



# CITY OF BAYPORT

294 NORTH 3<sup>RD</sup> STREET  
BAYPORT, MN 55003

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## NOTICE OF CITY COUNCIL WORKSHOP

**\*\*\* Please note: There will be no public comment taken at the workshop. \*\*\***

NOTICE IS HEREBY GIVEN that the City Council will hold a workshop at Bayport City Hall on Monday, February 6, 2023, at 4:00 p.m. The purpose of the workshop is to discuss the city's fire service contract and proceeding with a land appraisal for a potential project with the Washington County Clean Water, Land and Legacy program.

Matt Kline, Interim City Administrator



CITY OF BAYPORT  
294 NORTH THIRD STREET  
BAYPORT, MINNESOTA 55003  
PHONE 651-275-4404 FAX 651-275-4411

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Date: January 23, 2023  
To: Mayor and City Council  
From: Matt Kline, Interim City Administrator  
RE: Fire Service Agreement Review and Proposal

### ***BACKGROUND***

On February 11, 2015, Bayport, Oak Park Heights, West Lakeland, and Baytown entered into a 15-year service agreement for fire protection services. Prior to this, the service agreement had been renewed on an annual basis. The primary reason for the change was the construction of the new fire station now located at 5<sup>th</sup> Ave. N. and Stagecoach Tr. A formal agreement to incorporate the payments associated with the fire station was integrated into the service agreement and the bond repayment period necessitated a 15-year agreement.

The primary focus of discussion relates to the maximum annual budget increases at 3%. The base year for this formula started with the 2015 budget year. Hind sight is obviously 20/20 when it comes to financial situations, but as it turns out, the base budget year that was used for planning purposes lacked foresight for numerous future financial expenditures, as follows:

1. Fire Relief Association funds – The fire relief is a retirement fund for the members that is a separate entity governed by the Fire Relief Association board. These funds should not have been included in the Fire Department operating budget, as it is just a pass through for funding the retirement fund. This issue will be explained in further detail when discussing the current budget and the calculation of the fair share agreement for each community.
2. Inflation – Inflation for operating costs has exceeded the 3% maximum increase that is allowed within the agreement.
3. Equipment replacement – The 2015 base budget significantly underbudgeted for future vehicle equipment replacement. A replacement plan was not developed to identify a replacement schedule when the service agreement was instituted.
4. New fire station operating costs – The 2015 base budget underbudgeted for operating costs, such as heating, cooling, and other mechanical related amenities.
5. Full time staffing – The 2015 base budget did not account for the potential need for full-time Fire Department staff in the future.
6. Subsidizing equipment replacement fund – Bayport is currently subsidizing the Fire Department operating budget by budgeting additional funds in the city's general fund budget for equipment replacement above and beyond our fair share allocation. Without setting aside additional funding, the department would not be able to keep up with future equipment replacement.

The city has met with the partner service communities multiple times since the funding shortfalls were identified in 2018. West Lakeland and Baytown have been receptive to increasing their budget allocations to help cover a portion of the funding shortfalls. In 2019, Bayport began reallocating a portion of the fire relief funds from the Fire Department operating budget. This resulted in a greater than 3% increase in the operating budget because

the fair share formula subtracts the relief funds out of the operating budget. West Lakeland and Baytown have subsequently increased their funding contribution.

Oak Park Heights, while not entirely opposed to changes to the service agreement, has not increased their funding since the reallocation in 2019. They have asked Bayport to develop a formal proposal for consideration, which will be discussed in detail at the February 6 City Council workshop (proposal will be provided by email through Conflict Attorney John Thames). City staff has included two spreadsheets (2015-2023 Expenses, Budget Year 2023-Fair Share Formula) to provide some of the background budget issues that are covered above. City staff will also provide other spreadsheets at the workshop that correlate to the proposal letter to reinforce the items discussed within the letter. Discussion will also focus on the ramifications of keeping the status quo and finishing out the service agreement without an amendment or alternative solution. The city has retained the services of attorney John Thames of CC & S Attorneys At Law due to a conflict with Eckberg Lammers representing Oak Park Heights. John Thames will be present at the workshop to summarize the proposal and process moving forward.

