



**DRAFT**

Approved: July 24, 2023

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**CITY OF ARDEN HILLS, MINNESOTA  
SPECIAL CITY COUNCIL WORKSESSION  
JULY 10, 2023  
ARDEN HILLS CITY COUNCIL CHAMBERS**

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**CALL TO ORDER/ROLL CALL**

Pursuant to due call and notice thereof, Mayor Grant called to order the City Council Worksession at 7:40 p.m.

**Present:** Mayor David Grant; Councilmembers Tom Fabel, Brenda Holden, Tena Monson and Emily Rousseau

**Absent:** None

**Also present:** City Administrator Dave Perrault; Finance Director Gayle Bauman; Assistant to the City Administrator/City Clerk Julie Hanson; Fire Chief Tim Boehlke; Deputy Fire Chief Matt Sather; Assistant Fire Chief Eric Nordeen and Fire Marshal Kris Rewald

**1. AGENDA ITEMS**

**A. Fire District Discussion**

**City Administrator Perrault** stated the LJFD Board has been considering the possibility of a fire district since a legislative change was made that made it easier to create a fire district. This has been in tandem with reviewing options for additional staffing, as well, as the construction of a new fire station. Tonight's discussion is intended to be focused on the possibility of a fire district, updates have also been provided regarding staffing and the proposed station. In 2018, the LJFD underwent a needs study. In short, the study indicated a need for a new station for additional spaces for equipment, training, administration, etc. Ideally, the station would be located near County Road E but West of the railroad tracks that make response difficult from the Victoria Station. Following completion of the new station, it is anticipated the Victoria Station would be closed, and the current station on Lexington and County Road I would be converted to a 24/7 staffed station. Today, the Lexington Station is only staffed during the day by command staff, and the Victoria and Hodgson Stations are staffed by 24/7 Duty Crews. The map shows the location of each station and the proposed station.

**City Administrator Perrault** reported the new station location will provide better response times to both southern Arden Hills and Shoreview; converting the Lexington Station to 24/7 will also

provide better coverage to North Oaks, northern Shoreview, and TCAAP when built. Between 2019 and 2021, the Arden Hills City Council, along with the other two cities, passed resolutions of support for the new station, and have also approved a Joint Powers Agreement to facilitate future funding of the new station. Along with the new station project, the department has also been discussing staffing, specifically hiring at least six new full-time Captains. The board did recommend that the new staffing was their preferred option moving forward. The department previously applied for a SAFER Grant and was unsuccessful at the time, and is pursuing one this year, too. The fire department gave a presentation to the City Council in July and August of 2022, and the City Council was supportive of applying for the SAFER Grant and the associated new positions.

**City Administrator Perrault** explained the board has also been discussing the possibility of creating a fire district, which would be its own separate taxing authority. A fire district is viewed as a more efficient form of governance versus the current board as the fire district board could independently approve projects. The fire district would bring the fire department off of each City's tax rolls, but would still have implications to each City. The first being how would the fire department's cost be split amongst the cities. The cities would have the option to split the cost based on a formula, which could be similar to the one we use today. Another option would be to have it based on overall market value. The market value option would likely increase the cost to North Oaks, while decreasing the cost to both Arden Hills and Shoreview. It is believed that should the cities use a formula with the fire district that the cities would still then be responsible for presenting the fire district's items through our Truth in Taxation process, which may give the optics to residents that the fire district taxes are part of the city's taxes. Another point to consider, is while the fire district would still have one elected from each City for representation, the district would be acting independently at the direction of the fire district board. The board has not yet made a recommendation for or against a fire district, but is looking for feedback from the City Councils.

**City Administrator Perrault** commented the three cities, via a Joint Powers Authority (JPA), have been awarded approximately \$6.37 million in State funding for the construction of a new headquarters (must be spent or encumbered by 12/31/2027). Recent estimates have put the cost of the station close to \$19 million, which leaves approximately \$13 million to be paid for by the three cities. Arden Hills portion of this would be 25 percent, or \$3.25 million. Should the three cities decide to move forward with construction, the City of Arden Hills would likely need to bond for its portion of the project. Assuming a 5 percent interest rate, it can be assumed the annual cost to the City would be approximately \$260,788 per year. Our current levy for the General Fund is \$4,098,680, and our overall levy is \$4,718,680, this addition would equate to a 6.4 percent increase and a 5.5 percent increase in the General Fund and overall levy, respectively.

