CITY OF PEWAUKEE

Administration

W240N3065 Pewaukee Road
Pewaukee, WI 53072
(262)-691-0770 Fax: 691-1798

April 14, 2015

Thank you for your presentation and the information that you provided us for review. We, too, believe that it would be mutually beneficial for both communities' citizens to continue the agreement with the Village. We have several questions, concerns and comments to submit for your consideration:

QUESTIONS

1. While the presentation was informative, we are curious if the Village, has a specific proposal? There were no details provided during the presentation, nor in the information provided. We understand that the Village would prefer to pay the City less for providing Fire and EMS services. However, there is no proposal how to equitably pay for the services provided. If such a proposal is provided, we would like to review it prior to any meeting between the City and the Village.
    a. In 2013, the Fire Advisory Committee reviewed the current agreement and discussed revising the cost formula calculation. At that time the Village Board at that time did not respond to any proposed cost savings offers from the City. Before the City can move forward with any proposed negotiations for revisions to the agreement we need to know what terms and conditions the Village is proposing.
2. Does the Village of Pewaukee believe that protective services is a quality of life issue? Based on the Village's 2014 budget, you spent $2.2 million on law enforcement and $1.2 million on fire/EMS services (nearly half as much). Both services have personnel and infrastructure that must be maintained to operate 24 hours per day, 7 days per week. Is it your position that full-time fire/EMS services should cost 50% less than equivalent coverage by law enforcement? Does the Village believe they can provide full-time fire/EMS services for less?
    a. It is worth noting here that although the Village is indeed landlocked, service demand for fire and rescue continues to increase at approximately the same percentage that the City has experienced. The historic split for fire/EMS service delivery has been City – 60%, Village – 40%, which continues to be the case today.
    b. While the Village uses 41% of the PFD's services, the 2014 bill for services covered approximately 39% of the total cost for fire/EMS services. Therefore the case could be made that the City is already subsidizing fire/EMS service to the Village by

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approximately 2%. (In deference to the Village paying "a premium" for services, as noted in the presentation.)

c. According to the Village's consultant's report, over the 10-year period that the PFD has provided services to the Village, the demand for services in the Village increased 32% compared to the City's 28% increase (Table 2.2). Over the past three years, EMS service requests in the Village have increased seven (7%) percent.

d. The report also states that the Village's payment for contracted services increased 32.4% over the 3-year period of 2011-2014, while the City's budget increased 18.1% (Table 3.2). While the City can understand how this may look disproportionate at first glance, it actually demonstrates that the Village was historically charged much less than the actual cost and value of the services. It is the City that can no longer afford to provide emergency fire/EMS services at a discount, and the increase to the Village represents an effort to get closer to the actual costs of the services. Again, it needs to be noted that the Village is currently only paying 39% of the total cost for fire/EMS service, while using 41% of fire department capacity and resources.

3. The Village of Pewaukee states (Slide #3) that they no longer can afford the cost for fire/EMS service. The City of Pewaukee desires to provide a service level to its citizens that reflects the highest level of care in terms of fire and EMS protection. This commitment is reflected by its paramedic level service, Insurance Services rating and conformance to National Standards. As with most government provided services, a reduction in the budget generally results in a reduction of service levels. Is the Village prepared to accept a lower service level that would accompany a budget reduction? If so, how would your citizens prefer to reduce services to make them more affordable?

   a. Reduced response times
   b. Modified Standards of Cover (location of Stations, automatic and mutual aid, MABAS, Incident Management Teams)
   c. Less favorable ISO rating
   d. Reduced public education efforts
   e. Elimination of fire inspection services
   f. Reduction of EMS service level (EMT vs. Paramedic)*

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* The City cannot reduce its level of EMS to less than Paramedic for the Village due to licensing statutory obligations through the Department of Health & Human Services; the Village may be able to obtain a lower level of EMS coverage from another source, however.

4. The City's development of a land use plan and strategic plan may help grow the tax base, but any growth does not automatically guarantee that there will be a greater use of fire/EMS services (Slide #4). If the Village Board could share their discussion points of the original proposal that the Fire Advisory Committee discussed during their late 2013 meetings regarding revising the costs formula calculation to be similar to those recognized by the State of Minnesota and currently used in the North Shore Fire Department the City may be able to better understand the Village's position. You will recall that the formula suggested that costs be based on population, equalized value, and number of runs.

5. The Village presented the Municipal Cost Index (MCI) as a reference for fire department services across the State (Slide #25). Unfortunately the MCI does not identify what service levels are being provided, and neither did the comparable community information. This would require much more research. Simply citing the numbers without in-depth clarification is like comparing apples-to-oranges.
   - The PFD improved the level of EMS service from EMT to Paramedic; there was no specific reference to this, nor the additional charge associated with this improvement. The City continues to pay more to maintain this level of service. Of the current 18 full-time department personnel, 15 are paramedics.
   - The PFD built a new fire station within the Village to provide better service. There was no added Capital charge associated with this improvement.
   - The Fire Department now has the second highest ISO rating possible (#2), which also benefits the Village. Significant efforts were made to accomplish this, and the Village has not been asked to share in the costs associated with this effort outside of the normal agreement language that has been in effect for 10 years.