### ***RECOMMENDATION***

Staff recommends the City Council provide direction on the proposal, which would be presented to West Lakeland, Baytown, and Oak Park Heights as an alternative to the current service agreement.



# City of Oak Park Heights

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May 13, 2022

Mr. Adam Bell  
City Administrator, City of Bayport  
294 3<sup>rd</sup> St N  
Bayport, MN 55003

Dear Adam:

Thank you for the budget information that you supplied per our request. With review of the data, we understand that the City of Bayport may face some financial challenges in the funding of the services and equipment as committed to. These challenges stem from many factors and requires a reasonable exploration of solutions for both the long and short term if we all believe we have a common interest and are willing to more equitably share that burden.

With that perspective in mind a concept that a consideration of a singular solution – such as member entities contributing additional funds to Bayport beyond the scope of the current 15-year agreement may be shortsighted and ultimately inequitable.

Therefore, in order to best facilitate a valuable discussion our City asks that:

1. Bayport first provide a written proposal as what specifically Bayport may be seeking from the City of Oak Park Heights and the other communities;
2. Please outline if the City of Bayport is willing (or not willing) to engage in a process that commits to exploring all alternatives towards providing fire services to our greater community including the engaging of a consultant to foster an impartial discussion and process as to what this might look like in the coming decades. This should include but not be limited to concepts of funding, personnel, management, equity, etc.

If the City of Bayport does not have an interest in providing this written proposal, nor is willing to commit to the exploration of alternatives; it certainly would limit the value of gathering again and the City must at least consider that its best interest may be to complete the present contract as is.

Please let Betty Caruso know if you have any questions or comments at this time otherwise we look forward to Bayport's responses regarding the above two inquiries.

Sincerely,

Subcommittee Members:

Mary McComber, Mayor

Mike Liljegren, Council Member

Betty Caruso, Finance Director

Steve Hansen, Chief of Police

**BUDGET YEAR 2023**

FAIR SHARE FORMULA							
= COST X % USE + % OF TOTAL VALUE							
	TAX CAPACITY VALUE (2022)					%	
	(Per Washington County Web Site)					OF TOTAL	
	Estimate						
Bayport	\$	4,366,300.00					13.43%
Oak Park Heights	\$	14,783,881.00					45.49%
Baytown Township	\$	5,154,068.00					15.86%
West Lakeland Twp.	\$	8,198,292.00					25.22%
<b>TOTAL</b>	\$	32,502,541.00					100.00%

  

<u>ANNUAL FIRE AND RESCUE RUNS</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>AVG</u>	<u>% OF TOTAL</u>
Bayport	250	216	238	216	240	232	20.71%
Oak Park Heights	824	743	740	481	464	650	58.07%
Baytown Township	79	71	35	58	70	63	5.59%
West Lakeland Twp.	164	180	197	171	163	175	15.63%
<b>TOTAL</b>	1317	1210	1210	926	937	1120	100.00%

	Total:	Fire Relief:	Bill out:				
<b>2023 Budget for Fire Department =</b>	<b>\$ 622,751.00</b>	<b>\$ 35,000.00</b>	<b>\$ 587,751.00</b>				
	BAYPORT	OAK PARK HEIGHTS	BAYTOWN TOWNSHIP	WEST LAKELAND			
ASSESSED VALUE	13.43%	45.49%	15.86%	25.22%			
% OF USE	20.71%	58.07%	5.59%	15.63%			
	34.15%	103.56%	21.45%	40.85%			
DIVIDED BY 2	17.07%	51.78%	10.72%	20.42%			100.00%
FAIR SHARE =	\$ 100,353	\$ 304,328	\$ 63,027	\$ 120,044	<b>Curr</b>	\$	587,751
<b>REVENUE =</b>	<b>\$ 487,398</b>	\$ 94,028	\$ 301,620	\$ 59,839	\$ 114,146	<b>Prev</b>	
	6.73%	0.90%	5.33%	5.17%	<b>% Ch</b>		
	\$ 6,325	\$ 2,708	\$ 3,187	\$ 5,898	<b>Diff</b>		