**City Administrator Perrault** reported the department is seeking to hire additional full-time staffing in the upcoming years. To help offset those costs the department is pursuing a SAFER Grant through the Federal Government, which would pay for the new positions for the first three years (an approximate total value of \$2 million). The cities would be responsible to pay for the positions following the grant period. Regardless if the grant is received or not, the fire department is planning to have six of these new positions in next year's budget. At full cost, the new positions would cost approximately \$900,000, with Arden Hills' portion being 25 percent, or \$219,502. Not accounting for the future fire station cost increase, this alone represents a 5.4 percent and 4.6

percent increase to the General Fund and overall levy, respectively. For 2024, the fire department is anticipate hiring these positions in March and in July, which would result in a cost savings. For 2024, the costs for Arden Hills due to the Captains is estimated \$138,001.

**City Administrator Perrault** stated the City will need to consider how to balance current spending priorities along with the proposed fire department costs. The City could push out the fire station project and increase the levy in anticipation of construction. The proposed 2024 budget for the department is included in the budget are summary tables that provide for different scenarios with and without the new station.

**Mayor Grant** opened the meeting to questions and comments.

**Councilmember Fabel** asked what the legal relationship was between the three cities involved in the Fire Board.

**Mayor Grant** reported there was a joint powers agreement in place between the three cities. He explained the JPA has been in place since the 1980's.

**Commissioner Fabel** questioned if other cities have asked to be part of the JPA.

**Fire Chief Boehlke** stated no other cities have inquired about becoming part of the JPA.

**Mayor Grant** commented on the mutual aid agreements that were in place with neighboring departments.

**Councilmember Monson** explained if two of the three cities wanted to move forward with the Fire District, the third city would have to decide who they wanted to contract with for fire services.

**Mayor Grant** asked who bonds, each city or the Fire District. He commented on bonding versus a tax levy and how a rating would work.

**Councilmember Holden** asked if the taxing authority would include non-profits. She also asked for an explanation of question number 25.

**City Administrator Perrault** reported it was his understanding it would operate in the same manner as any other property tax.

**Councilmember Holden** stated she was interested in learning how the Fire District would be able to bond for a new fire station given the fact they would be a new entity.

**Councilmember Rousseau** questioned when the Cloquet and Moose Lake Fire Districts went into effect and asked how they have tackled a large bonding issue.

**Fire Chief Boehlke** explained the Cloquet Fire District began in 2011 and he was uncertain about the Moose Lake Fire District. He stated the City of Cloquet has had to fund initial funding. He commented further on how the Fire District could borrow debt for larger projects.

**Mayor Grant** supported the City speaking with bond counsel to see how this would be managed.

**Councilmember Monson** reported each Fire District was unique and lessons have been learned over time. She explained the LJFD was set up for a better transition into a Fire District than other departments. She commented on how the governance of the fire department had to be addressed in order to allow the organization to grow in order to continue service to the northern part of their service area. She believed it was advantageous to move towards more full time employees. She supported the Fire Board moving towards a Fire District.

**Mayor Grant** requested the fire personnel speak further to the current inefficiencies.

**Fire Chief Boehlke** discussed how operations have changed in the past 20 years. He believed the model for the fire department had to be changed, which comes with massive operational costs. He stated he currently had 85 firefighters and he was trying to staff two fire stations with part time people. He explained there was a need for a third station, which would require significant increase in operating dollars. He stated the inefficiencies came about with the three cities operating under consensus.

**Mayor Grant** stated it was his understanding a Fire Board with elected officials would still be in place if the Fire District were to move forward.

**Fire Chief Boehlke** indicated the vote of the Fire Board would be the final decision and he would no longer have to wait for Council consensus from three different cities.

**Councilmember Holden** stated the bylaws could be amended in order to have only elected officials on the Fire Board. She indicated she was struggling with this being all about money and how much things cost. She explained the City has agreed to additional full-time staff. She commented on the importance of having fire protection in place for the residents of Arden Hills. She questioned if there were other ways to raise funding for the fire department and noted the City may have to look into this further.

**Fire Chief Boehlke** reported the Fire District discussion did not come from the fire department, rather this came from Councilmember McClung and Councilmember Tom Watson from North Oaks. He indicated this was proposed as another way to fund big ticket items in the future.

**Councilmember Fabel** questioned how the 911 system fit into the fire department work and how was it coordinated.

**Mayor Grant** explained the 911 dispatch center was located in St. Paul and police and fire are dispatched out of the same facility. The backup facility is in Arden Hills, if it were ever needed. He discussed how the police and fire dispatchers were integrated within the 911 center.

**Fire Chief Boehlke** commented on the different level of EMT and fire calls the fire department was dispatched to. He discussed how EMT's were short staffed at this time which meant response times were on the rise.

**Councilmember Monson** understood this was a lot of money, but noted the Fire District option has come up because it may be a better way to address large capital expenses versus the current structure.

**Mayor Grant** stated he did not understand how under the current JPA, why it could not be structured to have two representatives from Shoreview, North Oaks and Arden Hills.

