated Reserve

RECOMMENDATION: Information only.

BACKGROUND: \$250,000 was temporarily borrowed in 2014 from the Designated Self-Insurance Fund Balance to help fund the City Auditorium/Gun Range corrections with the intent of using the Insurance Dividends to repay it. In 2014, \$31,916 was received from the League of Minnesota Cities Insurance Trust reducing the amount from \$250,000 to \$218,084. In December, 2015, an additional \$50,527 was received and applied to the adjusted balance which reduced the amount needed to repay the loan to \$167,557. The amount just received in December, 2016, of \$85,234 is the largest annual dividend ever received by the City and when applied against the loan balance will reduce the remaining amount left to repay to \$82,323.

FINANCIAL CONSIDERATION: \$85,234

LEGAL: N/A

Department/Responsible Party: Finance Department/Finance Director Okins



CONNECTING & INNOVATING
SINCE 1913

December 8, 2016

To: LMCIT Property/Casualty Members

From: LMCIT Board of Trustees

Joel Hanson, Administrator, Little Canada Mark Karnowski, Administrator, Princeton
D. Love, Councilmember, Centerville Dave Callister, Manager, Plymouth
Rhonda Pownell, Councilmember, Northfield Todd Prafke, Administrator, St. Peter
Dave Unmacht, Executive Director, LMC

Re: **2016 Property/Casualty Dividend**

We are very pleased to enclose a check for your share of the \$25 million dividend, which the League of Minnesota Cities Insurance Trust (LMCIT) property/casualty program is returning for 2016.

Also included in this mailing are:

- A memo providing background on the dividend, including a detailed explanation for how your dividend is calculated.
- A data sheet showing the earned premium and loss data used to calculate your dividend, as well as graphs showing your written premium and dividend history.

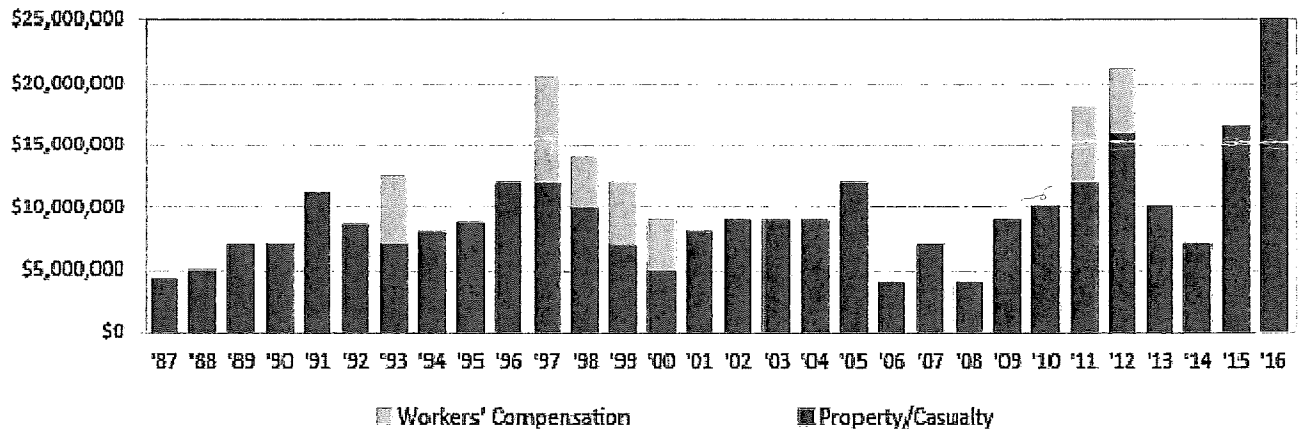
A copy of this same information will also be sent to your insurance agent. We also encourage you to share this information with your city council or other governing body.

We want to thank you again for your continued participation in LMCIT. Please feel free to contact Laura Honeck, LMCIT Operations Manager, at lhoneck@lmc.org or 651-281-1280 if you have any questions or need additional information.

League of Minnesota Cities Insurance Trust 2016 Property/Casualty Dividend

Congratulations to members of the League of Minnesota Cities Insurance Trust (LMCIT) property/casualty program on another successful year! Property/casualty members will share in a \$25 million dividend this year, bringing the sum of dividends returned to members since 1987 to \$320 million.

