



MEMORANDUM

TO: Yankton City Commission

FROM: Chad Miller, Yankton Volunteer Fire Department President
Chief Tim Linke, Yankton Fire Chief
Amy Leon, City Manager

DATE: April 20, 2023

RE: Yankton Volunteer Fire Department Proposal

As you are aware, City Staff have been working with Yankton Volunteer Fire Department Leadership on several organizational matters this winter. Below outlines the status of this work and a proposal regarding how we suggest the City of Yankton move forward.

To implement the proposal below, City staff will need to implement changes to our 2024 budget proposal. In addition, resolutions need to be put before the City Commission for action based on existing City Ordinances relating to the Fire Department.

Therefore, what we ask from the City Commission tonight is whether there is consensus on whether we are heading in the right direction with our proposal or if we need to revisit the discussion internally. In addition, we hope to discuss any items further or answer questions you have about the proposal.

Background

Fire protection in the City of Yankton is provided by the oldest fire department in South Dakota. 2024 will mark the 150th Anniversary of the Yankton Volunteer Fire Department, an organization that continues to serve with pride. While not unheard of, it is unusual for a city of 15,000 (plus a surrounding rural fire district of 5,000) to rely primarily on volunteers for fire protection. There are a few factors contributing to Yankton's ability to maintain an active volunteer roster:

1. A high percentage of businesses employ firefighters allowing the volunteers to leave work for incident response.
2. The community generously supports volunteer activities in ways that retain members.

3. Volunteers are only dispatched to higher acuity incidents such as fires and vehicle accidents which are fortunately less common than routine EMS incidents that are handled by the County.
4. Paid fire department staff respond to routine non-emergency incidents not requiring a full department response.
5. Paid staff handle vehicle maintenance, administrative, and training functions keeping volunteer time away from work and family to a minimum.

In 2022, the Yankton Fire Department developed a five-year strategic plan using input from internal and external stakeholders. One of the Strategic Objectives is to ensure a sustainable volunteer tradition.

We live in a time when volunteerism, especially with emergency services, is declining. Firefighting as a civic tradition has evolved into a highly technical endeavor requiring tremendous dedication in acquiring skills to mitigate emergencies safely and effectively. It would be unwise and unsafe for a volunteer firefighter to show up to their first incident without a depth and breadth of preparation for the levels of risk they will encounter.

Over the course of the last few months, the Yankton Volunteer Fire Department has been working toward obtaining a federal nonprofit status. The Volunteers are in the process of deciding if that should be a 501c3 or a 501c4. The department has been working with a tax accountant and believes they will be recognized formally as a South Dakota nonprofit entity by the end of this fiscal year.

Topic 1: Call Pay

The Yankton Volunteer Firefighters have received a nominal fee per call or drill for several decades. The nominal fee, currently at \$10 per call or drill, is intended to offset some of the expenses a volunteer incurs through the course of their activities which may include (but are not limited to) mileage, wear and tear on personal vehicles, and decontamination of personal items like clothing and shoes. A nominal fee is allowable under Federal law and does not place an individual's status as volunteer in jeopardy per the Fair Labor Standards Act. This rate is set by resolution by the City Commission. We have been unable to find the resolution setting call pay at \$10.00.

Pay per call is a common practice across the country. The most notable regional examples of volunteer and professional departments in our area include:

- The North Sioux City Volunteer Fire Department which reimburses their members at a rate of \$10 per call; and
- The Spearfish Volunteer Fire Department reimburses their members at a rate of \$15 per call fee and \$15 per call or department activity.

The Brookings Volunteer Fire Department does not offer any per call pay; however, it offers a pension for their volunteers. The Vermillion Fire EMS Department does not currently offer per call pay or pension. As a means of comparison, the Mitchell Fire Department is full time. In Mitchell, firefighters also provide EMS services. The starting full-time wage for a full-time firefighter is \$22 per hour (approximately \$46,000 annually) plus benefits.

Here is the breakdown of call pay for the City of Yankton to the Volunteer Fire Department. This is paid out of the general fund.

