

MINUTES OF THE WAUKEGAN-WARREN FIRE PROTECTION DISTRICT
GURNEE FIRE STATION #1
Thursday, July 7, 2005

President John Badtke called the 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

Other Officials Present: Linda E. Spring, Attorney

Others Present: Angela Moreno, Recording Secretary
Heath Graham, Homeowner
Joe Hubbard, Captain, Gurnee Fire Department
Fred Friedl, Chief, Gurnee Fire Department
John Kavanagh, Gurnee Firefighters
Steve Carlson, County Board Member
Al Oller, Homeowner

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

Analysis of 2005-2006 contract proposal received from the Village of Gurnee: President Badtke explained that the Trustees would be reviewing the response received from the Village of Gurnee regarding the District's proposed contract. He stated that in general, the Village has agreed to examine a fixed rate contract, and that the Village responded to the District's price within 2% of the proposal. Additionally, the Village understands the need to complete this process quickly and has agreed to do so.

Trustee Marty Klauber arrived at 7:33 p.m.

President Badtke led the Trustees through a review of the proposal by page/section.

Page one: The Trustees had no comments and requested no changes be made.

Page two: (Second paragraph) The Village proposes that the contract term be five years, Ms. Spring recommends two to three years at most. Trustee Klauber recommended proposing a two-year contract, but being willing to settle for three, and the other Trustees agreed.

(Fourth paragraph) Ms. Spring stated that the change made to the language of this section represented a philosophical difference. The Village has substituted the phrase "portion of Fire Department budget" with the word "compensation", which is perceived as more general. Ms. Spring explained that it is important to imply that all money received by the Village from the District be used for fire and ambulance costs.

President Badtke pointed out that the phrase "portion of the Fire Department budget" indicates a percentage of their budget versus "compensation" indicating a fixed dollar amount, which is the type of contract the District desires. Trustee Klauber referred to Ms. Spring's recommendation in

her notes, which is to use this as a bargaining tool. The Trustees decided to put the “portion of the Fire Department budget” language back into the contract.

Page three: (Second Paragraph) President Badtke stated that Mr. Ottosen (an attorney contracted by the District to review the contract) commented that he recommended wording being added to this section to say that although the Village has no control over it, they would use their best effort to address and resolve any issues regarding the dispatch and routing of services. Ms. Spring stated that she agrees with Mr. Ottosen, who suggests that the District add a line stating the Village should use their best efforts and that they will notify the District of these issues as they arise. The Trustees agreed to add this language to Section Three.

Ms. Spring pointed out that the Village has struck the phrase in this section that requires the Village to name the District as an additional insured on their insurance policy, however it is included in Section 12.

Section Four: This section pertains to the contract price. The District’s initial offer was \$2.1 million, and the Village has offered \$2.15 million with a multiple year contract. This section outlines the subsequent year’s prices based on an increase of 5.5%. However, it appears that this increase is applied and then the number has been rounded up, and is actually higher than 5.5%.

President Badtke asked the other Trustee’s their opinion on an escalation clause. He reminded the Trustees that the original contract proposal was for a one-year contract and stated that the District would work during that first year toward an escalation clause. The Village would like a multi-year contract and wants the escalation clause agreed upon now. He recommended that because the District is now recommending two years, there should be an escalation clause for the second year. The proposals have been either 3 % or CPI-U, which is currently 2.8%. Trustee DeRuntz recommends an escalation clause at CPI, and the other Trustees agreed. One suggestion by Trustee DeRuntz was to offer the Village a three-year contract at CPI, or a two-year contract with an escalation clause as high as 3.5%. Regarding the price of the contract, Trustee Klauber suggested going back to the Village with a proposal of \$2.1 million, and being willing to go to \$2.125, and the Board agreed.

Section Five: The Village changed “quarterly” payment to “semi-annually”. The Board agreed to insist on quarterly payments, with late charges at 45 days late charging prime minus 2.5%.

Part of this section referred to annexations. Land annexed to the Village reduces the taxation money received by the District. Ms. Spring stated that state statute requires the taxing body that absorbs land from another taxing body reimburses lost tax revenue for five years. President Badtke stated he would like this clause to be included in the contract. Ms. Spring expressed concern that this would move toward a shared cost contract, not a fixed contract, and the District can not have the contract both ways. The Board agreed not to put this in the contract because the contract is short term and if this becomes an issue it can be renegotiated.

