



AGENDA ITEM: 1
MEETING DATE: 7/26/2011
TO: City Council
FROM: Randy Mirowski, Fire Chief, Loveland Fire and Rescue [rm](#)
PRESENTER: Randy Mirowski

TITLE: Fire Authority Implementation for Loveland Fire and Rescue

DESCRIPTION:

The fire authority would result in an intergovernmental agreement to create a partnership between the City of Loveland and the Loveland Rural Fire Protection District to provide all fire and rescue services to the citizens living within the boundary lines of both the City and the Rural District. The presentation, along with the included attachments, will act as a progress report and recommendation for implementation to City Council from the Fire Authority Review Committee.

BUDGET IMPACT:

Yes

SUMMARY:

For more than two and one-half years, research, evaluation and planning has occurred to create a fire authority between the City of Loveland and the Loveland Rural Fire Protection District. Three committees worked to determine the best governance model, the feasibility for that model and the details for how the model would work. The fire authority has emerged as the most appropriate governance model for the operation of Loveland Fire and Rescue. Since last July, (2010), work has gone into developing the best plan for operation of the governance model and the best method and time for implementation.

The Fire Authority Review Committee (made up of the Mayor, a City Council member, Rural Board Members and Renee Wheeler) has spent eleven months in their evaluation, and has determined that the details are in place within the structure of Draft #4 of the IGA (*Attachment B*) to move forward with implementation of the fire authority in January of 2012. The committee's recommendation has been reviewed with several groups, including the Rural Board and FRAC, and has received support from both groups for this recommendation.

BACKGROUND:

Loveland Fire and Rescue (LFR) currently operates as a City fire department with a contract to provide fire/rescue related services to the Loveland Rural Fire Protection District (Rural District). The City and Rural District have had an association through a contract for more than fifty years with essentially the same type of governance model. However, significant changes have occurred over the years in the department's responsibilities and their requirements for providing service. The control of the department has also shifted from a basic volunteer-combination organization to a career paid department with a limited number of volunteers acting in an adjunct capacity. Numerous problems have been identified with the current governance model from both the City's perspective and the perspective of the Rural District. Examples include:

- ◆ Financial fairness/equity of the current contract (City)
- ◆ Stability for future fire/rescue services (Rural District)
- ◆ Input and control over fire/rescue operations (Both)
- ◆ Improving relationships and building a strong partnership (Both)

In addition to these issues, serious questions have emerged about the existing governance model's ability to address and resolve the current financial problems facing the department and for problems that will arise in the future. Research data clearly suggests that the department is considerably underfunded and understaffed when compared to other like departments in the region. The department is also lacking in strategic and operational level plans to address critical issues. A change in the governance model for LFR was one option submitted to City Council by the Fire Chief during a study session, on November 10, 2009, as a possible means to improve the department's administrative management and operations. The Fire Chief was directed by Council, and the Rural Board, to conduct a comprehensive feasibility study for the implementation of a fire authority governance model for LFR's future. The feasibility study concluded, in May of 2010, that a fire authority was achievable for LFR with a restructured revenue allocation formula and funding increases as appropriate from both the City and the Rural District. In addition, operational details would need to be constructed into an intergovernmental agreement (IGA) that would address such issues as the make-up of the governing board, organizational responsibilities and procedures, services provided, capital improvement and termination of the agreement. Furthermore, a comprehensive review of the current services provided, needed staffing and deployment levels, and estimated cost increases to provide the appropriate level of citizen service, would need to be conducted.

In July of 2010, the Fire Authority Review Committee was formed. This committee began meeting monthly, and with numerous other ad hoc meetings, from August of 2010 to address the abovementioned issues and formalize a plan and an IGA that would later be presented to each governing body for approval for the formation of a fire authority for Loveland Fire and Rescue.

In February of 2011, a progress report and presentation was made to City Council providing an update on the details for how a fire authority would work for the City and Rural District through

the IGA. In addition, as part of the presentation, models were reviewed to indicate how fire rescue related services needed to be improved to provide adequate levels of citizen service. Direction was received by the fire chief from Council to move forward with the development and implementation details for a fire authority, including the development of the full IGA.

CONCLUSION-

The analysis of previous committees revealed that a fire authority would be the best governance model for LFR and would be feasible. What the current committee has concluded is that the fire authority has great potential for improving the administrative and governance operations for Loveland Fire and Rescue. It is also believed that a fire authority would be the vehicle that would allow the department to solve the fire/rescue related problems that currently exist within the City and Rural District. It is further believed that both strategic and operational planning would improve significantly under this governance model. Continuing the relationship between the City and the Rural District in the form of a fire authority would allow for more efficient operations, a leveraging of citizen's tax dollars for greater overall benefit, and a vehicle for more effective future planning for fire/rescue operations.

One question for City Council to consider for this presentation is when should the fire authority be implemented? The question for the fire authority committee became, why not implement the fire authority now? There are compelling reasons why implementation of a fire authority at this time would be a sound decision. The position paper in "Attachment A" lists seven reasons why January of 2012 is the right time for implementation. After nearly a year of work on this initiative, the Fire Authority Review Committee has unanimously recommended implementation at this time. The Loveland Rural Fire Protection District's Board has given their support for this implementation timeline, and the Fire Rescue Advisory Commission has also endorsed this implementation. Finally, after two and one-half years of analysis and work, the fire chief also believes the fire authority is the best governance model for Loveland Fire and Rescue and that the implementation time outlined in this recommendation is appropriate.

LIST OF ATTACHMENTS:

- A. POSITION PAPER: *Implementation for the Fire Authority for Loveland Fire and Rescue***
- B. INTERGOVERNMENTAL AGREEMENT; *Draft #4 Intergovernmental Agreement for the Formation and Operation of a Fire Authority***

RECOMMENDED CITY COUNCIL ACTION:

Provide direction to the fire chief to bring this issue to City Council during the August 16th meeting for approval as a regular agenda item.

