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**MEMORANDUM**

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TO: Mayor Walker and Councilors  
FROM: M McPherson, City Administrator  
SUBJECT: **Fire Advisory Board Information, Discussion**  
DATE: February 21, 2024

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**Background:**

The Fire Advisory Board (FAB) met February 7, 2024. All members were present as several members of the Fire Executive Board and the Co-Chiefs from Milaca. The meeting was held at City Hall, everyone was cordial and the discussion varied based on the agenda topics. The Council would have received the packet including the historical billing information. I have not yet had an opportunity to do the meeting minutes.

2023 Billing

I am still analyzing the numbers in order to determine what Wyanett overpaid for services. Their overpayment will result in the potential for others to pay additional as was illustrated in the analysis provided in the packet.

During the discussion, it was discussed that the annual payments are for “current” year services based on “previous” year’s expenses. If this is in fact true, then the budget assumptions start the City behind given that current year expenses are almost always higher than previous year’s expenses.

FAB Princeton Township Representative Hiller stated during the meeting that “Blue Hill would not be paying for 2023 as they had already paid for 2023 services”. He also stated that “Princeton Township would not pay \$70,000 per year for fire services”.

Based on the above information, I have recalculated the preliminary 2023 billing removing Blue Hill from the equation:

2023 Billing Amounts			2023 Billing Amounts, No Blue Hill			Difference (Increase)
Blue Hill	\$60,245	17				
Bogus Brook	\$11,376	3.21	Bogus Brook	\$13,932	3.93	\$2,556
City of Princeton	\$110,036	31.05	City of Princeton	\$132,298	37.33	\$22,262
Greenbush Township	\$37,919	10.7	Greenbush Township	\$45,763	12.91	\$7,844
Princeton Township	\$65,561	18.5	Princeton Township	\$79,006	22.29	\$13,445
Spencer Brook Township	\$29,556	8.34	Spencer Brook Township	\$35,624	10.05	\$6,069
Wyanett Township	\$39,691	11.2	Wyanett Township	\$47,759	13.48	\$8,069
	\$354,383			\$354,383		\$60,245

As is illustrated above, everyone’s portion increases, some more than others, to absorb the portion that Blue Hill may not pay. It should be noted, no bills have been sent, so it is unclear as to what Blue Hill may or may not do. Township payments are not subtracted as revenue from the annual expenses; for 2023 staff did subtract all other revenue streams (insurance payments, pool fills, training reimbursement, donations, etc.) from expenses. In order to eliminate a significant bill increase to the remaining members, the City would need to absorb Blue Hill’s portion of the billing.

**Staff requests direction as to how the City Council would like to address this issue.**

### 2024 Billing

I calculated the estimated 2025 billing (based on the 2024 adopted budget) using the same percentages as the 2023 billing. The results are as follows:

#### 2025 Estimated Billing

Based on the 2024 budget, same percentage  
as 2023

2024 Budget:	\$293,874	
Bogus Brook	\$11,553	3.93
City of Princeton	\$109,709	37.33
Greenbush Township	\$37,949	12.91
Princeton Township	\$65,516	22.29
Spencer Brook Township	\$29,542	10.05
Wyanett Township	\$39,605	13.48

The 2024 expense amount is calculated based on expenses minus capital costs minus revenue (other than township payments). The amount per participant is similar, if not a bit less than the 2023 preliminary billing that included Blue Hill.

### Contract

The FAB agrees that the current contract needs some work. Even the MAT contract likely needs some work. At a minimum, the contract needs:

1. Penalties for failure to pay.
2. Termination language other than the 90-day opt out.
3. Clarity as to how the payments work – pay for services rendered or pay for anticipated expenses.

The MAT contract includes a third component in addition to calls/call hours and net tax capacity, it adds population to the mix. With the addition of the third component, the preliminary analysis shows that Spencer Brook and Wyanett will see a decrease in their bills while everyone else will see an increase.

The two concerns that are often voiced by some members of the FAB are the increases (which are not consistently held at 3-5 percent), and that they don't have accurate numbers for the year that they are setting their budget. While the City budgets for 2024 in 2023, the townships in 2024 are already setting their budgets for 2025. Short of using a five-year rolling average of billing amounts, setting a flat percentage annual increase and then billing for a shortfall (or refund for an overage), I am not sure how to resolve either of the concerns, absent becoming a city-only department. At some point in the future, even with a flat annual percentage increase, expenses are going to get to the magic \$70,000 for Princeton Township (2027, to be precise, assuming a 3% flat rate increase starting with 2023's billing amount).

It is clear from my analysis that the MAT contract only benefits two of the six members served by the PFRD.

**Staff requests that the City Council discuss its position relative to the MAT contract to bring back to the FAB meeting on March 6.**