**2015-2023 Expenses**

	2015 Amended	2015 Actual	2016 Adopted	2016 Actual	2017 Adopted	2017 Actual	2018 Adopted	2018 Actual	2019 Adopted	2019 Actual	2020 Adopted	2020 Actual	2021 Adopted	2021 Actual	2022 Adopted	2023 Adopted
<b>FIRE</b>																
WAGES AND SALARIES	\$ 22,300	\$ 26,382	\$ 22,300	\$ 106,093	\$ 27,100	\$ 27,964	\$ 29,100	\$ 27,579	\$ 37,600	\$ 34,894	\$ 38,728	\$ 46,837	\$ 39,890	\$ 37,661	\$ 41,087	\$ 42,320
DRILL, FIRE, MEDICAL RUNS	\$ 135,000	\$ 152,083	\$ 135,000	\$ 66,285	\$ 141,500	\$ 159,894	\$ 141,500	\$ 141,823	\$ 148,000	\$ 162,918	\$ 152,440	\$ 113,546	\$ 157,000	\$ 132,862	\$ 149,000	\$ 155,470
FICA	\$ 9,750	\$ 18,855	\$ 10,043	\$ 10,513	\$ 10,336	\$ 11,343	\$ 10,700	\$ 10,215	\$ 11,510	\$ 11,936	\$ 11,610	\$ 8,421	\$ 12,207	\$ 10,001	\$ 11,785	\$ 12,263
WORKERS COMP	\$ 16,215	\$ 15,456	\$ 16,701	\$ 18,449	\$ 17,187	\$ 22,480	\$ 25,297	\$ 23,277	\$ 25,297	\$ 24,326	\$ 25,297	\$ 24,178	\$ 26,565	\$ 32,252	\$ 31,734	\$ 25,655
MEDICARE	\$ 1,965	\$ 2,539	\$ 2,024	\$ 2,459	\$ 2,124	\$ 2,653	\$ 2,500	\$ 2,389	\$ 2,500	\$ 2,792	\$ 2,500	\$ 1,970	\$ 2,855	\$ 2,554	\$ 2,756	\$ 2,868
OFFICE SUPPLIES	\$ 1,000	\$ 1,176	\$ 1,000	\$ 841	\$ 1,000	\$ 171	\$ 900	\$ 993	\$ 750	\$ 635	\$ 775	\$ 335	\$ 800	\$ 493	\$ 800	\$ 500
UNIFORMS	\$ 10,000	\$ 5,557	\$ 10,000	\$ 7,884	\$ 10,300	\$ 14,124	\$ 11,000	\$ 9,398	\$ 11,000	\$ 2,913	\$ 35,500	\$ 27,699	\$ 23,900	\$ 26,589	\$ 24,600	\$ 24,750
MOTOR FUEL	\$ 13,000	\$ 9,116	\$ 13,000	\$ 7,955	\$ 13,000	\$ 8,004	\$ 9,750	\$ 11,536	\$ 10,000	\$ 10,056	\$ 10,250	\$ 6,567	\$ 10,600	\$ 9,434	\$ 10,800	\$ 11,800
MATERIALS/PROGRAMS	\$ 3,250	\$ 6,502	\$ 3,250	\$ 11,326	\$ 3,250	\$ 4,676	\$ 3,000	\$ 1,640	\$ 3,000	\$ 2,184	\$ 3,000	\$ 900	\$ 3,000	\$ 2,257	\$ 3,100	\$ 2,500
OPERATING SUPPLIES	\$ 3,400	\$ 2,292	\$ 3,400	\$ 3,050	\$ 2,500	\$ 3,225	\$ 2,800	\$ 2,547	\$ 2,800	\$ 2,214	\$ 2,900	\$ 3,288	\$ 3,000	\$ 2,329	\$ 3,100	\$ 2,700