REVIEWED BY CITY MANAGER:

Implementation of a Fire Authority for Loveland Fire and Rescue

Position-

It has been established that the *fire authority* is the best governance model for Loveland Fire and Rescue, and for the governing bodies of the City of Loveland and the Loveland Rural Fire Protection District. Implementation of the fire authority can be accomplished as soon as January of 2012, and should be established within that timeframe and within the parameters set forth in the intergovernmental agreement (IGA), constructed jointly by the attorneys for the City and the Rural District.

Support-

The history and background for the development of the position supporting implementation of the fire authority has spanned two and one-half years and three separate committees. Work to define the best governance model, the feasibility of that model and the details for operation of the fire authority have all been satisfactorily addressed through the work of these committees.

The advantages of the fire authority have been articulated in many previous presentations and documents. They include:

- The establishment of a fair and equitable revenue allocation formula
- Long-term stability
- Proper and equitable governing representation for both the City and Rural District
- The creation of an effective partnership between the City and Rural District
- The ability to develop a shared vision for future, needed services and operations
- The ability to develop, implement and manage a departmental plan for improvement in the form of a strategic plan

An important, additional advantage of a fire authority for Loveland Fire and Rescue is the efficiency, effectiveness and ability to exercise “cost-avoidance” and financial stewardship once it is implemented. These additional benefits result from operating two agencies collaboratively, rather than operating as two separate entities.

A critical and integral component for the establishment and operation of the fire authority is the intergovernmental agreement. This IGA provides the legal parameters for the make-up of the governing board, organizational responsibilities, services provided, revenue allocation and capital improvements, and other details for operation.

Specific highlights for this IGA include:

- A new revenue allocation formula (82% for City 18% for Rural District), based on full cost-budgeting
- Clear lines of responsibility for each entity
- Inclusion of strategic planning and a specific strategic plan document

- A five-year transition/ interim period of operation
- Annual reviews and reports to each of the governing bodies
- Annual budget and audit procedures
- Dealing with three major factors
 - Large Capital (apparatus, etc.)
 - Real Property
 - Employees

The revenue allocation formula has been determined to be fair and equitable at the 82%-18% ratio as it is calculated on the service levels provided and a projection of the call load as being 82% City related calls and 18% Rural District calls. The allocation formula is based on full-cost budgeting, which includes the core operating budget and the ancillary costs of operation; which would include services such as vehicle and facility maintenance, finance services, legal services and human resources (HR).

If the fire authority is implemented in January of 2012, the Rural District would be required to begin their contribution rate of 18% at that time. The Rural District would be required to use funds out of their existing reserve account to meet a portion of the new revenue allocation formula. The District will have a mill levy election in May of 2012. With a successful election, the District will be able to collect sufficient revenues from the fire district to meet all anticipated costs for expansion, (at the 18% rate), that are listed in Model #1 (see pages 5 & 6). The District has enough funds in reserve to pay the 18% rate, (for basic, non-expanded services), for a period of at least two years should one or more elections fail. A two-year projection of increased costs for the Rural District was completed. The findings are listed below:

Calculation of Contribution Change from Rural

	2012	2013
2012 Budget		
(including small equip)	\$7,898,290	\$8,322,461
Plus Indirect Costs	788,626	816,228
Service Enhancements		1,592,949
(\$1,385,174 + \$207,776		
additional reserve @ 15%)		<hr/>
 Total Net Budget Excluding		
Rural Contributions	<hr/> \$8,686,916	<hr/> \$10,731,638
 18% of Net Budget	 \$1,563,645	 \$1,931,695
 Current <i>Projected</i> Contribution		
(65% of revenue, pension,		
special payments, as budgeted)	1,129,481	1,159,167
Difference	<hr/> \$434,164	<hr/> \$772,528

The amount of revenue generated from the additional contribution from the Rural District's increase in allocation would most likely be between \$350,000 and \$430,000. This additional revenue is needed by the department and could be used to address critical, life-safety capital needs that are presently unfunded; such as the replacement and enhancement of the Self-Contained Breathing Apparatus program (SCBA's).

Three major issues, or potential problem areas, emerged from the establishment of the fire authority. These areas include large capital items (apparatus), real property (fire stations and land), and employees. In many fire authorities, the apparatus and real property are deeded over to the new fire authority and the current employees become employees of the fire authority. While this can work, many complications arise. In the IGA for this fire authority, a more simplistic approach has been taken. All real property and apparatus will be leased to the fire authority for a minimal amount, and the employees remain City of Loveland employees. The IGA establishes that the employees be assigned to the fire authority.

The rationale for these choices was simplicity, and to keep things operating within the department as near the current status as possible. Another important reason was the five-year, interim/ transition period. With the idea of utilizing an interim/ transition period, it made the most sense to not change ownership of equipment or property, or create a different employer for the current employees.

The annual review, required in the IGA, will assist in the ongoing evaluation of the progress of the fire authority and the operation of it. The five year transition/ interim period, coupled with the leasing program, gives the window of time needed to function within the authority without making permanent changes. Once the five-year period is completed, both governing boards will have the opportunity to decide if a continuance of the current parameters of the IGA is the best course, or if a more permanent transition of equipment, real property, and the employees is warranted.

Implementation of the fire authority in January of 2012 has been recommended by the Fire Authority Review Committee and endorsed by the Rural District's Board and by the Fire Rescue Advisory Commission (FRAC). There are numerous reasons for the implementation of the fire authority in 2012. These include:

- The fire authority has been shown to be the appropriate and needed governance model for the City and the Rural District; it is needed now
- Implementing in 2012 will continue the progress and momentum gained by the Fire Authority Review Committee
- The fire department would receive funding to address current critical needs
- Eliminates the need to renegotiate the current contract between the City and the Rural District; set to expire in 2012
- This is the culmination of 2 ½ years of evaluation, scrutiny and work
- There has been solid support for moving forward from the Rural Board, the Fire Authority Review Committee and City Council
- "We are ready to go"

Conclusion-

The analysis of previous committees revealed that a fire authority would be the best governance model for LFR and would be feasible. What the current committee has concluded is that the fire authority has great potential for improving the administrative and governance operations for Loveland Fire and Rescue. It is also believed that a fire authority would be the vehicle that would allow the department to solve fire/rescue related problems within the community that currently exist within both the City and Rural District. It is further believed that both strategic and operational planning would improve significantly under this governance model. Continuing the relationship between the City and the Rural District, in the form of a fire authority, would allow for more efficient operations, a leveraging of citizen's tax dollars for greater overall benefit, and a vehicle for more effective future planning for fire/rescue operations.