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- In total, the ISO rating has improved from a '5' to a '2' over the life of the agreement to date. Has the Village contacted any of the businesses to determine the impact of these changes?

6. As the Village is aware, personnel costs have always been, and will continue to be, the greatest percentage of a department's budget. There has been a concern noted that the City has been hiring more permanent fire department employees and reducing the paid-on-premise (POP) ranks, resulting in greater budget costs. There are two factors that need to be understood to appreciate the value in this:
   a. In 2012, the PFD had 60 part-time POP personnel that supplemented the full-time staff; in 2014 that number was down to 29 POP firefighter/paramedics. The 31 who left the department were not fired – they chose to go elsewhere for full-time employment opportunities or other reasons. Recruitment efforts are on-going, but volunteer and combination fire departments across the country are experiencing recruitment/retention problems; Wisconsin has tried to address this by offering retirement benefits to Volunteer firefighters, but even that has not been enough of an incentive to fill the ranks.
   b. Full-time employees can offer a more stabilized workforce. The advantage to a stabilized workforce is experience and quality of service delivery. Rather than have a different and/or less experienced crew or partner more often than not, teamwork is improved and superior service delivery results.

      The greatest threat to a stabilized PFD fire/EM workforce is the perception that job security is threatened due to the continuing stressed Village/City relationship. To counter this perception, we strive to assure our fire department employees that the City supports the fire department and will continue to do what is needed to maintain and improve services.

      In addition, any improvements to the City's fire department infrastructure, such as added personnel or equipment, also benefits the Village by providing greater depth of response capabilities and lower response times as compared to mutual aid departments.

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7. No one likes additional fees, and the perception that fire/EMS service could result in additional charges to the Senior/elderly population is a concern (Slide #21). The City does not charge any additional fees, and has no intention of doing so. Indeed, what the Village chooses to charge its' residents is an internal matter. We would be interested in hearing what specific fees are being questioned? At no point has the fire department enacted "life assistance" charges.

There are many other points/counter points that can be made to the information presented by the Village. The goal of this response is not to get into a back and forth "memo discussion."

Suffice to say that the City may at some point seek to go to a taxpayer referendum seeking financial support to improve its emergency service levels. With the taxation restrictions imposed by the State, this is also an avenue left open to the Village to raise funds for operational costs.

The City strives to provide the highest level of fire/EMS service to the citizens of both the City and the Village, as it directly and significantly impacts the quality of life of our communities. We really don't think our citizens would want it any other way. We are confident that an analysis by any qualified agency would find the service levels being provided as excellent.

While the quality and level of service currently being provided may not be in question, desiring to maintain that level of service at a reduced cost will be deficient. The City underwrites the cost of the fire department infrastructure through taxes while the Village is not asked to do so, the "support costs" associated with maintaining the fire department is built into the current contract formula. Indeed, if the Village did not have any calls for service, it would not be paying a penny to have the fire department available to respond to their needs.

We agree that public education on how to reduce false alarms would be of benefit to both communities, and we are most willing to participate in such an effort with the Village.

Lastly, we understand that the Village may not feel as much a part of the fire department as they would like to, and that they would like to hear from the Fire Chief or his designees more often. The concern we have is that the Fire Chief or his designee may be perceived as the City's official representative, and anything said may be construed as policy or fact.

While we encourage good communications between the fire department and the Village and its citizens, schools, businesses, etc., we also recognize that the Fire Advisory Committee is the primary

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conduit for communicating any concerns either community may have, and should not circumvent that process.

There are many advantages to contracting out fire/EMS services for both communities. The Village, benefits by being able to utilize a full-time career fire/paramedic department with a broad base of resources, an extremely favorable ISO rating, good response times, fire inspection services, revenue generation for the Village, no fire department related IT services and no human resources issues.

If the Village wishes to contract with a different agency, form a fire district or start its own department it can certainly do so. With all due respect, we feel the budget numbers and return on investment figures that you presented to be somewhat unrealistic; we would encourage the Village to do much more detailed research for their own protection before they chose any of those routes.

It is our sincere desire to reach an amicable agreement with the Village. The first step in doing so, however, is to have a clear understanding of the Village's expectations for service levels, terms and conditions. We cannot begin to discuss costs without such an understanding.

We hope that this response is helpful in analyzing the current situation and understanding current and future needs. Budget issues will continue to be at the forefront for most communities across the State, and we are no exception. The challenge is finding the right balance between service levels and cost – and when dealing with emergency services, it can make for difficult and emotional discussions. After all, what is more important than our emergency services when we find ourselves needing them in crisis situations?

We look forward to continuing our discussions, but please be aware that at some point the City will have to make a determination how it will move forward with or without the Village as a fire/EMS service partner.

On behalf of the Mayor and Common Council,

Tammy LaBorde

Tammy LaBorde, ICMA-CM
Administrator