

*City Council Memorandum*

To: Mayor Fasbender & City Councilmembers
From: City Administrator Dan Wietecha
Date: December 19, 2022
Item: Rural Fire Association MOU

Council Action Requested:

Approve MOU for continued Fire and Ambulance Service to the Hastings Rural Fire Association

Background Information:

The City of Hastings has had a long-standing contract relationship to provide fire and ambulance service in the City of Vermillion and Ravenna, Marshan, Nininger, Denmark, and Vermillion Townships. The current contract (2021-2022) expires December 31, 2022.

Negotiating a renewal contract has been limited with several cancelled meetings. To date, progress in negotiations has been 1) a general acknowledgement that costs are increasing significantly due to capital expenses and additional staffing, 2) a conceptual split of the expenses on a 72/28 basis, and 3) an interest in reviewing the budgeting for capital expenses to spread some of the cost increase over time.

Initially we intended to bring a 3-month MOU to have additional time to complete negotiations for a multi-year contract. During drafting and review of the MOU, the Rural Fire Association indicated the need to ensure continued service through the rest of the year even if a multi-year contract might not be achieved during the next 3 months. The proposed MOU would enable the 3 months of negotiations and a service extension through December 2023 if necessary.

In the MOU, I've proposed increasing the contract amount of from \$46K to \$58K per month. This is less than the \$83K per month that would be due on 28% (RFA's share of the split) of the budget, because of the potential to spread some capital costs over time as well as the City Council's indication of its willingness to phase in an increase. At time of assembling City Council agenda and packet materials, RFA has not responded to the proposed contract amount.

Financial Impact:

\$57,833.33 per month

Committee Discussion:

City Council workshop 10/3/2022 provided overview of finances. City Council indicated willingness to consider phasing in an increase in the contract amount.

Attachment:

Memorandum of Understanding between City of Hastings and Hastings Rural Fire Association Regarding the Continuation of Fire and Ambulance Services

**MEMORANDUM OF UNDERSTANDING BETWEEN CITY OF HASTINGS AND
HASTINGS RURAL FIRE ASSOCIATION REGARDING THE CONTINUATION OF
FIRE AND AMBULANCE SERVICES**

This Memorandum of Understanding (“**MOU**”) is entered into by and between the City of Hastings (“**City**”), a Minnesota municipal corporation, and the Hastings Rural Fire Association (“**Association**”), a Minnesota joint powers entity, to provide for the continuation of fire and ambulance services to the service area of the Association while negotiations on a new contract continue.

RECITALS

- A. The Townships of Denmark, Vermillion, Nininger, Ravenna, Marshan, and the City of Vermillion are members of the Association.
- B. The City and the Association have worked cooperatively for decades to provide fire and ambulance services to the area through a single contract entered into with the City on behalf of all of the Association members.
- C. The current “Fire and Ambulance Service Contract by and between the City of Hastings and the Hastings Rural Fire Association” (“**Current Contract**”) is set to expire on December 31, 2022.
- D. The parties have been meeting to negotiate a new contract, but there will not be sufficient time to finish the negotiations and act on a new contract before the end of the year.
- E. The parties desire to enter into this MOU to provide additional time to complete the negotiations while ensuring the continued provision of fire and ambulance services to the Association members during the extension period.

AGREEMENT

In consideration of the mutual promises and agreements made herein, the parties hereby agree as follows:

1. Extension Period. The parties agree to extend the period in which to negotiate and enter into a new service contract to March 31, 2023 (“**Extension Period**”). The parties agree to work in good faith to reach agreement and enter into a new contract before the expiration of the Extension Period.
2. Services. The City agrees to continue to provide fire and ambulance services to the Association in accordance with the terms of the Current Contract through the Extension Period. The services will be deemed as being provided under the price the parties negotiate for 2023 and paid in accordance with the terms and conditions of the new contract for the period starting from January 1, 2023.

3. Term. This MOU is effective on December 31, 2022 and shall expire upon the parties entering into a new contract for fire and ambulance services, but in no case later than March 31, 2023. The terms and conditions of the new contract will be considered effective as of January 1, 2023.

4. Failure to Reach Agreement. If the parties fail to reach an agreement to enter into a new contract by March 31, 2023, the City agrees to provide fire and ambulance services under the terms and conditions of the Current Contract through December 31, 2023, unless terminated earlier by the Association. The fee for the City’s services shall be \$57,833 per month. Payment shall be due on July 31 and December 31, 2023, pursuant to the Current Contract. If the Association terminates before December 31, 2023, the Association shall pay a prorated amount of the fee for the months of services provided within 30 days after termination.

IN WITNESS WHEREOF, the parties have entered into this MOU effective as of the date indicated above.

CITY OF HASTINGS

HASTINGS RURAL FIRE ASSOCIATION

Mayor Mary Fasbender

Chairperson

Clerk Kelly Murtaugh

Secretary