Implementation of the fire authority can be accomplished as soon as January of 2012, and should be established within that timeframe and within the parameters set forth in the intergovernmental agreement that was constructed jointly by the attorneys for the City and the Rural District.

MODEL #1- BASIC SERVICES PLAN-**2013-2020**

This Basic Service Plan offers a minimum staffing of each fire company with 3 firefighters and utilizes the current 3-tiered workforce of volunteers, part-time paid (PTP) and full-time (FT) firefighters. The total build-out of this plan would result in the targeted numbers of .95 ffs/1000 population or 95 FTEs/99,936 pop.

ADDITIONS/CHANGES**INCREASED COSTS @ 2013 Dollars**

* Add 6 FT firefighters for Station 3 and Station 5	\$426,777
* Add 6 FT positions (Lts & Engs.) for Heavy Rescue Company, Sta. 2	\$564,767
* Add 9 FT positions (LTs/Engs./FF) for new Station 10	\$778,156
* Add 3 FT positions for rover/coverage	\$262,308
* Continue funding for PTP program expanding to include 18 total PTP FFs	\$147,160
* Fund Volunteer and PTP Coordinator	\$ 89,500
* Add 1 Lieutenant for FPB/CSD	\$ 106,140
* Add 2 Administrative Assts.	\$ 101,660
BASIC SERVICES PLAN COST INCREASES FOR O &M₁	\$2,476,468
ADD IN ANNUAL COSTS FOR LG. CAPITAL REPLACEMENT	\$ 575,000*
TOTAL ADDITIONAL COSTS FOR BASIC PLAN-----▶	<u>\$3,051,468</u>
1. Does not reflect full-cost budgeting	

* This figure does not add in to the total costs until 2017

PLAN IMPLEMENTATION SCHEDULE

MODEL #1- BASIC SERVICES PLAN

2013-2020

2013 ADDITIONS-

* Add 6 FT firefighters for Sta. 3 & 5	\$426,777
* Add 6 FT positions (Lts. & Engs.) for Heavy Rescue Company, Sta. 2	\$564,767
* Continue funding for PTP program expanding to include 18 total PTP FFs	\$147,160
* Fund Volunteer and PTP Coordinator	\$ 89,500
* Add 1 Lieutenant for FPB/CSD	\$106,140
* Add 1 Administrative Assist.	\$ 50,830

	2013	2016	2019
TOTAL 2013 COSTS FOR ADDITIONS	\$1,385,174	\$1,535,767	\$1,702,732
(Numbers in this line reflect a 3.5% annual increase)			

2016 ADDITIONS-

* Add 9 FT positions (LTs/Engs./FF) for new Station 10	\$862,755
* Add 1 Administrative Asst.	\$ 58,328
* Add costs for large capital replacement	\$ 575,000

TOTAL 2016 COSTS FOR ADDITIONS	\$1,496,083	\$1,596,221
(Numbers in this line reflect a 3.5% annual increase)		

2019 ADDITIONS-

* Add 3 FT Positions for coverage/rovers	\$ 262,308
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TOTAL FOR PLAN #1 ADDITIONS (2019)-----▶ **\$3,561,261**

**INTERGOVERNMENTAL AGREEMENT
FOR THE FORMATION AND OPERATION OF A FIRE AUTHORITY**

THIS INTERGOVERNMENTAL AGREEMENT entered into this ____ day of _____, 20__, by and between the **CITY OF LOVELAND**, a Colorado Municipal Corporation, (“City”) and the **LOVELAND RURAL FIRE PROTECTION DISTRICT**, a Colorado Special District, (“District”).

WITNESSETH

WHEREAS, the Loveland Rural Fire Protection District was formed in 1950; and

WHEREAS, since 1950, the Loveland Rural Fire Protection District and the City of Loveland, through the Loveland Fire and Rescue Department, have provided fire and emergency services to the Rural District through a series of agreements between the parties, the last being the Intergovernmental Agreement dated December 6, 2006; and

WHEREAS, as part of the agreements between the parties, the District has provided fire apparatus, equipment and supplies to the Loveland Fire and Rescue Department for use in the provision of fire and emergency services both within the Rural District and the City; and

WHEREAS, this relationship between the parties has been mutually beneficial in providing quality fire and emergency services to persons and property within the respective jurisdictions of the parties; and

WHEREAS, the parties have determined that it is in the best interest of the parties and their respective citizens, property owners, and visitors to form an independent governmental entity to provide fire and emergency services within the respective jurisdictional limits of the parties as provided in this Intergovernmental Agreement; and

WHEREAS, each party has the requisite legal authority to enter into this Intergovernmental Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE I: CREATION AND GOVERNANCE OF THE FIRE AUTHORITY

Section 1.1 Creation of the Fire Authority

The City and the District by this Agreement hereby establish an independent governmental entity to be known as the Loveland Fire Rescue Authority, (the “Authority”). The Authority shall be an independent governmental entity separate and distinct from the City and the District.

Section 1.2 Governing Board

The Authority shall be managed by a governing board of five (5) members. The City shall appoint three (3) members and the District shall appoint two (2) members. The City shall appoint two (2) members of the City Council and the City Manager. In lieu of the City Manager, the City Council may appoint another City employee. The Rural Board shall appoint two (2) members of the Rural Board. In the event that any member is no longer an elected or appointed official of either of the entities, that member shall no longer be a member of the Board, and the member’s position on the Board shall be vacant. All vacancies on the Board shall be filled forthwith by the appointing party.

Section 1.3 Quorum

A quorum for the transaction of business at all meetings of the Board shall be three (3) members provided that one of the members is a District member.