**LMCIT Dividends
\$320 Million Since 1987**



Factors Driving the 2016 Dividend

This year's dividend amount is largely driven by three factors:

- After a thorough actuarial evaluation of projected loss costs, it was determined LMCIT could decrease its estimates for outstanding liabilities on old claims that were incurred before May 31, 2015. The decrease is due primarily to favorable claim development in recent years for property claims (fewer weather-related events) and liability claims (especially in the areas of land use and employment liability).
- The cost of new property, auto liability, and general liability (the most significant being liability for police, land use, and sewer backups) claims that were incurred after May 31, 2015, is less than what LMCIT projected when it set premium rates last year. That good experience is reflected in this year's dividend.
- For the past couple years LMCIT has been dealing with a large number of claims alleging violation of the Drivers' Privacy Protection Act (DPPA). Because there are so many of these claims and because they involve some complex legal issues, there's a lot of uncertainty about what these claims might ultimately cost. Because of this, LMCIT has been holding some additional funds as a hedge against what they might ultimately cost. However, some favorable

court decisions and the fact that very few new DPPA claims have been submitted means that the uncertainty of these claims has lessened. This in turn means that LMCIT is now able to release some of the extra funds. When these claims are ultimately resolved, LMCIT hopes to be able to return the rest to cities too.

Dividend Determination

Every year the LMCIT Board determines whether a dividend can be returned, and if so, how much. A number of considerations are weighed, with the ultimate decision involving a comparison of the LMCIT year-end fund balance (also known as member equity or surplus) to a targeted amount of fund balance.

Typically the major driver behind whether a dividend can be returned is how rates in recent years compare to LMCIT's loss experience. Premium rates are designed to pay for projected losses, expenses, and a safety margin in case losses turn out to be greater than expected. If losses turn out to be at or below LMCIT's projections, then the safety margin isn't needed and can either be returned to members as a dividend or used to strengthen LMCIT's fund balance.

Dividend Calculation

The first step the LMCIT Board takes in determining the dividend amount is to look at LMCIT's actual fund balance compared to the fund balance targets the Board has established. This year the Trustees determined that \$25 million could be returned to member cities.

The next step is to calculate the dividend. The formula for calculating the dividend is designed to return proportionally greater amounts to members that have been with LMCIT for a longer period of time and that have been most successful in avoiding and controlling losses. Here are the steps to determine the dividend for each individual member:

- Step 1: Each member's adjusted losses are subtracted from its gross earned premiums.
- Step 2: After calculating Step 1, the remaining dollar amount for each member is added together. This is the total that is used to calculate each individual dividend amount.
- Step 3: The amount for each member calculated in Step 1 is then divided by the sum of all members calculated in Step 2. This results in each member's percentage, or share, of the \$25 million total that's available as a dividend this year.

The enclosed data sheet shows the exact figures, including your percentage of the dividend share, that were used to calculate your dividend. A few definitions may help as you look at this information.

Gross Earned Premium: This figure is your total of all earned premiums through May 31 for the past 20 years.

Adjusted Loss: This figure is your losses for the past 20 years, minus applicable deductibles, and after capping each individual large loss. Each individual loss is capped at the lesser of \$200,000 or 200 percent of the member's annual premium for the year of the loss. Without this cap, a small or mid-sized entity that experiences a catastrophic loss might not receive any dividend for many years.

