

Plattsmouth Rural Fire Protection District  
Board of Directors Special Meeting  
December 17, 2014

**Calling the meeting to order – Acknowledgement of Open Meetings Law**

President Holdridge called the Special Meeting to order at 7:01 pm. President Holdridge acknowledged the Open Meetings Poster located on the wall of the District meeting room/office and available for review. Notice of the meeting was advertised in the Cass Gram, which is an approved publication of the Rural Fire Board and it was posted at the Post Office and on the front door of the rural fire station along with a copy of the agenda. The purpose of this special meeting is to discuss and approve the purchase of insurance for the Plattsmouth Rural Fire Protection District.

Board members present were John Holdridge, Shane Parshall, Lynn Vinduska, Doug Stander, and Ken Winters. Absent: None.

**Visitors Present:** Janet McCartney, Cass County Commissioner; Paul Lambert, Mayor, City of Plattsmouth; Steve Riese, City Councilman, City of Plattsmouth; Erv Portis, City Administrator, City of Plattsmouth. Also present: Mike Wilson, Fire Chief.

**Public Forum – Reception of Delegates**

No member of the public addressed the board at the beginning of the meeting.

**New Business:**

Discuss, consider, and take all action to purchase and bind property, liability, inland marine, motor vehicle, worker's compensation, and life insurance coverage for the Plattsmouth Rural Fire Protection District and its firefighters/officers and separate coverage from the City of Plattsmouth's provider.

Committee Member Winters began the discussion by outlining the reasoning of the District to separate their insurance coverage from the City of Plattsmouth. Research began when the City of Plattsmouth refused to provide insurance for the District only firefighter as requested in an August 2012 letter to the City, which restricted the District to function as a separate governmental entity and, in the opinion of the District Board, prohibited the District to serve the patrons in the best way possible. Since the City would not add this rural only firefighter, at the District's full expense, the District Board felt that their only alternative was to research and seek its own insurance coverage.

Research conducted by the committee indicated there was no assurance that the Plattsmouth Rural Fire District Board Members, as a Board and as individuals, are adequately covered for Director/Officers and Errors and Omissions insurance under the City of Plattsmouth's policy that the District partly funds. The Committee sought guidance from the Board's legal counsel as well as an insurance consultant that specializes in providing coverage for emergency responders. The Committee also sought information from surrounding fire boards for their insurance coverage.

Since the Plattsmouth Rural Fire Protection District is a separate governmental entity and is required to have a designated roster of approved members authorized to function as emergency responders in the rural fire district, we are also required to provide insurance coverage under Nebraska State Statutes. Since there is no inter-local agreement that provides joint coverage with the City of Plattsmouth, the Committee felt there was

not adequate coverage to provide protection for the Board, as well as firefighters, to meet those statutory requirements.

Since the current insurance is not in the District's name, there is no ownership and no leverage to ensure coverage is provided in the event of any type of claim or loss suffered by the District.

Additionally, research showed that the coverage may not provide adequate coverage for the fire apparatus. Most commercial vehicle insurance provides coverage on a depreciated basis, not a functional replacement basis. What that means is if you have a vehicle, such as a police car, it loses value each year it is in service. Say it is 3 years old and cost \$25,000 new, its value would no longer be able to provide sufficient funds to provide a functional replacement vehicle. That 3 year old police car may be worth \$5,000 or less depending on condition and mileage. If we compare that to a \$500,000 fire apparatus that has a life expectancy of 25 years, and it is 20 years old when totaled in an accident, you can expect the depreciated value of that apparatus will be in the \$100,000 or less range. That will not provide for the functional replacement of a fire apparatus that has less than 5,000 miles on it and is still functioning as a fully approved fire apparatus in the event it cannot be repaired. Under the program the District is looking at, the insurance carrier will work to provide funding and assistance to functionally replace the fire apparatus with a same or similar fire truck, similar or newer in age, with similar or fewer miles. This would replace a totaled fire apparatus with a functional replacement without having to seek a bond issue or bank loan to replace a \$500,000 fire apparatus, when it is not a planned replacement.