Section 1.4 Meetings of the Board

- (a) Regular meetings. The Board shall hold regular monthly meetings at a time and place fixed by resolution of the Board.
- (b) Special meetings. The Board may conduct special meetings when necessary. Special meetings shall be called as provided in the By-laws adopted by the Board. At a minimum, special meetings shall be preceded by twenty-four (24) hours prior notice to all members of the Board. A special meeting of the Board may be called by the President of the Board or upon the request of two Board members.
- (c) Colorado Open Meetings Law and Open Records Act. The Board shall be subject to the terms and provisions of the Colorado Open Meetings Law, Section 24-6-401 et seq., C.R.S., and of the Colorado Open Records Act, Section 24-72-200.1 et seq.

Section 1.5 By-laws and Policies

The Board shall adopt By-laws and/or any necessary policies governing the responsibilities and duties of the Board consistent with the terms and conditions of the Agreement. The By-laws and any amendments thereto shall be approved by the City Council and the District.

Section 1.6 Voting

Each member of the Board shall have one vote. The affirmative vote of a majority of the Board members present and constituting a quorum shall be required for any action of the Board.

Section 1.7 Actions Requiring a Vote of More Than a Majority of the Board

The following actions shall require a affirmative vote of four members of the Board:

- (a) The location of any fire station.
- (b) The approval of the annual budget.

Section 1.8 Powers of the Authority

The Authority shall have and may exercise all the powers of the City and/or the District regarding fire and emergency services. The Authority shall have the following specific powers:

- (a) To make and enter into contracts;
- (b) To employ agents and employees;
- (c) To acquire, construct, manage, maintain, fund, plan and operate fire and emergency facilities, works, or improvements, or any interest therein;
- (d) To acquire, hold, lease (as lessor or lessee), sell, or otherwise dispose of any real or personal property utilized for the purposes of providing fire and emergency services or for related or accessory purposes;
- (e) To sue and be sued in its own name;
- (f) To fix, maintain, and revise fees, rates, and charges for functions, services or facilities provided by the Authority subject to the provisions of Section 32-1-1002 C.R.S. All fees, rates and charges shall be approved by the City Council and the District prior to becoming effective;

- (g) To adopt policies respecting the exercise of its powers and the carrying out of its purpose consistent with the terms of this Agreement and the By-laws of the Authority;
- (h) To enter into mutual and automatic aid agreements with other fire and/or emergency service organizations including other special districts, municipalities, counties, and sheriff offices on behalf of the City and the District;
- (i) To enter into lease purchase agreements for the acquisition of real and personal property;
- (j) To incur debts, liabilities or obligations provided that no debt, liability or obligation shall constitute a debt, liability or obligation of either the City or the District;
- (k) To apply for, accept, receive and disburse grants, loans and other assets from any governmental entity, political subdivision, or other entity; and
- (l) To exercise any other powers which are essential to the provisions of functions, services, or facilities by the Authority and which are specified in this Agreement or any other contract concerning the Authority.

The Authority shall not have the power of taxation.

ARTICLE II: SERVICE AREA

The Service Area of the Authority shall be all property within the City and the District.

ARTICLE III: ORGANIZATIONAL PROCEDURE

Section 3.1 Organization of the Authority

As soon as practicable after the date of this Agreement, the City and the District shall appoint the members of the Board as provided herein. As soon as practicable after appointment, the Board members shall schedule and conduct an organizational meeting at which time the Board shall provide for its regular meetings, adopt By-laws, necessary policies, and elect officers.

Section 3.2 Delegation of Powers

Each of the parties delegates to the Authority the power, duty and responsibility to provide fire and emergency services to each of the respective entities within the Service

Area of the Authority including, without limitation, all fire suppression, prevention, emergency and rescue services, and related emergency management services. Each party, as more fully set forth in Article VI and VII of this Intergovernmental Agreement agrees to provide personnel, fire stations, apparatus and equipment to the Authority. Each party agrees to cooperate with the Authority in order to assist the Authority in carrying out its duties and responsibilities pursuant to the terms and conditions of this Intergovernmental Agreement. The powers delegated to the Authority pursuant to this Intergovernmental Agreement include any and all of the powers necessary or desirable to provided continued, efficient and economical fire protection, suppression, and emergency services to all persons and property within the Service Area of the Authority.

Section 3.3 Personnel

The Authority may employ personnel necessary to carry out its powers, duties and responsibilities. Said employment shall be on the terms and conditions established by the Authority.

ARTICLE IV: BUDGET AND AUDIT

Section 4.1 Annual Budget

The Board shall adopt an annual budget for maintenance and operation costs, capital costs, and costs of services. The Board shall submit the budget to the respective governing bodies of the parties hereto. The budget shall become the Authority budget only after approval by the respective governing bodies of the City and the District. Any supplemental appropriation by the Authority shall also be approved by the respective governing bodies of the City and the District.

Section 4.2 Accounts and Audits

The Authority shall provide for the keeping of accurate and correct books of account, showing in detail the capital costs, cost of services, and maintenance and operation costs of the Authority's facilities. Said books and records shall be open to inspection at all times during normal business hours by any authorized representative of either party. The Board shall provide for the auditing of all books and accounts and other financial records of the Authority pursuant to the requirements of the Colorado Local Government Audit Law. The results of said audit shall be presented to the City and the District not later than thirty (30) days after acceptance by the Board.

ARTICLE V: FUNDING OF THE AUTHORITY

Section 5.1 Payment of Costs

Beginning on January 1, 2012, and monthly in advance thereafter for each fiscal year, the City and the District shall pay to the Authority its allocated monthly share of the total estimated monthly costs and expenses of the Authority as set forth in its annual budget. The allocation is set forth on Exhibit A.

Section 5.2 Budgeted Expenditures

The requirement for funding either the City or the District's obligation pursuant to this Agreement is subject to the annual budgeting process of each party. Nothing herein shall constitute a multiple fiscal year obligation pursuant to Article X, Section 20 of the Colorado Constitution, or any other constitutional or statutory requirement of the State of Colorado. Notwithstanding any other provisions of this Agreement, the City and/or the District's obligations under this Agreement are subject to annual appropriations by the respective governing bodies of the parties. Each party shall give notice to the other party and the Authority of an individual party's failure to appropriate adequate monies to meet its annual obligations pursuant to the terms and conditions of this Agreement.

