

HAYWARD FIRE PROTECTION DISTRICT
MINUTES OF THE MARCH 6, 2017, MEETING

Board President, John Esposti, called the meeting to order at approximately 7:00 PM. Attendees included board members Stuart Adrian, Leslie Hammack, Ray Summers and Jay Van Hunnik; Fire Chief, Dennis McMillin; and Assistant Fire Chief, Don Valle. Jerome Harvey from Pennington County Fire Administration was also present, along with many individuals listed on the meeting attendance sheet who primarily represented the Hermosa and Keystone Fire Districts and Departments.

John Esposti indicated that the meeting was called to discuss the proposed new fire protection district to be formed by consolidating the existing Hayward, Hermosa and Keystone Districts, specifically the new district's budget and two memoranda of understanding (MOAs) among the existing and new districts and departments/stations. John read aloud the first MOU, namely, the main MOU between the Battle Creek Fire Protection District—the proposed new district—and the Keystone, Hayward and Hermosa Fire Departments.

Ray Summers suggested that the existing departments should be considered stations within a single new department once consolidation has occurred; Jim DeHaai, Keystone Fire Board President, concurred. John indicated that the MOU is not binding but is meant to express intentions. Dave Lindblom considered the document straightforward, with the provision of two bank accounts important. Stuart Adrian wants the MOU to be mandatory for the new board. Jim and Ray do not think that the MOU can be made binding. Dennis McMillin agreed, with the new board a legal entity regulated by state laws and bylaws that the new board has to generate. Jim indicated that the new board has to operate in the best interest of taxpayers and abide by state laws. Ray noted that the MOU and bylaws are separate documents and sees the MOU as a guide for the new board. Leo Van Sambeek noted that the MOU could be renegotiated yearly, and the bylaws could change too. Butch Rudd stated that the changeability of the documents makes the resolution to consolidate by the current districts basically a leap of faith. Butch thinks that most people want a merger but have a problem with the costs and fate of assets. John agreed that the consolidation is a leap of faith, but we have a common mission; furthermore, people in the room tonight will most likely sit on the new board. Jim noted that new board formation would mark the start of the new district, which could occur within 60 days after signing the consolidation resolutions.

Jerome Harvey indicated that the retention of volunteer firefighters is a widespread fire department problem. He feels that discussion of the problem is very important and that we are moving in the right direction.

Ray asked whether there is an endorsement of the MOU concept by the existing three boards and whether the three boards would agree with this specific MOU. Dennis asserted that fire districts are a state registered entity and that he would like to see not only equal leverage for all three departments but also a clear timeframe for asset transfer, namely, its deferral until the new board is in place. Leo expressed the opinion that we cannot vote to reorganize without a clear MOU and bylaws. Jim stressed that there is a limit to what can be written, with the state statutes trumping all. Leo sees a sticking point in the reference to asset ownership in the MOU but not in the bylaws.

Leo does not like the intent of the last phrase in the Scope and Revocation section on the first page of the MOU: “and may be withdrawn by each party with written notice of at least sixty days”. Leo noted that a fire district would have no equipment if it withdrew. John noted that the current taxing districts do continue and that a district could reform as a separate district. Gene Gillen noted that a petition to recreate a previous district can go to a public vote. Leo, John, Dave and Jim all agreed that the phrase should be deleted, and no opposition to this deletion was expressed.

John asked for a discussion of volunteer firefighter association activities, such as the Hayward chili feed. Leo asked about how volunteers are used. Dennis indicated that personnel issues are handled by SOPs generated by the fire department. Leo suggested that the MOU needs to indicate that it is okay to have volunteer and paid personnel. Jerome stated that both career and volunteer personnel are considered professionals. So on page 2 of the MOU under the section dealing with department personnel duties, a decision was made to change 'employees' to 'career and volunteer personnel'. In the same section, it was also suggested that annual evaluations be conducted on not only full-time personnel but also those receiving a stipend. In Keystone, problems with people on stipend are handled by shift leaders, then by the fire chief. Jan Van Hunnik mentioned that the only personnel the district board would deal with would be the fire chief. John stated that he is pleased with the Hayward Board and with Leo because attention to all these things matter.

