

# FIRE GUARD



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## Letter from the President

It's that time of year again where everyone is busy bringing closure to the past year and getting prepared for the new! The Board has been hard at work in preparations for obtaining the goals set at the November meeting. Budget 2003 has been completed and has been distributed for your review. An additional Liability Insurance Umbrella will be purchased on behalf of the NIAFPD. The Blue Ribbon report was added to our website. A membership incentive program is being addressed. The Ambassador program has been reactivated. The PAC fund has forwarded education and information for the membership and the 2003 Conference is complete. Thanks to all for your hard work and time.

There will be three board positions open for election at the February meeting. Marshal Grey, Marge Hodek and Zachary Lawrence have all indicated their continued interest. Many additional members have also indicated interest, which is greatly appreciated. We are always in need of assistance whether it is via the Board, the Conference or a Committee.

We have received correspondence from our friends in the Russian Program. They would like to come visit in January or February of 2003. The NIAFPD is looking for hosts for our friends. Please contact the office to find out how you can be involved.

Lastly, is our 2003 Conference. The Conference information and registration can now be completed on our website. Please take the time to inform your Organization (Trustees, Commissioners & Administrative personnel) to attend. This is one of very few opportunities to obtain education in the roles that we are charged with fulfilling. Thanks for all that you do and Happy Holidays!

Jack L. Mancione  
NIAFPD President



## Illinois Fire Safety Alliance Burn Camp "CAMP I AM ME"

NIAFPD member districts supported the 2002 "Camp I Am Me" by participating in the Annual Burn Camp Parade, and supporting several districts staff to act as volunteer camp staff. 82 full-time volunteers staffed "Camp I Am Me" for 90 children between the ages of 8 and 18 who had been hospitalized because of a serious burn injury. Those campers 17 and 18 years of age participated in a counselor-in-training program.

Anyone knowing of a burn survivor between the ages of 8 and 16 who would benefit from "Camp I Am Me" can call the Illinois Fire Safety Alliance for more information at 800-634-0911.



## **NIAFPD Legislative Agenda 2003 - 2004**

The Northern Illinois Alliance of Fire Protection Districts held a special Legislative Meeting November 9, 2002, at the Darien-Woodridge Fire District Headquarters. Members discussed various legislative issues and reviewed the updated State of Illinois Fire Service Blue Ribbon Report. It was decided to focus our 2003-2004 Legislative Agenda on a limited number of issues, which parallel the Blue Ribbon Report. The issues, which the NIAFPD will actively pursue, are:

### **HIGH PRIORITY**

#### **Fire District Funding**

- Propose amending the Property Tax Limitation Act (PTEL) to remove Firefighter Pension and Tort Liability levies from the Act.
- Propose amending the Property Tax Limitation Act to remove the Consumer Price Index (CPI) from the Act, leaving the Cap at 5%.

### **MODERATE PRIORITY**

#### **Consolidating of Fire Districts**

- Propose amendments to the Fire Protection District Act, which would make consolidation of fire districts easier and less cumbersome.

The NIAFPD will also be reviewing other issues, which are important to member districts and the fire service statewide.

## **Legislation in 2002 and What the Future Holds**

by Chuck Vaughn, Vaughn Consulting Services

Our successful program in the last several years led to the formation of the Legislative Task Force on fire funding and fire issues. Nothing in recent memory offers more potential for the Fire Service. I urge you to read the summary report which identifies problems and proposes solutions. This is available on-line.

Fire Districts all over Illinois had a part in presenting our problems, and dozens of Legislators listened. They will now begin a fire caucus to stimulate much needed reforms and funding. What a huge step forward.

Our Special Legislative Meeting generated topics like tax cap relief (Tort and Pension), voluntary consolidation, annexation and areas served that do not pay taxes, and other problems our members

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are concerned about. We will exchange our issues with the Illinois Fire Chiefs Association and the Illinois Association of Fire Protection Districts to integrate our programs and to maximize our success potential.

This will be a very different Illinois politically. With the Democrats sweeping victory, and control of all three branches, labor will have a much larger say in Illinois. But—there still just is no money to do very much for anyone. Funding anything will be very difficult.

We are well positioned to work with the new majority and the new Republican majority. I look forward to a very good 2003-04



## Controlling Healthcare Costs

by Doug Shaeffer, Area Assistant Vice President, Gallagher Benefit Services

It is an almost universal consensus that the problem with the healthcare and insurance industries is the runaway, rising costs. Costs are not the problem, but only the symptom of the real problem which is **utilization**. Let's face it, the more services that are used—the more it will cost.

According to the Kaiser Foundation and Educational Trust, September 5, 2002, medical inflation in 2002 is between 4% and 6% while health insurance premiums are increasing over 12.7%. At the same time, most insurance companies are trending around 18% in their renewal formulas. What accounts for the difference between the rate of inflation and the rate of premium increases?

Well, there are many factors including cost shifting, leveraging and governmental mandates, but the largest factor is utilization. It is apparent that the average healthcare consumer is being treated more often and is utilizing more expensive technology than ever before. It comes down to the fact that we have to pay for what we consume.