Section Six: The Village wants to include this section regarding what the District owes the Village, however Ms. Spring recommends eliminating it completely. President Badtke stressed the importance of separating the issues, and the Board agreed this is not negotiable.

Section Seven: The Trustees had no comments and requested no changes be made.

Section Eight: President Badtke stated that he feels the issue of this section is whether the Village needs to use money paid by the District solely on fire and ambulance charges, and should therefore be able to illustrate that in their financial documents. President Klauber expressed concern with pushing this issue, and stated that if the District receives the services that they contract for, it should not be up to the District to tell the Village how to spend their money. Ms. Spring stated that she does not think the Village will agree to put this in their contract. President Badtke stated he feels strongly that it reflects the philosophical position that the money paid by the District is meant for fire and ambulance costs.

The Trustees discussed this point further, and President Badtke and Trustee DeRuntz voted to include this point in the contract, Trustee Klauber voted to remove it. It will be included in the counter-proposal. Captain Hubbard pointed out to the Trustees that requiring the Village to track the money paid by the District would require them to change their entire accounting procedures. President Badtke pointed out that the requirement would not be in the contract, only the philosophical point that the money from the district is intended only for that use. The Board agreed to leave it in the contract, with the option to remove it as a negotiating point.

Section Nine: The Trustees had no comments and requested no changes be made.

Section Ten: This section pertains to auditing and review. The District has asked that the Village audit what they spent on an annual basis for the District to review. Additionally, the District has asked to review the budget and comment prior to approval. Ms. Spring highlighted the last sentence of this section, which states that if the Village doesn't allow any participation by the District regarding the budget then the penalty would be that the contract price would not go up, she stated this is important and should remain. President Badtke stated that the intent of having the proposed budget as soon as it is available is so that the Trustees may discuss it and prepare comments and suggestions to the Village to help them in providing for the District's residents. Ms. Spring recommends requesting the proposed budget be available to the District when it is available to the Village Trustees. It was pointed out that the proposed budget must be available 30 days prior to approval, therefore that is a reasonable time for the District to expect to have the proposed budget. The Trustees agreed to leave the Village's language as it is, which states that they will provide a copy of the proposed budget "as soon as it is available".

Section Eleven: The language in this section needs to be changed to two years. Trustee Klauber suggested changing "four months" to "six months", and the Trustees agreed.

Section Twelve: Ms. Spring explained that previous mention of the content in this section is in Section Two, and seems to be only appropriate in this section. The last four sentences in Section Two are the same as the last four sentences of this section, and will be deleted from Section Two unless the Village has a reason to put it back in.

Section Thirteen: The term in this section needs to be changed to a two-year term. The Trustees agreed on Ms. Spring's recommendations that were previously provided to them. Part of those

recommendations specifies that if the Village does not provide the District with a bid six months prior to the end of the contract, they are agreeing give the District a renewal with no increase. The negotiating points in this section include reducing the time frame that the bid must be received in, adding an automatic escalator of CPI or whatever is agreed, and lastly extending the contract negotiations into the actual contract year. Trustee Klauber suggested requesting the bid proposal at six months, but the penalty doesn't kick in until five months. The Trustees agreed with this.

The next section of the contract pertains to the Right of First Refusal Clause, which the Village has added. What this provides is that they have the right to match a bid received by another entity. President Badtke informed the Trustees that if this provision is in the contract, the District is precluded from negotiating in good faith with any other fire department. He stated that he has spoken with two other departments and was informed that they would not talk to the District unless the District formally terminated negotiations with Gurnee. The Trustees agreed to remove this section from the contract.

General Comment:

Trustee DeRuntz stated he is pleased to see comments from Ms. Spring and Mr. Ottosen and to see that they are so uniform. He believes this has been very productive.

Trustee Badtke stated that he believes the contract meets the District's goals and the Village's goals and looks forwarding to finalizing the contract.

Adjournment:

Having no further business to come before the Board, Trustee DeRuntz made a motion to adjourn at 9:28 p.m. Trustee Klauber seconded the motion.

AYES: Badtke, DeRuntz, Klauber

NAYS: None.

Motion carried.

Secretary of WWFPD

Date Minutes approved.