Section 5.3 Authority Revenues

The Authority shall be entitled to keep all revenues of the Authority derived from fees, grants, interest on invested funds, sale of assets of the Authority, and other miscellaneous revenues. All anticipated Authority revenues for each fiscal year shall be reflected in the Authority's annual budget. The Authority shall be entitled to use all of its revenues in furtherance of its responsibilities set forth herein.

ARTICLE VI: RESPONSIBILITY OF THE CITY

Section 6.1 Lease of Fire Stations

The City shall lease all of its fire stations and all of the portions of any City building and/or property used for fire and emergency services to the Authority for no cost to the Authority. Said lease shall be for one year periods with automatic renewals for additional one year periods subject to termination upon the termination of this Agreement.

Section 6.2 Existing Equipment and Apparatus

The City shall lease all fire equipment and apparatus to the Authority for no cost to the Authority. Said lease shall be for one year periods with automatic renewals for

additional one year periods subject to termination upon the termination of this Agreement.

Section 6.3 Fire Department Personnel

The City agrees to assign all personnel of the Loveland Fire and Rescue Department, including the Fire Chief, to the Authority for use by the Authority in the provisions of fire and emergency services within the Service Area of the Authority. Said personnel shall remain employees of the City and shall remain subject to the City's and the Fire and Rescue Department's rules and regulations, including but not limited to, job positions/descriptions, promotion and ranking systems, pay and benefits, employment status and other personnel policies.

Section 6.4 City Provision of Services

- (a) The City shall provide the services set forth on Exhibit B attached hereto and incorporated herein by reference to the Authority. These services shall be provided by the City for the cost as set forth on Exhibit B.
- (b) The Authority shall have the authority to obtain the services provided by the City to the Authority from third parties. The Authority shall give the City, at a minimum, a one year notice of its intention to provide individual areas of service by third parties and not use City services. The notice shall be given before June 1 of any calendar year for any service to be terminated during the next calendar year.

ARTICLE VII: RESPONSIBILITY OF THE DISTRICT

Section 7.1 Existing Equipment and Apparatus

The District shall lease all of its fire equipment and apparatus to the Authority for not cost to the Authority except the fire equipment and apparatus set forth on Exhibit C which is used by the Big Thompson Canyon Volunteer Fire Department. Said lease shall be for one year periods with automatic renewals for additional one year periods subject to termination upon the termination of this Agreement.

Section 7.2 Mill Levy Election

The District shall seek voter approval, in May of 2012, for a mill levy increase sufficient to fund the District's obligations pursuant to this Agreement.

ARTICLE VIII: BIG THOMPSON CANYON VOLUNTEER FIRE DEPARTMENT

The District shall continue to maintain and fund the Big Thompson Canyon Volunteer Fire Department. Set forth on Exhibit C attached hereto and incorporated herein by reference are the operational guidelines for the Big Thompson Canyon Volunteer Fire Department including, but not limited to, minimum training required for volunteers of the Big Thompson Canyon Volunteer Fire Department and operational oversight of the Canyon Department by the Authority. The District shall continue to maintain the Big Thompson Canyon Volunteer Firefighters Pension Fund as a separate pension fund. The Authority shall have no responsibility for funding of this pension fund.

ARTICLE IX: TERMINATION

Section 9.1 Termination

Either party may terminate this Agreement by giving written notice to the other party. The written notice shall be delivered to the other party on or before January 1 of any year with the effective date of the termination of this Agreement being December 31 of said calendar year.

Section 9.2 Disposition of Assets

- (a) All assets acquired by the Authority from contributions from the parties shall be returned to the contributing party if said assets are still in existence.
- (b) All remaining assets of the Authority including any funds shall be distributed to the parties in proportion to the percent of allocation of funding of the parties set forth on Exhibit A. The parties understand and agree that said distribution shall be in the sole discretion of the Authority and shall be accomplished in a manner taking into consideration the service requirements for fire and emergency services within the respective jurisdictions of the individual party following termination of this Agreement.

ARTICLE X: CONSOLIDATED PENSION

The City and the District formed the Consolidated Firemen’s Pension Fund of Loveland and Rural District (the “Consolidated Pension Fund”) to meet the City and the District’s pension obligations to volunteer firefighters. After January 1, 2012, the Authority shall be responsible for funding the City and District’s share of the Consolidated Pension Fund. The parties agree to consider appropriate amendments to the Consolidated Pension Fund Agreement to reflect the Authority’s responsibility.

ARTICLE XI: ANNEXATIONS OR EXCLUSIONS FROM THE DISTRICT

The District agrees not to annex property into the District without prior written approval of the City. The District shall not exclude property from the District without prior written approval of the City except for property located east of I-25 and south of County Road 18E which is annexed to the Town of Johnstown and included within the Johnstown Fire Protection District and properties located south of County Road 14 which are annexed to the Town of Berthoud and included within the Berthoud Fire Protection District.

ARTICLE XII: PINWOOD LAKE FIRE PROTECTION DISTRICT

The District currently is a party to an Intergovernmental Agreement with the Pinewood Lake Fire Protection District. The Agreement provides for certain fire and emergency services to be provided by the District to the Pinewood Lake Fire Protection District for payment as set forth in said Agreement. The parties agree that the Authority shall be responsible for providing the services set forth in the Intergovernmental Agreement by the District.

ARTICLE XIII: INSURANCE

The District shall maintain insurance coverages as set forth on Exhibit D attached hereto and incorporated herein by reference.

ARTICLE XIV: TRANSITION

The parties understand and agree that this Agreement is for a transitional period of five (5) years during which the parties shall continue to evaluate the benefits, effectiveness, governance and operational efficiency of the Authority. During its first six (6) months of existence, the Authority shall develop a Strategic Plan for the Transition Period which addresses the provision of services by the Authority to the Service Area. The Strategic Plan shall be updated yearly so that the Authority shall have in place a five (5) year planning period. The Strategic Plan shall be submitted to the District and the City for their approval.

ARTICLE XV: TERM

The term of this Intergovernmental Agreement shall be for a period of five (5) years beginning on January 1, 2012, through December 31, 2017, and thereafter shall automatically renew on January 1 of the following year unless terminated pursuant to Section 9.1.