Finances were the next topic of discussion, noting the installment payments mentioned on the page 2 of the main MOU, receivables, contractual pay, and the preparation of invoices to outside agencies. Jim indicated that once a budget is determined, the Keystone District divides the total budget into equal-sized payments that are distributed monthly to cover salaries, utilities, etc. The Keystone Fire Department accounts to the district for its expenses at the end of each month. With this arrangement, having some guys on both the department and district board is helpful. Leo wants to know if the new district is planning to pay in chunks or on a pay-as-you-go basis; he favors a prearranged schedule of installments that can vary according to the annual budget. Contractual money can cover cash flow problems and contingencies, although Leo indicated that a 15% contingency can be done in a budget from tax money. Leo is OK with the department paying bills with money distributed by the district, as suggested in the MOU.

Stuart mentioned mutual aid and the ability to get into rental agreements and project fires. Jim indicated that the fire department signs mutual aid agreements. Dennis wants to have the department deal with mutual aid and avoid micromanagement. Keystone Fire Chief, Corey Jonas, thinks that the operational issues should be handled by the fire chief. Ray indicated that the district would hire the fire chief, who can be fired by the district if the arrangement is not working. Ray also sees the MOU, with language agreed upon by the three existing boards, as a document that can be transferred to the new board and provide guidelines for the new district and new department.

An interim MOU has also been drafted. John explained that its purpose is to bridge the period between the time the consolidation resolution goes into effect and the establishment of a new district board, with the present boards continuing until that new board is established. Custer County needs to be added to the interim MOU.

A composition of two members from each existing fire district (a continuing tax district) was suggested for the first new board, as was a composition of two per existing district and one at-large member. Ray indicated that the split can be designated in the bylaws. Dave noted that one half of the first board would serve a one-year term, and then all board members would serve a two-year term. Subsequent board members would be elected at the annual meeting during the first quarter of the year. Dave also noted that members of all three existing districts would get to vote on all nominees, regardless of the nominee district of origin. Julie Pearson, Pennington County Auditor, told John that the candidates for the first board can be chosen by a petition for ballot or by nomination during a meeting of new district members. Leo will lead the effort, with help from Jim, to formulate bylaws to send to all three districts using a Word file format.

Addressing Stuart's need for budget clarification, Corey indicated that Dave and Jim have the new-district budget. The salaries are based on those in Keystone; fire pay could change those budgeted figures, but the changes would not come from tax money. The budget total is \$321,000, which is the actual budget, not the tax

request. Jim offered that the tax request would be 1 mill, and Dave indicated that a 1-mill limit exists for operations, which is what the budget covers. Capital outlay is not in the budget, with the expectation that it will be funded from the Enterprise Fund. As of 2016, the property valuation across the three districts has increased to \$328,672,000. To answer Leo's earlier question, there are no contingency funds budgeted. Banked saved funds could serve as contingency funds, and Corey indicated that supplemental funds can be raised by tree mitigation, slash pile burning and other contract pay.

Stuart asked about the applicant pool available to fill the paid positions; Corey indicated that a good pool exists, and the salaries are adequate. Corey added that enough people would exist in a consolidated district to perform contract firefighting and that salaries/stipends can be supplemented with fire pay. Corey has potential applicants waiting, including several guys now sitting in the room.

Concern was expressed regarding the indebtedness of the current departments. Why would Keystone or Hermosa want to assume fire hall or equipment debt? Why donate equipment? It was agreed that some equipment would likely be lost but only to avoid unnecessary duplication. John responded that the Hayward Fire Hall has value as an emergency shelter, with its own water and electrical generating capacity, and as a training site. John Preston owns the land on which the Hermosa Fire Hall is built; the Hermosa District owns the building. Melinda Johnson added that the stations do not go away. Dennis has the deed to the Hayward Fire and Emergency Services (HFES) land, which was donated to the fire department by the developer of Rushmore Ranch Estates; and HFES owns the equity in the building. John added that the Hayward Fire District does not own anything. Don Valle indicated that HFES would have to re-deed the Hayward land, building and equipment to the new district.

Concern was also expressed regarding the immediate removal of some fire trucks, with the desire to keep all equipment until a new district is formed.

Ray made a motion to adjourn, which was seconded by Leo and passed. The meeting was adjourned at 9 PM.