



Item: Fire Protection and Emergency Services Agreement between Southern Montana Electric G&T and City of Great Falls Fire Rescue, OF 1472.2

From: Coleen Balzarini, Fiscal Services Director; and Randy McCamley, Fire Chief

Initiated By: Southern Montana Electric Generation and Transmission Cooperative, Inc.

Presented By: Fire Department Staff

Action Requested: Approve the Fire Protection and Emergency Services Agreement and Authorize the City Manager to Execute the Agreement

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (approve/deny) the Fire Protection and Emergency Services Agreement for Highwood Generating Station, authorize the City Manager to Execute the Agreement, direct staff to present the referenced list of fees for Commission approval, as well as annual fee reviews thereafter.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: Staff recommends the City Commission adopt the proposed agreement to provide necessary fire services to Highwood Generating Station at a fee appropriate to cover all costs related to providing the service.

Background: The City of Great Falls and Southern Montana Electric G&T have been engaged in discussions regarding city services which are available and necessary to the operation of the Highwood Generating Station (HGS). Agreements that have already been approved include Raw Water, Potable Water, and Wastewater Return Agreements. A condition of the proposed Fire Protection and Emergency Services Agreement, as well as the existing Potable Water and Wastewater Return Agreements, requires that SME agree not to protest annexation and to comply with additional terms related to future annexation in a separate agreement. The additional terms must meet the requirements of Ordinance 2972, adopted by the City Commission on September 18, 2007.

Former and current discussions include consideration of the impact on City services that will occur during the 4 year construction cycle when up to 550 construction workers will be onsite and during the operations phase which will require approximately 65 full time employees to run

the plant. As an example, a primary need identified has been Fire/Rescue services. Reasons why the City Commission is asked to approve this agreement include, but are not limited to, the following:

1. The plant will be located within Cascade County, approximately 8 miles to the east of the eastern city limits;
2. Approximately 70% of the construction laborers will be residents of the City;
3. The plant requires fire/rescue services that the Great Falls Fire Department can provide;
4. An agreement with the City for fire/rescue services is a condition of the HGS site rezoning.

The Fire Protection and Emergency Services Agreement is an agreement between the City and SME related to City services to be provided to the Highwood Generating Station facility. Staff met with SME's legal counsel and SME General Manager on Thursday, May 29th to discuss and define the intent and contents of this agreement. A preliminary draft of the agreement was distributed to the City Commissioners on June 5, 2008. The draft was presented to the ECP Board for informational purposes on June 9, 2008.

The services described within the agreement are based on the January 2008 letter submitted, by the Fire Department, during the County Zone Change hearing. As noted above, one of the conditions for the approval of the zone change requires SME to enter into an agreement for fire protection and emergency services with the City of Great Falls. Execution of this agreement is required by the County prior to issuance of a County location conformance permit.

Concurrences: The proposed agreement has been reviewed and approved by the City Attorney, the Fire Chief, and Fiscal Services Director. Chief McCamley contacted the Sand Coulee Rural Fire Chief to discuss the provision of fire services to HGS. No issues were raised during that discussion regarding the intent of the agreement. HGS will reside within the Sand Coulee Rural Fire District and will pay all appropriate taxes and fees to that District.

Fiscal Impact: On October 3, 2006, the Commission authorized a contract with Tischler Bise, Inc. to perform a Fiscal Impact Study. The study evaluated the cost of services attributable to the HGS facility. The results of that study are found within the report dated February 21, 2007.

Based on the Tischler Bise report, it is estimated the annual cost to provide basic city services during the construction and operation phases of HGS will be \$100,000. The proposed agreement includes services in addition to these basic services. The intent of all parties is that the fee for the services will cover the costs of providing those services. Direct costs to be considered include such things as materials, equipment, direct staffing, staff overtime, and staff call back expenses. Consideration must also be given to the intrinsic value of indirect and intangible costs such as having the resources available when needed. The agreement references a cost range between \$150,000 and \$300,000 per year. The Fire Department will calculate the fee based upon factors such as anticipated number of responses, type of responses, and anticipated training of HGS staff by GFFR deemed necessary in terms of events such as confined space incidents.

Any budget or operational increases will be offset by the fee for services paid by HGS to the City.

Alternatives:

The City Commission may request changes to the proposed agreement.

The City Commission may deny the approval of the agreement. The outcome of such a decision must take into consideration the safety and welfare of the residents (rural and municipal) of Cascade County in the event of an incident occurring at the HGS facility. The Great Falls Fire/Rescue Department is the best available provider of the intended services. GFFR has the resources, training, and ability to respond to incidents at the facility. Cascade County Commissioners recognized this by making such an agreement a condition of re-zoning the HGS site.

Attachments/Exhibits:

1. Proposed Fire Protection and Emergency Services Agreement.
2. Fire Chief's letter to City Manager, dated January 10, 2008.
3. Tischler Bise, Inc., Fiscal Impact Report, dated February 21, 2007; Authorized by City Commission on October 3, 2006.
4. Ordinance 2972 with accompanying agenda report; Adopted by City Commission on September 18, 2007.
5. Lawton and Rangel memo to City Commission concerning Ordinance 2972, dated September 14, 2007.