

**RESOLUTION**

**A RESOLUTION RECOGNIZING THE IMPENDING CRISIS THAT JEOPARDIZES THE WELLBEING OF ALL HAZELWOOD RESIDENTS DUE TO THE UNSUSTAINABLE FINANCIAL BURDEN IMPOSED ON THE CITY OF HAZELWOOD BY THE ROBERTSON FIRE PROTECTION DISTRICT AND ADOPTING APPROPRIATE MEASURES TO PROTECT THE PUBLIC HEALTH, SAFETY AND WELFARE**

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**WHEREAS**, the City of Hazelwood ("City") and the Robertson Fire Protection District ("District") entered into a contract in 1994 calling for the City to make payments to the District on behalf of the residents of the City that are provided fire and ambulance service from the District; and

**WHEREAS**, City has faithfully made payments to District in accordance with the formula established by the contract; and

**WHEREAS**, District increased its property tax rate by 37%, from \$.91 to \$1.25, even before the contract was implemented in 1995 and has subsequently increased its tax rate to \$2.54, an increase of 179% in just 23 years; and

**WHEREAS**, District has "encumbered" \$3 Million held in its coffers for "future employee costs" and another \$1 Million for unspecified miscellaneous "other future costs" - without showing this accumulated wealth in the required budget; and

**WHEREAS**, District had audited cash reserves equaling 105% of the District's annual operating budget at the end of the 2016 FY though the generally accepted prudent standard reserve for governmental entities is only 25%; and

**WHEREAS**, even excluding these unexplained "future costs" District still held cash reserves equal to 56% of its operating budget at the end of 2016 – more than twice the generally accepted standard; and

**WHEREAS**, District has budgeted an operating surplus of \$441,860 for the 2017 FY, in addition to its outrageous cash reserves; and

**WHEREAS**, City's payments to District have increased from \$1,160,946 in 1995 to \$3,570,062 in 2017, an increase of 206% in the past 23 years; and

**WHEREAS**, City has increased its property tax rate from 31 cents to 99 cents during this period and received voter approval for several new taxes, largely to meet the increased payments to District; and

**WHEREAS**, despite increased tax rates and new tax revenues City has suffered a deficit in 4 of the past 6 years totaling \$1,820,770, resulting in a decrease of cash reserves from 27% to 19% in the past 3 years; and

**WHEREAS**, the City Council recognizes that there is a crisis looming over the people who live and work in Hazelwood because vital City services are put at risk by the unreasonable and excessive fee which City is required to pay District every year; and

**WHEREAS**, for a long time City leaders have warned all who would listen that the current circumstances are untenable and cannot be sustained; and

**WHEREAS**, despite repeated efforts to persuade the Missouri General Assembly to rectify the problem - and despite our best efforts to work collaboratively with the District and other stakeholders in those efforts - no relief has been forthcoming and

**WHEREAS**, District has repeatedly thwarted any reasonable attempts by City to address this obvious crisis, even to the point of wasting \$28,000 of taxpayers' hard-earned money and almost a year of work to structure an alternative arrangement only to walk away from the results and deny voters the opportunity to decide how they want their services to be provided and paid for;

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HAZELWOOD, MISSOURI AS FOLLOWS:**

**SECTION 1.** The Council of the City of Hazelwood hereby finds, determines and declares that the health, safety and welfare of the residents of Hazelwood require that the current contractual arrangements between the City and the District come to an end. For that purpose the Notice of Termination attached hereto as Exhibit A and incorporated herein by this reference is hereby approved and adopted and authorized to be delivered to the Robertson Fire Protection District on or before December 31, 2017.

**SECTION 2.** This Resolution shall be in full force and effect from and after its passage by the City Council.

**PASSED this 20<sup>th</sup> day of December, 2017 by the Council of the City of Hazelwood, Missouri.**

ATTEST:

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Matthew G. Robinson – Mayor  
City of Hazelwood, Missouri

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Christine Thomas, CMC – City Clerk  
City of Hazelwood, Missouri

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Kevin M. O’Keefe – City Attorney  
City of Hazelwood, Missouri



**EXHIBIT A TO RESOLUTION**

**Via Federal Express Delivery and Email**

To: Board of Robertson Fire Protection District of St. Louis County

From: Matthew Robinson, Mayor, City of Hazelwood

**Re: Notice of Termination of Fire Service Agreement between Robertson Fire Protection District and the City of Hazelwood effective as of October 11, 1995**

Date: December 21, 2017

Please consider this document as formal and irrevocable Notice of Termination of the Fire Service Agreement between Robertson Fire Protection District ("RFPD") and the City of Hazelwood ("City") authorized by Ordinance No. 2667-95 and effective as of October 10, 1995 ("Fire Service Agreement"). Subject to the terms herein said Termination of the Fire Service Agreement shall be effective as of December 31, 2018.