SMALL TOOLS	\$ 12,500	\$ 9,843	\$ 12,750	\$ 12,802	\$ 13,000	\$ 4,680	\$ 13,000	\$ 7,792	\$ 13,000	\$ 4,810	\$ 13,500	\$ 14,369	\$ 14,000	\$ 13,564	\$ 14,300	\$ 14,750
PROF SER-OTHER	\$ 6,000	\$ 1,880	\$ 6,000	\$ 6,327	\$ 10,000	\$ 9,166	\$ 16,583	\$ 11,727	\$ 16,000	\$ 13,037	\$ 19,150	\$ 8,510	\$ 20,250	\$ 9,520	\$ 20,500	\$ 18,000
COMMUNICATIONS	\$ 4,000	\$ 3,687	\$ 4,000	\$ 6,551	\$ 4,000	\$ 2,697	\$ 4,000	\$ 4,250	\$ 4,000	\$ 3,618	\$ 4,250	\$ 3,666	\$ 4,250	\$ 4,194	\$ 4,850	\$ 4,500
RADIO REPAIR	\$ 4,300	\$ 733	\$ 4,300	\$ 2,645	\$ 4,500	\$ 10,409	\$ 4,500	\$ 2,715	\$ 4,500	\$ 2,461	\$ 4,650	\$ 4,993	\$ 4,800	\$ 618	\$ 4,800	\$ 4,850
P&L INSURANCE	\$ 16,502	\$ 14,411	\$ 17,167	\$ 13,974	\$ 17,832	\$ 14,960	\$ 17,471	\$ 15,031	\$ 17,995	\$ 15,571	\$ 17,995	\$ 16,579	\$ 17,000	\$ 16,167	\$ 16,950	\$ 20,600
ELECTRIC SERVICE	\$ 4,500	\$ 4,120	\$ 5,000	\$ 1,913	\$ 4,000	\$ 13,487	\$ 6,000	\$ 12,104	\$ 7,250	\$ 11,056	\$ 7,375	\$ 13,773	\$ 7,675	\$ 13,043	\$ 13,500	\$ 13,500
FUEL FOR HEAT	\$ 5,500	\$ 4,919	\$ 6,000	\$ 2,406	\$ 5,500	\$ 4,754	\$ 6,600	\$ 3,613	\$ 6,600	\$ 2,897	\$ 6,800	\$ 3,743	\$ 7,075	\$ 5,162	\$ 5,250	\$ 5,500
SHARED AUTOMATION	\$ 16,500	\$ 14,379	\$ 16,500	\$ 14,113	\$ 16,500	\$ 17,315	\$ 16,500	\$ 6,489	\$ 16,500	\$ 13,909	\$ 16,650	\$ 13,896	\$ 16,650	\$ 14,503	\$ 14,000	\$ 13,600
CONFERENCES/SCHOOLS	\$ 13,000	\$ 14,518	\$ 13,000	\$ 13,588	\$ 13,000	\$ 19,387	\$ 13,500	\$ 7,332	\$ 13,500	\$ 20,320	\$ 16,500	\$ 6,925	\$ 16,995	\$ 7,995	\$ 16,995	\$ 17,250
REPAIR/MAINT VEHICLES	\$ 40,000	\$ 32,231	\$ 40,000	\$ 26,510	\$ 40,000	\$ 21,589	\$ 15,000	\$ 15,297	\$ 15,000	\$ 27,827	\$ 16,250	\$ 18,055	\$ 24,650	\$ 27,287	\$ 24,650	\$ 24,950
REPAIR/MAINT OFFICE EQUIP	\$ 3,250	\$ 4,934	\$ 3,250	\$ 3,195	\$ 3,250	\$ 3,311	\$ 2,500	\$ 11,902	\$ 2,500	\$ 4,277	\$ 2,650	\$ 8,190	\$ 2,650	\$ 6,817	\$ 2,650	\$ 2,500
REPAIR/MAINT BLDGS AND EQUIP	\$ 3,000	\$ 6,058	\$ 3,000	\$ 4,952	\$ 3,000	\$ 6,223	\$ 4,000	\$ 3,845	\$ 3,500	\$ 11,506	\$ 3,650	\$ 6,812	\$ 3,850	\$ 9,649	\$ 9,700	\$ 9,800