- 2020 \$9,690.00
- 2021 \$11,000.00
- 2022 \$13,730.00

Proposal

It is proposed that an increase of the nominal fee paid to firefighters from \$10 to \$30 per call and drill be considered by the City Commission. This increase would provide members with reimbursement that counters the increasing out-of-pocket costs of volunteering.

This proposal accounts for the greatest impact on the General Fund. Currently there is \$24,420 budgeted in the Fire Department Professional Services for call pay. An estimated need for professional services would be approximately \$132,500. This is based upon a worst-case budget scenario (meaning every member attending every call and drill at full authorized department strength of 50). This estimate was derived from utilizing the total city call trend over the last five years. It also accounts for the other expenses that are charged to the professional services line item. If this change is made, staff would suggest that we create a different line item in our 100 Series for volunteer stipends/call pay.

It is also proposed that the City of Yankton pay out backpay to the Yankton Volunteer Fire Department for any new call pay amount set beginning January 2023. This would require a supplement to the Fire Department budget in fiscal year 2023.

The Yankton Volunteer Fire Department is also requesting that the City of Yankton handle the payroll administration of the call pay. This includes withholding FICA and Medicare taxes for both the City of Yankton (as the employer) and the Yankton Volunteer Department (as the employee). Lisa Yardley and Brittany Orr have agreed to handle this administratively, and there will be a cost to the City for these services in our payroll software, UKG, as well as issuing necessary tax documentation. In the other cities we reached out to, the volunteer department handles the administration of payroll and payroll deductions themselves.

Payroll administration costs are estimated to \$347 per person for initial setup which involves tracking down paperwork and manually entering all information. There is also the cost of wages for our payroll administrator. Because several of our employees are also volunteer fireman, some of them are already on our payroll.

The Yankton Rural Fire Association may also be interested in having the City of Yankton serve as the administrator for their call pay. While our city volunteers serve with the rural department, this is a separate issue. If it is something the City Commission is amenable to, this should be a separate agreement between the City of Yankton and the Yankton Rural Fire District. In addition, as this is a separate entity, I believe the City should charge the rural district a fee for administrative services.

Topic 2: Fire Insurance Premium

South Dakota Codified Law 10-44-9.2 (attached) provides for a distribution of taxes placed on fire insurance premiums to fire departments. The amount distributed to each department is based upon population served and totaled \$58,707.58 for the City of Yankton in 2022.

State Law requires that fire insurance premium be used for operating expenses, pension contributions, and costs of capital improvements for fire departments.

The check issued by the State prior to 2022 was used for volunteer association operating expenses along with a portion divided equally among members to provide additional reimbursement for clothing or personal items damaged in the course of firefighting.

Recognizing the need to sustain a strong volunteer tradition in Yankton, the Volunteer Firefighters Association is seeking ways to address current and future recruitment/retention needs while still ensuring stewardship of taxpayer dollars. The consensus among the membership is that a pension funded in accordance with State law will best suit the future needs of the organization.

The Brookings Volunteer Fire Department, for example, uses fire insurance premium funds to contribute roughly \$2,000 per member each year into a pension fund that can be drawn upon retirement.

Proposal

Going forward, the Yankton Volunteer Fire Department would like to utilize the fire insurance check from the State for a volunteer pension.

This measure is cost-neutral to the General Fund which only serves as a conduit for disbursement as the funds are received by the State.

If additional paid staff are required (any more than two full-time staff), all the insurance premium check funds will be used for volunteer pension as required by law.

It is proposed that in 2023 the entire fire insurance premium be split equally among members of the department and put into the pension.

The fund would be entirely managed and overseen by the Yankton Volunteer Fire Department through a Firefighter Pension Committee.

Topic 3: Increasing the number of Captains and Captain Pay

City Ordinance 8-19 (attached) authorizes the Yankton Fire Department, which shall consist of one fire chief, one deputy fire chief, one volunteer first assistant fire chief, one volunteer second assistant fire chief and volunteer fire captains and firefighters, the number of which shall be determined from time to time by resolution by the Board of City Commissioners.

Captains, in particular, are responsible for critical front-line leadership and supervision at the small unit (three to five individuals) level at scenes of emergencies. Their job is to maintain accountability and

communications of crews operating in hazard zones. Captains play a crucial role providing mentoring for our members during nonemergency activities.

