

# **Volunteer Fire Relief Association**

## **Joint Powers Subgroup**

Office of the State Auditor

Wednesday, June 24, 2015

1:30 p.m. to 3:30 p.m.

### **Members Present**

Dave Ganfield, Apple Valley Fire Relief Association President

Eric Hedtke, Minnesota Association of Townships Representative

Rebecca Otto, State Auditor

Bruce Roed, State Fire Marshal Division Representative (by phone)

Chris Smith, League of Minnesota Cities Representative

Rachel Thurlow, Legislative Commission on Pensions and Retirement Director

Kevin Wall, Lower Saint Croix Valley Fire Relief Association President

### **Members Excused**

Bruce Hemstad, Bemidji Fire Relief Association Secretary

Nyle Zikmund, Minnesota State Fire Chiefs Association Representative

### **Others Present**

Celeste Grant, Deputy State Auditor/General Counsel

Rose Hennessy Allen, Office of the State Auditor Pension Director

Abigail Mediger, Office of the State Auditor Pension Analyst

Jeff Reed, Office of the State Auditor Supervisor of Special Investigations

Christopher Stack, Office of the State Auditor Pension Intern

The following motion was duly made, seconded, and approved:

RESOLVED to approve the June 16, 2015, Joint Powers Subgroup Meeting Minutes.

#### **I. Call to Order**

Auditor Otto called the meeting to order.

#### **II. Review and Approval of Subgroup Meeting Minutes**

The members reviewed the June 16, 2015, meeting minutes that had been provided in advance. Ganfield made a motion to adopt the minutes that was then adopted unanimously.

#### **III. Review of Subgroup Purpose Statement**

The members reviewed the Subgroup Purpose Statement. Smith mentioned that negative impacts don't only occur during the partial split of a fire department, and can happen when fire departments consolidate, too. Hedtke agreed and added that a joint powers fire department is one fire department, so there are not "fire departments sharing services" as the statement read. The members agreed to continue working on the Purpose Statement and to revisit it at the next meeting.

**IV. Discussion of Subgroup Topic Suggestions**

The members reviewed the generalized list of topic suggestions gathered from the last meeting. It was agreed that the list captured the suggestions made by the group.

**V. Discussion of Issues Regarding a Partial Split of a Fire Department (“Divorce”)**

The members reviewed the summary of identified issues pertaining to the partial split, or “divorce,” of a joint powers fire department. It was acknowledged that issues arising from the partial split of a joint powers fire department are problems for both Metro-Area and Greater Minnesota fire departments.

Dividing fire department assets and equipment was viewed as one of the main issues. The members agreed that if the disposition of assets cannot be agreed upon locally within a specified time period that mediation should be required. The intent of mediation should be serving the best interest of the public and preserving the joint powers entity. An entity withdrawing from the agreement may not receive its full share of assets or equipment if doing so would harm the existing joint powers entity. Referring disagreements to the Board of Mediation for resolution was suggested, as well as making the mediation binding. These suggestions would help to reduce costs for the entities involved and to make for an orderly process.

Smith mentioned that he has seen agreements that establish a minimum period of time before an entity may withdraw from the agreement. This was discussed as a possible best practice recommendation.

Another suggestion was that language should be included either in statute or in the agreement that specifies the agreement continues even if one party withdraws.

The members also discussed the issue of non-vested relief association members losing service credit following the partial split of a joint powers fire department. Otto shared that currently only defined benefit plans have authority to offer combined service pensions. It was agreed that language should be drafted to permit defined contribution plans to offer combined service pensions, too. The members also discussed how joining the Statewide Plan administered by the Public Employees Retirement Association should also be an option. Otto also shared that subdivision 10 of the joint powers statute takes employees into consideration. Something similar could be added as an attempt to avoid harm to firefighters during the dissolution or partial split of a fire department.

**VI. Review of Statutory Definitions of the Term “Municipality”**

Otto explained that the Volunteer Fire Relief Association Working Group discussed the definition of “municipality” in the relief association statutes and thought changes should be made to include joint powers entities. The definition is important when determining who is required to ratify relief association bylaw and benefit level changes, and to pay required contribution amounts.

Generally, the joint powers board serves as the municipality for these purposes, but not all communities are operating that way. For example, some joint powers entities require that all participating municipalities approve relief association bylaw and benefit level changes.

The members agreed that the current definition of “municipality” in chapter 424A is circular and should be updated. The members discussed whether an updated definition needs to include fire districts in addition to joint powers entities. Otto said that additional information on fire districts would be provided to the group at the next meeting. A draft updated definition will also be provided for review at the next meeting. The group agreed that no changes to the definition of “municipality” in chapter 69 are needed.

**VII. Other Business**

There was no other business.

**VIII. Next Meeting**

Monday, July 13, 2015  
1:30 p.m. to 3:30 p.m.  
Office of the State Auditor

**IX. Adjournment**

The meeting was adjourned shortly before 3:30.