As for worker's compensation coverage for the firefighters, since the rural fire district is a separate governmental entity, there is no guaranty the coverage owned by the City of Plattsburgh will provide coverage to a firefighter responding to a fire in the rural district. A young underwriter or inexperienced adjustor could easily determine that the location of the claim is outside the City Limits and in the rural fire district and decide that since the claim occurred outside the jurisdiction of the City of Plattsburgh, that claim could be denied. Since the District does not have any ownership in the policy, the District has no legal standing to fight for coverage. And if it is serious or high dollar claim, the City of Plattsburgh has no incentive to fight for the coverage on behalf of the District, especially if it will have a negative impact on the cost for the City's coverage or exposes the City's coverage to cancellation. In addition, the worker's compensation package the District has researched is developed with the volunteer fire department in mind. Also, this worker's compensation coverage has an additional rider that provides additional coverage for the volunteer firefighter to help with out of pocket and other costs not provided by the City's current package.

Additional coverage researched for the District as a part of this package is Inland Marine, liability, life insurance, and property coverage for the rural fire station and contents.

Mrs. McCartney asked if the District is purchasing double coverage for insurance. The answer provided is no, the coverage provided is for any calls that take place in the rural fire protection district as outlined above. Mr. Parshall provided additional comments that, as a part of the District's long range future plans, the District will need to acquire additional property, equipment and buildings in order to provide protection for the future growth of residential and commercial properties and operations in the District. We, as a Board have that obligation to plan for the future in a prudent and cost effective manner. This is what the District feels it is doing.

Mr. Portis stated that traditionally the City has provided insurance coverage for the District at a shared cost. Discussion was that traditions change as was evident with the jointly purchased fire apparatus, #832. The City cannot provide guaranteed assurances of coverage for the District especially since there is no document in the possession of the District that indicates it is an additional insured.

Mr. Portis also asked about content coverage for incidental equipment in the rural fire station. The coverage provides for reasonable coverage for contents stored in the station, such as bunker gear, parts, equipment, etc.

that would normally stored or kept in the station. No inventory is required unless there is a claim, then an inventory would be needed. This is no different than any other homeowner's insurance coverage for contents, for example.

Mr. Riese asked about additional work load placed on the Fire Chief in the event of a claim. His concern was that with a separate insurance policy, extra work could be put on the fire chief in filing a claim. Mr. Winters reminded that the amount of work to file a claim would be the same whether this is a City or District claim and, in fact, would relieve the City of any addition personnel time handling a claim since this would not be a City policy. Once the claim is filed, it is up to the adjustor to handle the claim. And since the Rural Fire District Board only has one function, the fire department, Board members have the time and inclination assist the chief and to ensure the claim is handled properly, effectively, and quickly. And since the policy is owned by the District, the carrier and adjustor have a need to ensure the client is properly served and is happy with the product.

There was a discussion with the Fire Chief regarding listed coverage amounts in regards to the fire apparatus values for 832 and 841. We would need to make that adjustment when we bind the coverage.

Mr. Portis express concerns about coverage for the jointly owned fire apparatus (832) and suggested that the City provide coverage for the apparatus to ensure it is adequately covered. However, by Inter-Local Agreement, the Plattsmouth Rural Fire District is required to provide the coverage for 832 and name the City of Plattsmouth as an additional insured. Therefore the District will need to bind that coverage for 832 and provide the City with a Certificate of Insurance naming them as an additional insured. If the City purchases insurance coverage for 832, the apparatus would be double covered and not an expense of the District.

Motion by: Mr. Winters and Second by: Mr. Vinduska to accept the bid from the Murray State Bank Insurance Agency and approve the purchase and coverages listed from the Ball Insurance Services FIRE PAK policy, to include adjustments in vehicle values as discussed, and separate coverage from the City of Plattsmouth for the Plattsmouth Rural Fire Protection District. 5 Ayes 0 Nays: Motion Carried

**Board Member Comments:**

None at this time

**Next Meeting:**

The next regular District Meeting will be held January 7, 2015 at 7:00 pm.

**Motion to adjourn**

Motion to adjourn by Mr. Winters Second by Mr. Vinduska: 5 Ayes 0 Nays: Motion carried at 8:03 pm.

Respectfully submitted by:

---

Ken Winters, Recording Secretary