We currently have five captains which allows for a 6:1 span of control (six firefighters for every captain) when at full authorized strength of 50 members. Optimal span of control for fire departments falls into the 5:1 range that provides for safer operations and more effective succession management. Increasing the authorized number of captains by one puts the department in a better position to achieve these benchmarks.

Chief officers (not including paid staff) and captains are paid a monthly stipend for taking on additional responsibilities such as training, special projects, and responding to non-emergency calls.

Proposal

A proposal adding a sixth volunteer Captain adds an additional \$300 per year to the volunteer officer budget. This would also be run through payroll administration.

Summary

If amenable to the Commission, the following steps would occur:

- Budget additional funds (approximately \$133,000) in the General Fund to account for an increase in Volunteer per-call reimbursement of \$30 to begin on January 1, 2024. Include the stipend for Captains in this line item.
- Budget for the annual insurance premium check to be a revenue in and expense out of the Fire Department General Fund.
- Direct Human Resources and Finance to coordinate administration of said compensation.
- Present a resolution to set nominal reimbursement for volunteer firefighters to \$30 per call or drill.
- Present a resolution for backpay reimbursement of volunteer firefighters in the amount to reflect an increase in nominal reimbursement from January 1, 2023, to December 31, 2023.
- Present a resolution to the City Commission to increase the number of Fire Captains to six.

South Dakota Codified Law References

10-44-9.1. Determining amount of fire insurance premium tax--Distribution.

On July fifteenth of each year, the secretary of the Department of Labor and Regulation shall determine the amount of fire insurance premium tax collected by the state under the provisions of §§ 10-44-2 and 10-44-9 for the previous calendar year. Ten percent of the tax collected pursuant to § 10-44-9 is hereby annually appropriated to the Department of Public Safety for distribution to the South Dakota Firefighters Association, Incorporated, for training at state and district fire schools. Fifty percent of the amount remaining shall be distributed according to § 10-44-9.4.

All amounts determined for distribution are hereby appropriated out of the general fund to the Department of Public Safety. Each fire department receiving funds from the fire insurance premium tax shall continue to receive an amount not less than the amount received on July 1, 1989.

Source: SL 1977, ch 98, § 1; SL 1984, ch 30, § 6; SL 1990, ch 84; SL 1994, ch 94, § 1; SL 1995, ch 67; SL 2003, ch 272 (Ex. Ord. 03-1), §§ 20, 121; SL 2006, ch 31, § 3; SL 2011, ch 1 (Ex. Ord. 11-1), § 162, eff. Apr. 12, 2011; SL 2021, ch 50, § 1.

10-44-9.2. Fire departments eligible for tax distribution certified annually by department.

Any fire department which was formed at least one year prior to making application, which has not less than fifteen members and one fire truck with pumper housed in a heated building, and which has complied with § 34-29B-9 shall be certified annually on or before the last day of May by the Department of Public Safety for distribution of the fire insurance premium tax.

Source: SDC 1939, § 57.3511; SL 1959, ch 440, § 2; SL 1966, ch 254; SDCL, § 10-44-11; SL 1977, ch 98, § 2; SL 1984, ch 30, § 7; SL 1984, ch 343, §§ 17, 18; SL 1990, ch 85; SL 1994, ch 94, § 2; SL 2003, ch 272, §§ 20, 121.

10-44-9.3. Repealed by SL 1984, ch 30, § 8.

10-44-9.4. Allocation to counties--Amount.

On or about July fifteenth of each year, the secretary of public safety shall send to each county auditor a list of certified county fire departments and a warrant in an amount equal to one-half of the amount appropriated pursuant to § 10-44-9.1, times the ratio of the assessed valuation of the county to the assessed valuation of the state, plus one-half of the amount

appropriated pursuant to § 10-44-9.1, times the ratio of the population of the county to the population of the state. The secretary of public safety shall base the allocation on figures contained in the most recent published annual statistical report of the Department of Revenue and census or population estimates of the United States Department of Commerce Bureau of the Census. Warrants shall be drawn by the state auditor.