ARTICLE XVI: APPROPRIATION

To the extent this Intergovernmental Agreement constitutes a multiple fiscal year debt or financial obligation of the City and/or of the District, it shall be subject to annual appropriation pursuant to the City of Loveland Municipal Charter Section 11-6, any applicable District rule or regulation, and Article X, Section 20 of the Colorado Constitution. Neither party shall have any obligation to continue this Intergovernmental Agreement in any fiscal year in which no such appropriation is made.

ARTICLE XVII: ANNUAL REPORT

The Authority shall provide an Annual Report to the District and the City on or before May 1 of each year reporting financial and operational activities of the Authority during the previous year. The Authority shall also provide any periodic reports to the District and the City which the Authority deems necessary and provide any information or reports requested by either or both of the entities.

ARTICLE XVIII: MISCELLANEOUS PROVISIONS

Section 18.1 Notices

Any notice required hereunder shall be in writing and shall be sufficient if deposited in the United States mail, postage prepaid to:

CITY: City of Loveland
Attention: City Manager
500 East 3rd Street
Loveland, CO 80537

DISTRICT: Loveland Rural Fire Protection District
Attention: President
1423 West 29th Street
Loveland, CO 80538

Section 18.2 Consent

Whenever any provision of this Agreement requires consent or approval of the parties hereto, the same shall not be unreasonably withheld.

Section 18.3 Amendments

This Agreement may be amended in writing, as required, by the parties hereto in furtherance of the purposes of this Agreement.

Section 18.4 Severability

In the event any provision of this Agreement is determined to be illegal or invalid for any reason, all other provisions of this Agreement shall remain in full force and effect unless and until otherwise determined. The illegality of any provision of this Agreement shall in no way affect the legality and enforceability of any other provision of this Agreement.

Section 18.5 Successors

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties.

Section 18.6 Assignment and Delegation

A party shall neither assign any of the rights nor delegate any of the duties created by this Agreement without the written consent of the other party.

Section 18.7 Governmental Immunity

The City and/or the District, its officers, agents, employees, and volunteers are relying on and do not intend to waive or waive by any provisions of this Agreement, the monetary limitations presently \$150,000 per person and \$600,000 per occurrence or any other rights, immunities or protections of the Colorado Governmental Immunity Act, Section 24-10-101 et seq, C.R.S., as amended or otherwise available to the City and/or the District, its officers, agents, employees, and/or volunteers.

Section 18.8 Indemnification

The Authority shall indemnify and hold harmless the City and/or the District, and its officers, insurers, volunteers, representatives, agents, employees, and other assigns from and against all claims, liability, damages, losses, expenses, and demands, including attorney's fees on account of injury, loss, or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, which arise out of the negligent act, omission, error, professional error, mistake, negligence, or other negligent fault of Authority, any subcontractor of Authority, or any officer, employee, representative, or agent of Authority, or which arise out of any workmen's compensation claim of any employee of Authority or of any employee of any subcontractor of Authority. In any and all claims against the City and/or the District or any of its officers, insurers, volunteers, representatives, agents, employees or assigns, by

any employee for whose act any of them may be liable, the indemnification obligation under this Section shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Authority or any subcontractor under worker's compensation actions, disability benefit acts or other employee benefit acts. In the event it becomes necessary for the City and/or the District to bring any action to enforce any provision of this Indemnity or to recover any damages the City and/or District may incur as a result of the breach of this Indemnity, and the City and/or District prevails in such litigation, the Authority shall pay the City and/or District its reasonable attorney's fees as determined by the court.

Section 18.9 Third Party Beneficiary

There are no intended third party beneficiaries to this Agreement.

CITY OF LOVELAND

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

LOVELAND RURAL FIRE PROTECTION
DISTRICT

By: _____

ATTEST:

EXHIBIT A

The allocation of payment of the cost and expenses of the Authority are as follows:

City of Loveland	82%
Loveland Rural Fire Protection District	18%

This ratio, known as the revenue allocation formula, is based primarily on the call volume, or the amount of resources and time being expended in the city and the rural district for calls for service. Studies have shown that since 1990, the percentages of calls in the city has steadily increased, while the calls in the rural district have steadily decreased in number to where they are today.

This revenue allocation formula will be reviewed annually for its accuracy and applicability based on any demographic changes within the City and the Rural District.

EXHIBIT B

2011 Indirect Costs for Fire Authority Model

Cost to be Allocated	2011 Original Adopted Budget	Basis of Allocation		Calculation
City Manager's Office	448,680	30% addressing council other 70% split evenly between 14 departments (70/14 depts.=5)	5% of 70%	15,704
City Attorney	848,010	Estimated % of Time	14 hours a month M.G. & J. D. or 168 hrs./4160=4%	33,920
Budget	148,000	% Fire of Total Budget excluding transfers	4%	5,920
Accounting/Purchasing	807,810	% Fire of Total Budget excluding transfers	4%	32,312
Human Resources	1,004,320	Number of benefited full and part time fire department employees to total employees (does not include benefits allocation because that is directly charged to the depts..)	61 of 692 or 8.8%	88,380
IT Programming & Networks	1,151,630	Estimated Time for Programmer (could be an unusual occurrence since there was a software installation in 2007)	40% of K.S.	36,493
IT Support Services	1,487,500	Number of peripherals (laptops, printers, PC's)	14 printers and 44 PC's out of total 915 in the city for 6%	89,250
Facilities		Total square feet for all stations (includes cap replacement)	59,710 sq. ft. at 5.45/sq. ft.	325,420
Dispatch	1,612,270	Call volume	10%	161,227
		Total Cost of Administrative Services to the Fire Department		788,626

\$7,837,730 Total 2011 Fire Department Budget including Capital indirect costs as a percentage of total Fire Department Budget w/Capital 10.1%

\$7,590,470 Total 2011 Fire Department Budget w/o Capital indirect costs As a percentage of total Fire Department Budget w/o Capital 10.4%

EXHIBIT C

(See Next Page)

**Fire Authority
Board/City Manager**

**Fire
Chief**

Fire Chaplin

**Big Thompson
Canyon Chief**

B.T. Canyon
Volunteers

**Division Chief
Operations**

Training
BC
Training
Volunteer

BC Shift
A
Captain

BC Shift
B
Captain

BC Shift
C
Captain

5 Station
Lts.

5 Station
Lts.

5 Station.
Lts.

Sta. Eng.
/FFs

Sta. Eng.
/FFs

Sta. Eng.
/FFs

PT Paid
& Vol.
FF's

PT Paid
& Vol.
FF's

PT Paid
& Vol.
FF's

**Division Chief
Community
Safety**

Business
Coordinator

Office
Sup. Spec.