EQUIPMENT RENTAL	\$ 1,000	\$ -	\$ 1,000	\$ 529	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ 1,000
DUES/MEMBERSHIPS	\$ 1,000	\$ 456	\$ 1,000	\$ 587	\$ 1,000	\$ 742	\$ 1,000	\$ 1,149	\$ 1,000	\$ 475	\$ 1,000	\$ 1,285	\$ 1,000	\$ 100	\$ 1,100	\$ 1,150
TRSF OUT/EQUIP REPLACEMENT	\$ 70,000	\$ 70,000	\$ 75,000	\$ 75,000	\$ 80,000	\$ 80,000	\$ 108,000	\$ 108,000	\$ 128,000	\$ 128,000	\$ 115,500	\$ 115,500	\$ 130,000	\$ 130,000	\$ 140,000	\$ 154,250
TRSF OUT/MUNI BUILDINGS	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ 375	\$ 375	\$ 400	\$ 500
CAPITAL OUTLAY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,884	\$ -	\$ 59,134	\$ -	\$ 712,498	\$ -	\$ 1,800	\$ -	\$ 55,236	\$ -	\$ -
OFFICE EQUIPMENT	\$ 2,000	\$ 1,275	\$ 9,000	\$ 15,273	\$ 4,000	\$ 252	\$ 1,000	\$ -	\$ 500	\$ 51	\$ -	\$ -	\$ -	\$ 3,220	\$ 225	\$ 225
COVID CARES ACT ELIGIBLE EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,090	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXCLUDING RELIEF FUNDS</b>	<b>\$ 421,432</b>	<b>\$ 425,902</b>	<b>\$ 436,185</b>	<b>\$ 437,720</b>	<b>\$ 451,379</b>	<b>\$ 520,890</b>	<b>\$ 467,201</b>	<b>\$ 504,277</b>	<b>\$ 503,302</b>	<b>\$ 1,227,181</b>	<b>\$ 529,920</b>	<b>\$ 595,927</b>	<b>\$ 552,037</b>	<b>\$ 573,882</b>	<b>\$ 569,633</b>	<b>\$ 587,751</b>
RELIEF FUNDS (partial amount post-2018)	\$ 70,000	\$ 98,409	\$ 70,000	\$ 99,576	\$ 70,000	\$ 99,881	\$ 70,000	\$ 101,836	\$ 50,000	\$ 50,000	\$ 40,000	\$ 40,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
<b>DEPARTMENT TOTAL</b>	<b>\$ 491,432</b>	<b>\$ 524,311</b>	<b>\$ 506,185</b>	<b>\$ 537,296</b>	<b>\$ 521,379</b>	<b>\$ 620,771</b>	<b>\$ 537,201</b>	<b>\$ 606,113</b>	<b>\$ 553,302</b>	<b>\$ 1,277,181</b>	<b>\$ 569,920</b>	<b>\$ 635,927</b>	<b>\$ 587,037</b>	<b>\$ 608,882</b>	<b>\$ 604,633</b>	<b>\$ 622,751</b>
<b>ADDITIONAL CAPITAL EQUIPMENT FUNDING</b>	<b>\$ 40,000</b>	<b>\$ 40,000</b>	<b>\$ 40,000</b>	<b>\$ 40,000</b>	<b>\$ 40,000</b>	<b>\$ 40,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 80,000</b>	<b>\$ 80,000</b>	<b>\$ 92,500</b>	<b>\$ 92,500</b>	<b>\$ 118,500</b>	<b>\$ 118,500</b>	<b>\$ 263,000</b>	<b>\$ 180,750</b>