Source: SL 1951, ch 456, § 4; SL 1957, ch 469; SL 1959, ch 440, § 1; SDC Supp 1960, § 57.35A04; SDCL § 10-44-13; SL 1977, ch 98, § 4; SL 1978, ch 84; SL 1984, ch 30, § 9; SL 2003, ch 272 (Ex. Ord. 03-1), §§ 20, 82, 121; SL 2011, ch 1 (Ex. Ord. 11-1), § 161, eff. Apr. 12, 2011.

10-44-9.5. Allocation to fire departments serving county--Amount.

Upon receipt of the funds as provided in § 10-44-9.4 each county auditor shall determine the amount to be received by each certified fire department servicing the county, including those domiciled outside the county. All the funds received shall be divided one-half in the same ratio as the assessed valuation of all property within the service area of the department to the assessed valuation of all property within the service areas of all fire departments within the county, and one-half in the same ratio as the population of the area serviced by the department to the population within the service areas of all fire departments within the county. The county auditor shall base the allocation on figures contained in the most recent published annual statistical report of the Department of Revenue, and census or population estimates of the United States Department of Commerce Bureau of the Census.

Source: SL 1977, ch 98, § 5; SL 1984, ch 30, § 10; SL 2003, ch 272 (Ex. Ord. 03-1), § 82; SL 2011, ch 1 (Ex. Ord. 11-1), § 161, eff. Apr. 12, 2011.

10-44-9.6. Payments to fire departments--Uses of money--Accumulation of funds--Reallocation if fire department ceases to exist--Unused balance to general fund.

After the allocation of funds as provided in § 10-44-9.5, the county shall pay over to each of the certified fire departments servicing the county the amount of money determined to be their share under § 10-44-9.5. The money paid shall be used only for paying operating expenses, pension contributions, and the cost of capital improvements for the fire departments.

A fire department may accumulate funds in its account from year to year. If a fire department ceases to exist, the funds in that account shall be reallocated to the remaining certified fire departments servicing the county in the same proportion as the last previous distribution. If no other certified fire departments operate in the county the balance of the fund shall be paid into the state general fund.

Yankton City Ordinance References

Sec. 8-19. - Created; composition; policy.

There is, hereby, created the Yankton Fire Department which shall consist of one (1) fire chief, one (1) deputy fire chief, one (1) volunteer first assistant fire chief, one (1) volunteer second assistant fire chief and volunteer fire captains and firefighters, the number of which shall be determined from time to time by resolution by the board of city commissioners.

Sec. 8-22. - Volunteer fire officers; duties generally; appointments.

Those volunteers appointed to the position of fire officers pursuant to [section 8-19](#) shall be, after the fire chief and deputy fire chief, the department's command officers. In the absence or disability of the fire chief and deputy fire chief, the senior fire officer, by rank, shall be the department's ranking command officer and shall have the full authority of the office of fire chief until relieved by the fire chief or deputy fire chief. The fire chief shall appoint the volunteer fire officers for a term of three (3) years; individuals shall be eligible for reappointment. Said appointments shall be consistent with the standard operating guidelines of the Yankton Fire Department and shall be open to all volunteer firefighters.

- **Sec. 8-24. - Compensation.**

The fire chief and the fire marshal shall be compensated under the city's pay plan and shall not receive the compensation detailed in this section. All volunteer members shall receive compensation as established from time to time by resolution by the city commission in accordance with the current adopted fiscal year budget.

(Ord. No. 374, § 1, 3-26-73; Ord. No. 809, 10-9-00)

- **Sec. 8-25. - Volunteer firefighter's association; creation, constitution and bylaws.**

There shall be a volunteer firefighters' association. Membership in said association shall be restricted to present volunteer firefighters of the Yankton Fire Department. The constitution, bylaws and all other matters pertaining to the volunteer firefighter's association shall be determined by a majority vote of the members of said association. The association may, at their option, establish an auxiliary, create active and inactive membership classifications, collect dues, sponsor civic and social functions, promote public awareness of fire hazards and conduct programs and events germane to the fire service. It is the intent of the board of city commissioners that the membership of the volunteer firefighter's association shall manage and determine all association affairs and matters.

(Ord. No. 374, § 1, 3-26-73; Ord. No. 809, 10-9-00; Ord. No. 884, 2-27-06)