**Councilmember Holden** indicated there were only two Fire Districts in the whole State and the legislation for this type of organization went into effect in 2011.

**Fire Chief Boehlke** clarified that the special legislation did not go into effect until 2021. He noted the Cloquet and Moose Lake Fire Districts were approved under special legislation.

**Councilmember Rousseau** questioned how long it would take to dissolve the current JPA and make the change to a Fire District.

**Fire Chief Boehlke** anticipated this would take a year to a year and a half to make the transition. He noted the Fire District could be non-profit/tax exempt.

**Mayor Grant** spoke to the number of tax exempt properties located in the City of Arden Hills, noting each of these organizations still utilized the services of the police and fire. He commented on how a franchise fee may assist with covering the increased expenses for the fire department. He stated the topic of franchise fees would have to be further discussed by the Council at a future meeting.

**Councilmember Rousseau** asked if a discussion of the various options for funding this could be discussed at a future worksession.

**Councilmember Monson** stated the budget for the Fire Board has been reviewed by staff. She noted she was open to discussing additional ways to cover the additional fees.

**Councilmember Fabel** explained he liked the idea of having a governing body that was made up of elected officials. He stated if the current culture limits decision making it may be good to move away from this culture. He suggested a super majority be required for large capital expenditure purchases.

**Councilmember Holden** indicated all purchases for the fire department were large capital expenditures. She commented further on how the TCAAP development would create more expenses for the fire department and noted the formula for the fire department may have to be adjusted.

**Councilmember Monson** stated another option would be to move away from the formula and instead the assessed value of properties could be considered.

**Mayor Grant** explained he would like to understand (hypothetically) how a ladder truck could be purchased under the current structure and the Fire District structure.

**Fire Chief Boehlke** discussed the approval process for the purchase of a ladder truck for the Fire Board versus the Fire District. Currently, it took four entities to approve a large purchase, where under the Fire District model only one entity would have to approve the purchase. He reiterated that the fire department was not pushing this change, but rather it was brought about by Councilmembers. He was of the opinion this would be a better operating model for the department given the level of staffing that was required to be hired and the fact the department needed a new fire truck and fire station.

**Councilmember Holden** indicated part of her responsibility with the residents is making sure they know what the fire department needs and how much it costs. She appreciated the fire department speaking with each City Council and making them aware of future needs.

**Deputy Fire Chief Sather** explained the fire department would continue to speak to City Council's about upcoming expenditures and plans for the fire department.

**Fire Chief Boehlke** reported the education piece would continue with each individual City Council as well as the residents living within the Fire District, if a change was going to be made. He wanted residents to have an opportunity to interact and provide feedback on the proposed change.

**Mayor Grant** questioned if the fire department has looked at the other two Fire Districts (Cloquet and Moose Lake) or other quasi-Fire Districts to see what could be learned from them.

**Fire Chief Boehlke** stated all of the other Fire Districts were providing services with partner cities and have to seek approval from each city. He indicated the Excelsior Fire District would be a good example of the quasi-Fire District. He commented further on how the LJFD works with every neighboring community to respond to fire calls.

**Councilmember Fabel** asked how many questions needed to be answered in order to move forward and how many elected officials would serve on the new Fire District Board.

**Fire Chief Boehlke** stated the cities could decide this.

**Councilmember Holden** inquired what the cost would be to make the change from the Fire Board to a Fire District.

**Fire Chief Boehlke** estimated it would cost \$20,000 in legal fees to dissolve the Fire Board and to create the Fire District bylaws.

**Councilmember Monson** anticipated it would take 18 months to complete this task.

**Councilmember Holden** stated she was not in favor of hiding the bill for the fire department under a line item that does not include the City. She believed this was inappropriate.

**Councilmember Monson** indicated the services would not be billed separate.

**Councilmember Holden** commented the services would be billed differently than they were currently being billed.

**Councilmember Rousseau** stated she appreciated the Q&A sheet. She looked forward to seeing more responses as the fire department speaks to the other cities.

**Councilmember Holden** questioned if the Fire District would be tax exempt.

**Fire Chief Boehlke** stated currently the Fire Board was tax exempt. He noted the Fire District would not be tax exempt.

**Mayor Grant** supported the Fire District retaining its tax exempt status for money saving purposes.

**Mayor Grant** suggested the three City Council’s hold a joint worksession to further discuss this topic.

**Councilmember Monson** supported this recommendation after the fire department meets with each city individually.

**Mayor Grant** stated he looked forward to hearing what other questions and answers came about from the fire department meeting with the other two member cities.

**2. COUNCIL COMMENTS AND STAFF UPDATES**

None.

**ADJOURN**

Mayor Grant adjourned the City Council Worksession at 9:05 p.m.

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Julie Hanson  
City Clerk

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David Grant  
Mayor