

**MINUTES OF THE WAUKEGAN-WARREN FIRE PROTECTION DISTRICT
GURNEE FIRE STATION #2
Wednesday, March 2, 2005**

President John Badtke called the special call meeting of the Board of Trustees of the Warren-Waukegan Fire Protection District to order at 7:30 p.m.

Trustees Present: John Badtke, Phillip DeRuntz, Marty Klauber

Other Officials Present: Linda E. Spring, Attorney

Others Present: Angela Moreno, Recording Secretary
Fred Friedl, Fire Chief, Gurnee Fire Department
Joe Hubbard, Captain, Gurnee Fire Department
Steve Carlson, Board Member, Lake County Board
Alain H. Oller, Commissioner, Grandwood Park District
Robert Ells, Resident

***THESE MINUTES ARE NOT A VERBATIM ACCOUNT, EXCEPT WHERE OTHERWISE NOTED.**

Long-range financial planning and review: Ms. Spring provided the Trustees with a packet of information containing draft financial data. President Badtke noted that the analysis projects a 6.6% increase in collected revenue over the next three to five years. The Village of Gurnee's average increase of the budgeted contract amount over the past three years is 4.4% per year. The Trustees had no questions or comments regarding this information at this time. President Badtke noted that this information would be shared with the Village of Gurnee during the meeting scheduled for the following day.

Contract with the Village of Gurnee: Ms. Spring provided the Trustees with a new draft contract to be presented to the Village at a meeting tomorrow, March 3, 2005. The draft summarized contract price/affordability, line items and terms, alternatives, allocation of fees and grants, other potential contract terms, and other contract negotiating points.

President Badtke stated that the contract price in 2004-2005 was about \$2,084,409. Based on that price and considering a fair and modest increase, President Badtke and Ms. Spring will propose a \$2,100,000 contract to the Village of Gurnee. Staff in the Lake County Treasurer's Office projects the Fire District's property tax revenue to be about \$2,500,000 next year. The Fire District will also receive revenue from Superior Collection and other small sources. Administration costs have been between \$60,000 and \$70,000 in previous years.

President Badtke noted that the biggest difference in this contract compared to last year is that in lieu of the Fire District paying a percentage of the Village's budget, the Fire District would pay a flat fee. This would allow the Village of Gurnee to not be concerned about sharing any revenue or income that they receive related to the Fire Department operations. Under this contract, if the actual cost of service is less than the contract amount, the Village would keep the additional funds. If actual cost of service is more than contract amount, the Village could ask for additional funding, but it's not guaranteed. Trustee DeRuntz commented that the

contract states that it is the Village's responsibility to administer the Fire Department, not the Fire Protection District's. He stated that a flat fee should be paid to the Village and if the Village spent more, it is their responsibility to cover those costs.

Trustee DeRuntz pointed out that the starting amount of the contract should depend on the Village's willingness to assist the District with its current debt.

President Badtke highlighted several negotiating points:

- Ambulance fees – Over the past two years the Village of Gurnee has been collecting ambulance fees from non-residents in the amount of about \$300,000 per year based on the information gathered. According to the current contract, if that were considered part of their income, they would need to share a percentage of that with the District, which amounts to about \$180,000 over the past two years. If you project that \$90,000 per year to the seven or eight years prior, it amounts to another \$720,000, and totals about \$900,000 that should potentially be shared by the Village with the District.
- Past grant money – President Badtke stated that documentation has been collected that shows that the Village has collected about \$150,000 in grant money over the past three years. If indeed the District is entitled to the sharing of that money based on it being an offset to the budget, as the contract seems to imply, that would provide an income of about \$35,000-\$45,000.
- Inspection fees – The Fire Department collects approximately \$30,000 per year in inspection fees. Applying this estimate to the past ten years, it amounts to \$300,000, which would entitle the District to \$90,000.
- Re-calculations – Prior to the District collecting ambulance fees itself, the Fire Department would complete the paperwork to have the ambulance charge made and paid to them. At years end, they would then share with the District its portion of ambulance fees collected from non-residents. At the end of FY '03, the Village collected \$240,000 in ambulance fees. The village used a calculation of 23% to determine the amount paid to the District from those fees. That same fiscal year, the District paid 30.6% of the budget. In FY '02, the Village collected \$253,000 and shared 23%, while the District paid 30.4% of the budget. Recalculating the percentage that should've been shared with the District from the ambulance fees collected results in a difference of about \$20,000 per year, if this is applied to the eight years prior, it would amount to about \$160,000.
- District's share of the Village resident's ambulance fees – The Village currently charges non-residents for ambulance service at a rate similar to the District, \$700 - \$1,000 per ride. Beginning in 2005 the Village expects to begin charging their residents for ambulance fees and collecting from insurance companies. President Badtke estimates that this could amount to about \$1 million per year. If the District and Village have a cost sharing and revenue sharing contract, this could result in the Village having to apply \$300,000 toward offsetting the contract from this year forward.
- Mutual aid calls – The Village has been calculating the Districts cost percentage weighing in mutual aid calls. Fifty percent of the mutual aid calls have been added to the District's number of ambulance/fire calls. The Village then took that number to be a percentage of their total budget. President Badtke questions why the District is