Future Dividends

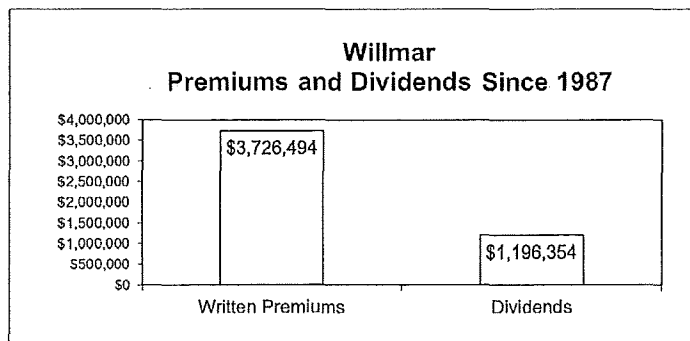
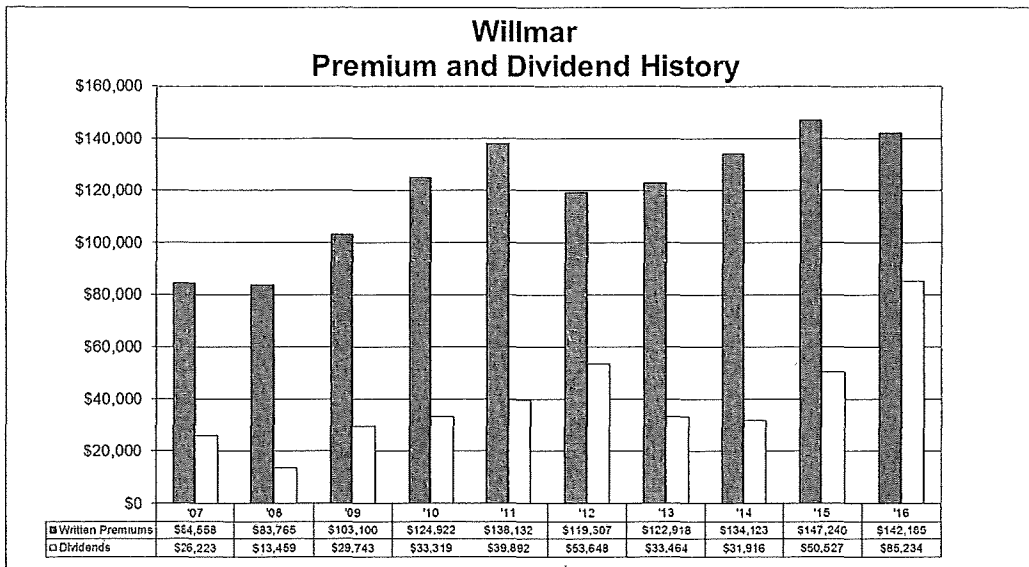
The ultimate goal of LMCIT is to manage *risk* – in other words, uncertainty. There's no guarantee a dividend will always be returned to members because it is impossible to know precisely what losses will occur or cost. Dividend amounts will vary from year to year just as they have in the past.

With that said, LMCIT will do its best to estimate and project what loss costs will be, and will continue to return to members any funds that aren't needed for losses, expenses, or reserves. While we can't guarantee future dividends, members should be proud of their success accomplished in controlling losses during 2016.

**LEAGUE OF MINNESOTA CITIES INSURANCE TRUST
PROPERTY/CASUALTY
2016 DIVIDEND CALCULATION
AT MAY 31, 2016**

CORNEIL-ELKJER AGENCY INC
436 LITCHFIELD AVENUE WEST
P.O. BOX 1037
WILLMAR MN 56201-1037

WILLMAR	GROSS EARNED PREMIUM	\$2,309,593
<i>PO BOX 755</i>	ADJUSTED LOSSES	\$166,470
	MEMBERS DIVIDEND PERCENTAGE	0.003409348
<i>WILLMAR, MN 56201-0755</i>	DIVIDEND AMOUNT	\$85,234



The "gross earned premium" figure is the member's total earned premiums as of May 31, 2016 for the past 20 years. This is the premium figure that's used in the dividend calculation. The "2016 written premium" figure is the member's total premium for the member's most recent renewal prior to May 31, 2016 (for most members, only a portion of that 2016 written premium would be earned as of May 31, 2016).

PROPERTY/CASUALTY PREMIUM AND DIVIDEND HISTORY

	Year 2010	Year 2009	Year 2008	Year 2007	Year 2006	Year 2005	Year 2004	Year 2003	Year 2002	Year 2001	Year 2000	Year 1999	Year 1998	Year 1997	Year 1996	Year 1995	
Premiums	\$131,913	\$147,952	\$103,111	\$84,464	\$87,677	\$85,956	\$76,168	\$117,882	\$118,494	\$123,011	\$136,599	\$130,505	\$120,698	\$116,574	\$100,460	\$104,941	Premiums
Dividends	\$33,319	\$29,743	\$13,459	\$26,223	\$15,419	\$47,158	\$36,731	\$38,110	\$37,979	\$34,118	\$21,089	\$28,543	\$38,948	\$50,064	\$46,800	\$41,493	Dividends
Net Premiums	\$98,594	\$118,209	\$89,652	\$58,241	\$72,258	\$38,798	\$39,437	\$79,772	\$80,515	\$88,893	\$115,510	\$101,962	\$81,750	\$66,510	\$53,660	\$63,448	Net Premiums
Paid Losses & Expenses	\$25,157	\$24,841	\$79,396	\$285,038	\$117,958	\$21,999	\$22,965	\$35,969	\$35,794	\$40,399	\$31,748	\$28,016	\$35,025	\$31,693	\$19,599	\$382,146	Paid Losses & Expenses