This is not to say that the increase in utilization is a negative influence. Our life expectancy and quality of life have been improved immeasurably in the past 20 years. Most people do not choose to utilize extreme care that saves their life or prevents a life-long

disability; however, over-utilization has crept into common treatment due to various factors that are complicated and seemingly unmanageable.

With the backlash against managed care and the prospect of unchecked double digit insurance rate increases projected for the next 5 years, the challenge is to contain costs without lowering the expectation and availability of affordable, quality healthcare. The traditional approach to managing costs has been to make plan changes that shift more of the cost of healthcare onto the employees and their families.

This approach is certainly one of the more immediate methods of affecting short term utilization, but has the highest impact on employees. There are different alternatives, though, that are available to employers to attack the heart of the problem with varying degrees of impact to their employees.

The chart below outlines many of the alternatives that are available and is categorized along the lines of the expected impact on your employees. It is expected that benefit levels can be preserved and healthcare costs managed effectively if there is more long-term education and support for the consumer to make better decisions about the utilization of their medical treatment.

## Utilization Control Factors

### Cost Management

- PPO Network Discount/Access Analysis
- Rx Card (COB) & Copay Design
- Funding Options
- Self-funded Plans
  - Administrative Fee Analysis
  - Large Claim Management
  - Blind PPO Network
  - Out of Network Claim Negotiation
  - Claim Fraud
  - Specific Deductible Analysis
- Flex Plan
- Health Reimbursement Accounts

### Low Employee Impact

### Long Term Utilization

- Wellness Programs
  - Modifiable Behavior Change
  - Checkup and Diagnostic
  - Health Club Memberships
  - Wellness/Medical Information Websites
  - Hospital Based Seminars
- Employee Cost Communication Program
- Demand Management Program
- Employee Assistance Program
- Lifestyle and Concierge Program
- Maternity Program

### Moderate Employee Impact

### Short Term Utilization

- Plan Changes
  - Deductibles
  - Coinsurance Percentage
  - Coinsurance Out of Pocket Max
  - Office Visit Copays
  - Emergency Room Copays
  - Prescription Drug Card Copays
  - Disease Management Program
  - Prescription Drug Formularies
- Tiered Hospital PPO Plan
- Indexed Deductible Plan
- Eligibility Rules (COB)

### High Employee Impact

## Land / Cash Fees for Fire Protection Districts

by Shawn P. Flaherty, Ottosen Trevarthen Britz Kelly & Cooper, Ltd.

Accompanying the marked increase in new development in Northeastern Illinois is an increased demand for fire suppression and emergency medical service from the region's fire protection districts. Fire protection districts are faced with the responsibility of providing these life-safety services to new residents that relocate into their jurisdictions. One of the primary challenges facing fire protection district administrators is securing enough revenue to ensure that the new areas receive a level of service commensurate to the level of service received by the more established residents of the fire protection district. One available, yet underutilized, revenue source is the creation of a land/cash fee upon certain new developments within the fire protection district. In general, the legal rationale behind a land/cash ordinance is to create a system where land (or cash in lieu of land) is paid by new developers to the fire protection district which would permit the district to purchase land for new fire stations that would serve the new developments.

There are several reasons why this revenue source is underutilized by fire protection districts. First and foremost, fire protection districts do not possess independent statutory authority to impose land/cash fees upon developers. Rather, fire districts are wholly reliant upon municipalities operating within their borders to adopt land/cash ordinances on behalf of the fire districts, which serve the municipalities. While there remains considerable legal debate on the issue, it appears fairly well settled that municipalities are vested with authority to enact land/cash ordinances under Section 11-12-4 of the Municipal Code. Section 11-12-4 permits a municipality to pass such an ordinance for school sites, park sites and "other public lands."<sup>1</sup> Although no reported court decision has defined the phrase "other public lands" as expressly referring to fire station sites, good reasoning supports the inclusion of fire station sites as "other public lands" under the Municipal Code. Some municipalities have been unable or unwilling to recognize fire station sites as "other public lands" eligible for a land/cash fee. While there appears to be a trend towards the recognition that fire protection districts are eligible for land/cash fees, a legislative clarification would assist in removing this obstacle.

Fire protection districts cannot receive land/cash fees without the support of the sponsoring municipality. Several area municipalities have adopted ordinances imposing land/cash fees for fire protection districts. It has been our experience that municipalities choose to promulgate these types of ordinances for two primary reasons. First, it is completely inequitable for longtime taxpayers to assume the costs of infrastructure, which invariably accompany growth and development. Second, developers generally pass the cost of the impact fee along to the new homeowners. Developers are becoming more accustomed to paying land/cash fees for fire protection districts. Because the law on fire protection district land/cash fees is not entirely settled, the municipality will generally request indemnification from the fire district in the event that the land/cash ordinance is legally challenged. Thus, any fire protection district seeking a land/cash ordinance ought to be prepared to enter into an intergovernmental agreement with the sponsoring municipality to provide indemnification to the municipality should such a legal challenge arise. It is also advisable for a fire district

to double-check that such "contractual liability" is within the scope of the district's insurance coverage.

