
MEMORANDUM



TO: Fire Advisory Board
FROM: M McPherson, City Administrator
SUBJECT: **Contract Alternatives**
DATE: July 9, 2024

Background:

The Advisory Board has been discussing for several meetings the need to update or change the billing formula in the contract. At the February meeting, the consensus was that the contract and the billing needed significant work.

Staff has now found multiple options for contracts and billing formulas. Attached for your review and consideration are contracts from:

- City of Princeton
- MAT
- City of Kenyon
- City of Norwood Young America
- City of Milaca

Each contract uses different components for calculating the billing:

- Current contract: hours, net tax capacity
- MAT contract: hours, net tax capacity, population
- Kenyon contract: township land area served after City covers a percentage
- Norwood Young America contract: number of township properties (defined as units)
- Milaca contract: population, square miles/acres

Below is a comparison, using the 2024 estimated operating expenses less estimated revenues to illustrate the billing amounts based on four (4) of the five (5) contract calculations. Some caveats:

1. The Current Contract calculations are based on no change to hours or net tax capacity for the purposes of this exercise.
2. Population numbers were based on 2022 estimates and for Bogus Brook, Spencer Brook, and Wyanett, the population served was calculated by taking the total population and multiplying it by the percentage of the township served. It is unknown if the Census blocks align with the fire area or if the entire township is considered a census block.
3. The number of township sections for Bogus Brook, Spencer Brook, and Wyanett were estimated. Here are the number of sections that were included for the Kenyon contract:
 - a. Bogus Brook: 14
 - b. Greenbush: 36
 - c. Princeton: 36
 - d. Spencer Brook: 18
 - e. Wyanett: 20
 - f. Total Township Sections Served: 124**

In the Kenyon scenario, Bogus Brook Township sees a significant bump from the current and MAT contract which may be problematic. The City of Princeton in the Kenyon scenario, absorbs roughly the same as in the MAT contract. Bogus Brook Township Clerk Tracy Larsen did respond to my inquiry, so they are receiving the information sent. She was unsure as to whether a representative would be present.

Staff has not calculated the cost impacts for the Norwood Young America contract as I am waiting on Parcel numbers from Isanti County and I need to follow up with the City Administrator as to how they arrived at their “per unit” number.

Comparison Fire Bill Calculations by Contract Type:

Current Contract		
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

MAT Contract		Percentages			Final
		Hours	NTC	Pop	
2024 Budget:	\$293,874				
Bogus Brook	\$12,881.48	2.54	5.32	5.29	4.38
City of Princeton	\$118,137.35	37.46	37.21	45.93	40.20
Greenbush Township	\$36,822.41	14.08	11.74	11.77	12.53
Princeton Township	\$63,800.05	23.93	20.66	20.54	21.71
Spencer Brook Township	\$27,124.57	9.33	10.77	7.59	9.23
Wyanett Township	\$35,098.35	12.65	14.3	8.88	11.94

Kenyon Contract		
2024 Budget:	\$293,874	
Remainder after City's Portion:	\$176,324	
City of Princeton	\$117,549.60	40
Bogus Brook	\$19,907.59	11.29 14
Greenbush Township	\$51,190.95	29.03 36
Princeton Township	\$51,190.95	29.03 36
Spencer Brook Township	\$25,595.48	14.52 18
Wyanett Township	\$28,439.42	16.13 20

Milaca Contract		Percentages			
2024 Budget:	\$293,874	Pop	SQ	%	Final
Remainder after City's 50% Portion: \$146,937.00			Miles	SQ Miles	
City of Princeton					
Bogus Brook	\$12,188.66	5.3	14	11.29	8.3
Greenbush Township	\$29,976.81	11.77	36	29.03	20.4
Princeton Township	\$36,419.99	20.54	36	29.03	24.8
Spencer Brook Township	\$16,241.04	7.59	18	14.52	11.1
Wyanett Township	\$18,373.76	8.88	20	16.13	12.5

I am having difficulties making the math work on the Milaca formula. If you total the numbers for the Townships, there is a \$33,737 shortfall. I will need to consult with Milaca’s Administrator to determine what I am missing. I would not use these numbers as a final example of what the billing could be using this option at this time.

Recommendation:

Please discuss the pros and cons of each contract methodology and provide staff with some direction. Once direction is given, a draft contract can be prepared for further review.