responsible for fifty percent of the mutual aid calls but only 30 percent of their budget. Additionally, President Badtke wants to find out why mutual aid calls would be involved with the cost calculation because there is no additional charge for mutual aid calls. If the mutual aid calls were completely removed from the number of calls that is used to calculate the District's cost, it would lower the projected cost per year by about \$75,000. If the number of mutual aid call were reduced to 30%, it would reduce the District's cost by approximately \$62,000 per year. Considering that amount over the last ten years, it would amount to \$620,000.

President Badtke summarized these negotiating points by stating that in consideration of this data, he and Ms. Spring would propose to the Village a wash of the outstanding debt at the end of this fiscal year, and in return the District would forget about seeking compensation from the above listed points. A document containing the above negotiating points would be submitted for discussion during the meeting between President Badtke, Ms. Spring and the Village regarding the contract. President Badtke noted that he and Ms. Spring have all of the necessary documentation to support the negotiating points.

President Badtke asked the Trustees what they would like to come out of the meeting. Trustee DeRuntz stated he would like the Village to agree to a very tight schedule of contract negotiations, specifically a timeline of dates that the Village and District can stick to. President Badtke suggested scheduling a special call meeting for next week in order to give the Village a deadline for a response, the District could discuss the response at the special call meeting. After discussion of possible dates, the District decided that there is no date that everybody is available, so therefore the District will discuss the Village's response at the regularly scheduled meeting on March 16, 2005. President Badtke stated that he may have one additional meeting with the Village prior to the next meeting. Trustee DeRuntz requested to have a response and/or counter-proposal from the Village by March 14th in order to review it prior to meeting on March 16th, and President Badtke stated that is what he will request.

President Badtke informed the Trustees that on March 14, 2005 at 6:30 p.m. the Fire Department will be making their budget presentation to the Village Board.

Trustee DeRuntz commended President Badtke and Ms. Spring on their hard work preparing the contract and negotiation points, and specifically President Badtke for his guidance and hard work. President Badtke responded by commenting that when he joined the Board the information was so muddled and difficult to understand that he had grave feelings toward the financial relationship with the Village of Gurnee, and now having the actual information, he feels that the relationship is much healthier than previously thought, and that the Village of Gurnee has been fairly controlled in their budget and their spending, and this has been very valuable for the District as a whole. In addition, President Badtke thanked Ms. Spring for stepping up and assisting him when he called upon her.

Public Comment:

Mr. Oller stated that he has been attending the District's meetings for the better part of ten months and he commends President Badtke for the extreme amount of time that he has

invested and involved in the District. Additionally, he wished the District great success on the proposal for the contract.

Mr. Carlson stated that he likes what he has heard this evening, and feels that the Village will likely meet the district halfway, and wished the District success.

Adjournment:

Having no further business to come before the Board, Trustee Klauber made a motion to adjourn at 8:17 p.m. Trustee DeRuntz seconded the motion.

AYES: Badtke, DeRuntz, Klauber

NAYS: None.

Motion carried.

Secretary of WWFPD

Date Minutes approved.