Fire Photographer

Dep. Fire
Marshal

Dep. Fire
Marshal

Assistant
Emergency
Manager

Prev. Part
Time Plans
Reviewer

EXHIBIT D

The Authority shall provide and maintain the following insurance coverage during the term of this Agreement:

a. Comprehensive General Liability Insurance. The Authority shall procure and keep in force during the duration of this Agreement a policy of comprehensive general liability insurance insuring The Authority and naming the District and the City as additional insureds against any liability for personal injury, bodily injury, or death with at least One Million Dollars (\$1,000,000) each occurrence.

b. Comprehensive Automobile Liability Insurance. The Authority shall procure and keep in force during the duration of this Agreement a policy of comprehensive automobile liability insurance insuring the Authority and naming the District and the City as additional insureds against any liability for personal injury, bodily injury, or death arising out of the use of motor vehicles and covering operations on or off the site of all motor vehicles controlled by the Authority which are used in connection with the Project, whether the motor vehicles are owned, non-owned, or hired, with a combined single limit of at least One Million Dollars (\$1,000,000).

c. Terms of Insurance.

(i) Insurance required by this Agreement shall be with companies qualified to do business in the State of Colorado with a general policyholder's financial rating of not less than A+3A as set forth in the most current edition of "Best's Insurance Reports" and may provide for deductible amounts as The Authority deems reasonable. No such policies shall be cancelable or subject to reduction in coverage limits or other modification except after thirty (30) days prior written notice to the District and the City. The Authority shall identify whether the type of coverage is "occurrence" or "claims made." If the type of coverage is "claims made," which at renewal the Authority changes to "occurrence," the Authority shall carry a six (6)-month tail. The Authority shall not do or permit to be done anything that shall invalidate the policies.

(ii) The policies described in subparagraphs a. and b. above shall be for the mutual and joint benefit and protection of the Authority and the District and the City. Such policies shall provide that the District and the City, although named as additional insureds, shall nevertheless be entitled to recovery under said policies for any loss occasioned to it, its officers, employees, and agents by reason of negligence of the Authority, its officers, employees, agents, subcontractors, or business invitees. Such policies shall be written as primary policies not contributing to and not in excess of coverage the District and the City may carry.

(iii) The Authority may provide for the insurance coverage partially or wholly by means of a self insurance pool.

d. Workers' Compensation and Other Insurance. During the term of this Agreement, the Authority shall procure and keep in force workers' compensation insurance and all other insurance required by any applicable law.

e. Evidence of Coverage. The Authority shall furnish to the District and the City certificates of insurance policies evidencing insurance coverage required by this Agreement.



AGENDA ITEM: 2
MEETING DATE: 7/26/2011
TO: City Council
FROM: Greg George, Development Services
PRESENTER: Mike Scholl, Senior Planner

TITLE: Pulliam Building Capital Campaign

DESCRIPTION:

The Center of Loveland (COL) led by Norm Rehme has approached the Council with a proposal to lease the Pulliam Community Building from the City in exchange for participation in a capital campaign to renovate the building. The study session is intended to review the proposal and provide direction to staff on next steps.

BUDGET IMPACT:

● No

The COL is not asking for funding at this time, but is seeking participation in a capital campaign.

SUMMARY:

COL is seeking the opportunity to present their proposal to operate the Pulliam Community Building under a lease agreement with the City in exchange for participation in a capital campaign.

Staff is seeking some consensus from Council on the following:

1. Work with the COL to develop a formal business plan for operating the Pulliam Community Building.
 2. Engage in further negotiations with the COL to lease and operate the Pulliam Community Building with the goal of bringing back a full proposal for Council consideration.
-

LIST OF ATTACHMENTS:

1. Staff Report
 2. 1936 Pulliam Building Agreement
-

RECOMMENDED CITY COUNCIL ACTION:

Consideration of the consensus item listed above.

REVIEWED BY CITY MANAGER:



Community & Strategic Planning

500 East Third Street, Suite 310 • Loveland, CO 80537
 (970) 962-2607 • Fax (970) 962-2945 • TDD (970) 962-2620
www.cityofloveland.org

Memorandum

To: City Council
Through: Rod Wensing, Deputy City Manager
From: Mike Scholl, Senior Planner
Date: July 18, 2011
RE: Staff Report/Pulliam Building Capital Campaign

Background:

Norm Rehme on behalf of the Center of Loveland (COL) non-profit approached the City with a proposal to operate the Pulliam Community Building under a lease agreement in exchange for support for a Pulliam Capital Campaign. The building is owned and operated by the City and generates the following revenue, expenses and rental rates:

Item	Revenue
Catering Kitchen Rental	\$4,320 (\$360/month)
Room Rental	\$10,200 (2010 actual)
TOTAL	\$14,520

Item	Expenses
Operations/Maintenance	\$37,147 (2010 actual)
Other Soft Costs*	\$25,000
TOTAL	\$62,147

Room	Use Fees	Damage Deposit	Non-Profit Rate
Community Room	\$30	\$50	\$19.50
Room #1	\$25	\$25	\$16.25
Room #2	\$25	\$25	\$16.25
Auditorium	\$90 (2 hrs) \$200 (Day)	\$50	\$58.50 \$130

*estimated costs of staff time for repairs, bookings, set up, tear down and other event support.

Historic Agreement:

The property was given to the City under a 1936 agreement, which may still be legally enforceable. Under the agreement, the City is obligated to use the building for “community purposes,” and that the City will “properly maintain and operate the building.”