Some other points regarding land/cash ordinances that are worthy of brief mention:

- The Illinois Supreme Court has struck down flat land/cash fees which are not "specifically and uniquely attributable" to the development in question.<sup>2</sup> As a result of this legal requirement, it is strongly advisable that a fire protection district is prepared to substantiate the formula it will utilize to meet this "specifically and uniquely attributable" test.
- A fire protection district should strongly consider hire a fire protection engineer or other expert to prepare a study of the fire station needs of the fire district and to calculate a land/cash fee amount that takes into account the need for land and the fair market value of land in the area to ensure that the fee charged is specifically and uniquely attributable to the new development. Normally, this study is then attached to the municipality's impact fee ordinance as the basis for the fees imposed on the developers.
- A recent decision of the Illinois Appellate Court for the Second District clarifies that the proceeds of land/cash ordinances are to be used only for the purchase of land and related site expenses, and not for building construction expenses.<sup>3</sup>
- Some land/cash ordinances have been structured in such a way that the ordinances grant the fire protection district with the ability to independently negotiate deals with developers in which the district agrees that the amount of money received could be negotiated downward or the timing of the payments could be extended over a longer period of time in exchange for the developer's agreement to permit the district to use the money for a wider scope of purposes.
- Land/cash ordinances ought to include an appeal process for developers to follow if they object to the assumptions contained in the study, and ought to contain a procedure detailing the collection and distribution of fees received.

The issue of land/cash fees for fire protection districts is rather complex and cannot be fully addressed within the confines of this article. The goal of this article was to identify some of the basic issues in this area of the law so that fire district administrators could have some initial information with which to initiate discussion of these important issues with municipalities.

<sup>1</sup> 65 ILCS 5/11-12-4 (West 2002).

<sup>2</sup> *Rosen v. Village of Downers Grove*, 19 Ill.2d 448, 167 N.E.2d 230 (Ill. 1960).

<sup>3</sup> *Thompson v. Village of Newark*, 329 Ill.App.3d 536, 768 N.E.2d 856, 263 Ill. Dec. 775 (2<sup>nd</sup> Dist. 2002).

## Message from the Executive Director

by Kathleen Haage, NIAFPD

It's 2003 and I wish everyone a happy, healthy, and safe new year! Welcome new members to the NIAFPD – Crete Fire Protection District, Northlake Fire Protection District, and Oak Brook Terrace Fire Protection District.

I hope to meet all our new members at our upcoming conference. If you have not registered for the conference it's not too late. Visit our website [www.niafpd.org](http://www.niafpd.org) for registration information. If you should have any changes for your conference registration please call me as soon as possible. Because lodging accommodations and meals will be guaranteed on January 22, 2003 there will be no refunds for cancellations after January 23, 2003.

Membership Directory will be updated and distributed during the NIAFPD Annual Conference. We will have polo shirts and long sleeved button down shirts with the NIAFPD logo available at the conference.


In our efforts to keep our membership informed on current issues effecting fire protection district we have put together NIAFPD Group E-mail. If you have not submitted your e-mail address to us and would like to be included in the group e-mail please let me know.

If you should have any questions I can be reached at 847-945-4120 or by e-mail [khaagedbfd@syn.net](mailto:khaagedbfd@syn.net).

Kathleen Haage

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**Fire Department Instructors Conference**  
Indianapolis, IN  
March 31 - April 5, 2003

**Illinois Fire Chiefs Association Symposium**  
Hotel Pere Marquette  
Peoria, IL  
May 16-18, 2003

**Illinois Association of Fire Protection Districts  
Annual Conference**  
Springfield, IL  
June 19-22, 2003

**Illinois Fire Safety Alliance Burn Camp  
"Camp I Am Me"**  
Camp Duncan  
June 22-28, 2003



2003 NIAFPD Award Recipients:

Associate of the Year: Midwest AirPro,  
Mike Viola

Fire District of the Year: Glenside FPD

Legislative Service Award: TBA

Presidential Service Award: Jim Quinn,  
Deerfield Bannockburn FPD

Carl Rosher: Jack Roche, Pleasantview FPD

## NIAFPD PURPOSE

The objectives of the **N**orthern **I**llinois **A**lliance of **F**ire **P**rotection **D**istricts are to foster the exchange of ideas and information among and between Alliance members; to encourage and promote the advancement of common interests of fire protection districts; to develop a regional resource bank of information; to present educational programs, seminars and materials particularly aimed at the specialized needs of northern Illinois fire protection districts; to develop and encourage cooperation among fire protection districts; to provide a vehicle and forum for the unified expression of opinions and positions by members upon political, economic or social matters or events of concern to the members of the **NIAFPD**.

The **NIAFPD** was established in order to:

- Educate its members and the public regarding the functions and responsibilities of fire protection districts as prescribed by law.
- Ensure adequate resources to fund local fire protection, prevention, rescue, and emergency medical programs.
- Monitor and impact legislation affecting the operation and effectiveness of the services they provide the residents of the district, including all pertinent state mandates which affect fire protection districts.

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**NIAFPD**  
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## Northern Illinois Alliance of Fire Protection Districts

**Website**  
[www.niafpd.org](http://www.niafpd.org)

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