<b>TOTAL CAPITAL EQUIPMENT FUNDING</b>	<b>\$ 110,000</b>	<b>\$ 110,000</b>	<b>\$ 115,000</b>	<b>\$ 115,000</b>	<b>\$ 120,000</b>	<b>\$ 120,000</b>	<b>\$ 208,000</b>	<b>\$ 208,000</b>	<b>\$ 208,000</b>	<b>\$ 208,000</b>	<b>\$ 208,000</b>	<b>\$ 208,000</b>	<b>\$ 248,500</b>	<b>\$ 248,500</b>	<b>\$ 403,000</b>	<b>\$ 335,000</b>
ADDITIONAL RELIEF ASSOCIATION STATE AID	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 54,670	\$ 59,900	\$ 71,324	\$ 64,900	\$ 64,900	\$ 80,989	\$ 84,000
<b>TOTAL RELIEF FUNDS</b>	<b>\$ 70,000</b>	<b>\$ 98,409</b>	<b>\$ 70,000</b>	<b>\$ 99,576</b>	<b>\$ 70,000</b>	<b>\$ 99,881</b>	<b>\$ 70,000</b>	<b>\$ 101,836</b>	<b>\$ 70,000</b>	<b>\$ 104,670</b>	<b>\$ 99,900</b>	<b>\$ 111,324</b>	<b>\$ 99,900</b>	<b>\$ 99,900</b>	<b>\$ 115,989</b>	<b>\$ 119,000</b>
<b>TOTAL OPERATIONAL EXPENSES (EXCLUDING ALL EQUIPMENT REPLACEMENT FUNDS AND RELIEF)</b>	<b>\$ 348,932</b>	<b>\$ 353,402</b>	<b>\$ 358,685</b>	<b>\$ 360,220</b>	<b>\$ 368,879</b>	<b>\$ 383,506</b>	<b>\$ 359,201</b>	<b>\$ 334,643</b>	<b>\$ 375,302</b>	<b>\$ 386,683</b>	<b>\$ 414,420</b>	<b>\$ 478,627</b>	<b>\$ 421,662</b>	<b>\$ 388,271</b>	<b>\$ 429,233</b>	<b>\$ 433,001</b>
<b>TOTAL EXPENSES INCLUDING ALL EQUIPMENT REPLACEMENT FUNDS (EXCLUDING RELIEF)</b>	<b>\$ 461,432</b>	<b>\$ 465,902</b>	<b>\$ 476,185</b>	<b>\$ 477,720</b>	<b>\$ 491,379</b>	<b>\$ 560,890</b>	<b>\$ 567,201</b>	<b>\$ 604,277</b>	<b>\$ 583,302</b>	<b>\$ 1,307,181</b>	<b>\$ 622,420</b>	<b>\$ 688,427</b>	<b>\$ 670,537</b>	<b>\$ 692,382</b>	<b>\$ 832,633</b>	<b>\$ 768,501</b>
EXPENSES (+/-) - EXCLUDING EQUIPMENT REPLACEMENT FUNDS IN DEPT		\$ (4,470)		\$ (1,535)		\$ (14,627)		\$ 24,558		\$ (11,381)		\$ (64,207)		\$ 33,391	\$ -	\$ -
<b>EXPENSES (+/-) - INCLUDING ALL EQUIPMENT REPLACEMENT FUNDS</b>		\$ (44,470)		\$ (41,535)		\$ (109,511)		\$ (137,076)		\$ (803,879)		\$ (282,597)		\$ (140,345)	\$ (263,000)	\$ (180,750)