As discussed herein and subject to mutual agreement between RFPD and the City, the City is amenable to a Transition Fire Service Agreement for fire protection, emergency service and ambulance service by RFPD within the present service area located within the City after December 31, 2018, following termination of the above-referenced Fire Protection Agreement.

The City has a fiduciary duty to all its citizens and property owners to provide a full range of quality municipal services on a cost-effective basis. It is incumbent on the Mayor and City Council that the provision of these services which include police, fire, emergency medical services, public works, and recreation are to be balanced in such a way as to best promote the general welfare and sustainability of the community within available resources.

The RFPD is a single purpose entity which has chosen to disregard the other municipal needs of City residents and property owners that it now serves. Based on the RFPD 2016 Audit Report at least 50.70% of the RFPD operating budget is funded directly by the City and not by tax bills sent to City residents and property owners receiving its services pursuant to the Fire Service Agreement. Unfortunately, the RFPD has chosen to ignore the efforts of the City over the past several years to cause the RFPD to cooperatively act in a more fiscally responsible manner with direct accountability to the City for its finances. The result has been that all taxpayers in the City have suffered harmful yet avoidable reductions in municipal services due to the fiscal actions of the RFPD.

Accordingly, the City has been left with the no choice but to terminate the Fire Service Agreement.

The wind-down of the Fire Service Agreement shall be as follows:

A) For CY 2018, the City shall make payments pursuant to the Fire Service Agreement less the following adjustments:

- 1) A deduction of \$ 4,864,782 from the fee otherwise owed under the Fire Service Agreement to adjust for excessive cash reserves maintained by the RFPD at the expense of the City taxpayers.
- 2) Included in this deduction is the fee otherwise owed under the Fire Service Agreement to address the "future expenses" account of \$4,320,248 which had no underlying appropriation to support said line item in the 2016 RFPD Audit Report.

This deduction for excess cash reserves held by the RFPD is calculated as follows utilizing information from the RFPD 2016 Audit Report:

Total expenses for 2016 =	\$8,054,998
Total unencumbered cash reserves at the end of 2016 =	\$8,483,402
Reasonable unencumbered cash reserve given 2016 expenses (\$8,054,998 X 25%) =	\$2,013,749
Excessive unencumbered cash reserves for 2016 (\$8,483,402- \$2,013,749) =	\$6,469,653
Deduction from City CY 2017 payment to RFPD (\$6,469,653 X 50.70%) =	\$3,280,114

The City is amenable to adjusting the above-calculated deduction amount from the CY 2018 payment to the RFPD based on final verifiable RFPD 2017 Audit Report.

B) Subject to mutual agreement of the RFPD and City on or before July 1, 2018, a Transition Fire Protection Service Agreement shall provide for the following terms:

- 1) RFPD shall continue to provide protection, emergency service and ambulance service to the present service area through December 31, 2018.
- 2) The City shall pay a mutually agreeable service fee not to exceed \$3,952,527 for the CY 2018 based on final assessed valuation by the County for the service area for CY 2018.
- 3) As of January 1, 2019, the City shall take title to the RFPD Fire House 1, Fire Truck 4114, Ambulance 4117 and all related operating equipment located therein. The City shall pay \$3,739,125 for said property which price represents 50.70%% of all outstanding debt of \$7,375,000 of the RFPD as of December 31, 2016 based on the 2016 RFPD Audit Report.

This amount shall be adjusted for any additional outstanding principle indebtedness of RFPD actually incurred during CY 2017.

4) As of July 1, 2018 the City shall initiate a cooperative process with RFPD to offer priority transition to up to 3 Supervisors and 15 Firefighters/Paramedics then employed by RFPD to the City's Fire Department. Said personnel transfers shall be completely voluntary on the part of RFPD employees and subject to the personnel rules and compensation then in effect for employees of the City's Fire Department. Said employment for RFPD employees transferred to the City shall be effective as of January 1, 2019.

The City is committed to working in a professional manner to terminate the Fire Service Agreement. We welcome any questions or suggestions you may have as to the details of the implementation of the termination and offer of a Transition Fire Service Agreement as set forth herein.