

Minutes of Emergency Services Committee Meeting of June 27, 2017

The third meeting of the Watab Township Emergency Services Committee was called to order at 6:30 p.m. by Vice Chair Lloyd Erdmann. Following the Pledge of Allegiance, he turned the meeting over to the Committee Chairman, Todd Waytashek. Those present were: Jason Krueger, Lloyd Erdmann, Ed Kacures, John Olson, Tony & Michelle Hommerding, Kevin Reiter, Roxanne Wilson, Dick Raveling, Bob Raveling, Craig Gondeck, Todd Waytashek, Maureen Graber, Pat Spence, and Todd Hagen.

Todd Hagen, Watab's Financial Advisor from Ehlers presented financing options for a new fire hall. They are covered in the Memo that is attached to these minutes. Todd explained that Ehlers has sixty years of history in Roseville. He helped finance the town hall and the township's road projects in 2009. There is no fee for his services in meeting with the committee as much as needed. The company has been very active in financing municipal and school projects, including fire stations. The memo Todd prepared also included the tax impacts on all property categories in the township for both a \$500,000 and \$600,000 bond. These are examples only. The bonding for a fire hall would most likely be \$350,000 or less. He recommended that the township bond for the shortest time that is affordable to keep the interest costs as low as possible for the residents.

Todd also presented two documents on the township's Standard and Poor rating. In 2017, Watab was upgraded to AA-Stable, and Todd recommends that the township should look at the indicators to maintain that good rating. He doesn't believe that adding the amount of debt the township is looking at will affect our rating, as debt is only ten percent of the rating. It is more important to maintain healthy reserves. The S & P rating is also based on the township's taxing ability. Watab could issue nine million dollars of bonds with its taxing ability.

The tax impact on a \$500,000 bond issuance for ten years would have the following tax impact on an annual basis: (1) Residential Homestead EMV of \$200,000 = \$41.64; (2) Residential Homestead EMV of \$300,000 = \$66.74; (3) Commercial/Industrial EMV of \$300,000 = \$120.93; (4) Ag Homestead EMV of \$400,000 = \$57.88; (5) Seasonal Residential EMV of \$100,000 = \$23.03; (6) Seasonal Residential EMV of \$200,000 = \$46.07.

Todd then gave detailed information on each financing option. A General Obligation Bond can be used only for the construction of the building, not for the equipment. Equipment could be financed through a USDA loan, where there is no broker to pay, no mortgage on the building, and no pre-payment restrictions; these can offer three years of quick money. This could be useful, because FEMA grants and other grants could be used to pay back the USDA loan in a very short term. FEMA funds ninety-five per cent of equipment costs. Certificates of indebtedness could also be used for the equipment.

Other items that were noteworthy were:

- Rates are going down through the summer, so it's a good time to bond.

- Ten-year bonds don't have a Standard and Poor fee.
- A S & P rating is important for the larger, longer bonds to entice the buyers.
- Most ten-year bonds are non-callable (no pre-payment).
- There could be a nine-year lockout on prepayment for fifteen-year bonds.
- The township could potentially look at drawing in the outstanding balance on current bonds. The town hall bond has a \$40,000 remaining balance and will soon be paid off. If the township decides to proceed, Todd will consider this option to determine if there is a financial advantage.
- Principal payments can be delayed for one year on a new bond.
- Temporary financing can be used for interim construction financing before going out for a bond.
- Refinancing is positive; larger bonds don't get overlooked in the market.
- It is generally very difficult to get a higher Standard and Poor rating that Watab currently has.
- Fees for the bond would be \$30,000 or less. Cost is unknown until the day of the sale and includes underwriter fee, legal fees, etc.
- A ten-year, \$500,000 bond + underwriting, as an example, has an annual principal and interest payment totaling about \$60,000 based on a net interest cost of 2.8%. This is 25 basis points over current rates as a cushion.

Todd Waytashek said that the Chain of Lakes Fire Department has confirmed a visit with representatives from Watab to see their fire hall and talk to them about costs, financing, and grant on Saturday, July 9th at 1:00 p.m.

Tony Hommerding, retired Fire Chief of Sauk Rapids, was present to answer questions from the committee; he was invited by Craig Gondeck. He has been retired for four years. Todd Waytashek explained that the committee is exploring options of either staying with the current contract arrangement with Sauk Rapids and Rice, having a sub-station of Sauk Rapids, or becoming a stand-a-lone department. Tony said that the Chain of Lakes has been very successful with their new department. When they looked at the financial end of things, it was good for them. He said that he believes Watab has good possibilities to do the same, and that it would be a fire chief's dream to start up a new fire department. He recommended that Watab start by getting personnel interested by sending out a letter and having a social time/barbeque for them to come to the town hall. We would need to recruit a daytime and nighttime shift with people that can respond to the town hall site in five minutes or less. He felt that fifteen to twenty fire fighters would be a good number and that many qualified people most likely are living in our township. An example of a substation is Clear Lake Station 2 in Palmer Township. The fire fighters that live closest to that station report there.

Dick Raveling talked about the potential increases in insurance rates going to a lower ISO rating due to becoming an unprotected class. A question would be how long it takes to improve the ISO rating.

Tony returned to discussion about training of the fire fighters and said that it can be done on site by the St. Cloud Technical College. Retention of fire fighters is helped by having the Relief Association. Fire fighters usually get paid for training time. When he retired, the pay was \$12.08 per hour. However, that varies by department. Watab can lean on other chiefs to advise on setting the policies and procedures. Sauk Rapids offered their fire fighters AFLAC insurance as a benefit. Craig Gondeck asked if other departments would accept Watab with mutual aid. Tony explained that there is a Mutual Aid Association of Central MN, with membership including thirteen fire departments. Membership fee is about \$100.

Todd Waytashek described his military background and its decision-making process. He expressed that the committee needs to decide on options soon and led the group through a very thorough decision-making process. His power point presentation is attached to these minutes, which includes points that were added by committee members.

Those who committed to going to the Chain of Lakes Fire Department on July 8th are Todd Waytashek, Maureen Graber, Craig Gondeck, John Olson, and Ed Kacures. Maureen will contact Roxanne and Rob to see if they would like to attend. They will meet at the town hall at noon to carpool.

The date for the next committee meeting will be set by the town board at the July 6 meeting.

Motion was made by Todd Waytashek, second by John Olson, and passed to adjourn at 9:50pm.

Respectfully submitted by Pat Spence, Clerk