The agreement states that the City has “a right to charge a reasonable rental fee for the use of the building,” but it “shall not exceed the amount necessary for upkeep and maintenance.” According to the agreement, if the City does not meet its obligations the property could be transferred to the school district or it may revert to the Pulliam heirs.

SHF Grant:

In August, the City will submit a grant application to the State Historic Fund for a Structural Assessment Grant totaling \$14,715. The structural assessment grant will pay for architects and engineers to review the condition of the building in detail and make recommendations. It will allow us to confirm the veracity of the current cost estimate for rehabilitation provided by COL of \$2.9 million.

The structural assessment grant would also open the opportunity to apply for additional SHF grant funds in the future. To qualify for additional funding, the building would need to be added to the local, state or federal historic registries.

Proposal:

The proposal calls for the City participating in a Capital Campaign in exchange for the COL operating and maintaining the Pulliam Community Building. The COL will be looking for a commitment of \$1 to \$1.5 million. To date, COL has cash and other commitments that total about \$200,000. The COL is requesting a ten year renewable lease and some front end operating support to help them get off the ground.

Options:

1. Maintain Current Structure:

The City is spending approximately \$50,000-\$60,000 per year to operate and maintain the facility. Even if proposed rate increases were to be approved, the total revenue from the building is unlikely to cover the full cost of operating the facility.

2. Close the Facility/Transfer to School District:

The City could close the facility entirely, which may subject the City to legal action by the Pulliam heirs under the 1936 agreement. It would also lose an affordable meeting space for the community.

3. *Partner with COL to operate the facility:*

The proposal by COL would offer annual savings to the City, but it would require a significant capital investment. Also, a fully functional Pulliam Community Building would bring more people to Downtown and add to the ongoing revitalization effort.

Council Request:

Staff is seeking some consensus from Council on the following:

1. Work with the COL to develop a formal business plan for operating the Pulliam Community Building.
2. Engage in further negotiations with the COL to lease and operate the Pulliam Community Building with the goal of bringing back a full proposal for Council consideration.

AGREEMENT.

This agreement made and entered into this sixth day of October, 1936, by and between the City of Loveland, Colorado, a municipal corporation, party of the first part, hereinafter called the City, and D. T. Pulliam and L. B. Pulliam, parties of the second part, is upon the following terms and conditions, to-wit:

WHEREAS the citizens of Loveland and the surrounding community are in need of a general meeting place or community building;

AND WHEREAS the second parties have lived in this community for a number of years and are interested in the needs of the community, and desire the erection of a suitable building for use for community purposes, and feel it to be a worthy community project;

AND WHEREAS the second parties are willing to contribute certain money and property to insure the construction of such a building;

AND WHEREAS the City is willing to construct, operate and maintain the said building,

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

The parties of the second part agree to pay to the City, upon assurance of the building being constructed, the sum of Twenty Thousand (\$20,000.00) Dollars incash, and further agree to convey to the City the South Seventy (70) feet of Lots One (1), Two (2), Three (3), Four (4), Five (5) and Six (6), Block Eleven (11), in the City of Loveland, Colorado; said conveyance to contain suitable restriction clauses to the effect that said property is to be used solely for community purposes and should said premises be used for any other purpose, then the title to revert to the Board of Education of School District No. 2, Larimer County, Colorado, its successors, and said deed also is to contain a provision that the North wall of any building erected thereon may be used by the First Baptist Church.

Upon receipt of said conveyance and the said sum of Twenty Thousand (\$20,000.00) Dollars, the City hereby agrees to erect or cause to be erected on said premises a suitable building containing an auditorium, meeting rooms

in the basement and other rooms and meeting halls substantially in accordance with the preliminary sketch which has been submitted by the architect to the parties of the second part and approved by them as to the general outline of said building.

The City further agrees to properly furnish and equip said building with suitable and adequate furniture and furnishings of the best grade materials; the auditorium to be adequately furnished with first class equipment and merchandise, to be seated with stationary individual opera chairs; and the City further agrees that when said building is completed, furnished and equipped, it will be suitable and satisfactory as a place for community meetings.

The City further agrees that when said building is completed, it will properly maintain and operate said building and the various parts thereof and will allow the same to be used for community purposes only; the term "community purposes" is intended to include religious, educational, agricultural, musical and civic meetings and gatherings, as well as conventions and assemblies and said term shall be construed to mean any legitimate purposes that would be for the uplift and benefit of the community or a substantial part of the citizens of the community. In case the City should fail to carry out this stipulation that the community halls and auditorium be used for community purposes only, and the property should revert to the Board of Education of School District No. 2 of Larimer County, Colorado, then and in that case said Board of Education shall carry out the stipulations of this agreement that the building shall be used for community purposes only.

It is mutually understood and agreed that nothing herein shall be construed to deny to the City the right to charge a reasonable rental fee for the use of said building or any part thereof; it is understood, however, that these rental fees shall not exceed the amount necessary for upkeep and maintenance.

It is further mutually understood and agreed that it is contemplated that a part of the building to be erected is to be used for City offices and nothing in this agreement shall be construed to prohibit the use of said

building for City offices and display rooms; provided that such use shall in no event interfere with the use of the community halls or meeting places therein including the auditorium and basement.

The City further agrees that upon acceptance of the money and property of the second parties above referred to, it will use due diligence in the construction, equipment and furnishing of said building in order that the same may be completed and available for use at the earliest possible time.

The City further agrees that said building will be of good, safe and sound construction, showing first class workmanship, the auditorium accoustics to be good and satisfactory, and when completed and furnished, the same will be suitable, practical and adequate for the purposes herein contemplated, including an auditorium on the upper floor and a dining hall and meeting halls in the basement beneath the auditorium.

The City further agrees to allow no use of said auditorium which will be of such a nature as to damage or injure said auditorium, its furniture, fixtures and equipment. Said auditorium shall be used for no purpose which necessitates the removal of the chairs.

It is mutually understood and agreed that this agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this agreement the day and year first above written.

CITY OF LOVELAND, COLORADO,
a municipal corporation.
Party of the First Part.

By L. B. Hamilton
Mayor

ATTEST:

W. J. Anderson
City Clerk

J. H. Sullivan

J. H. Sullivan
Parties of the Second Part.