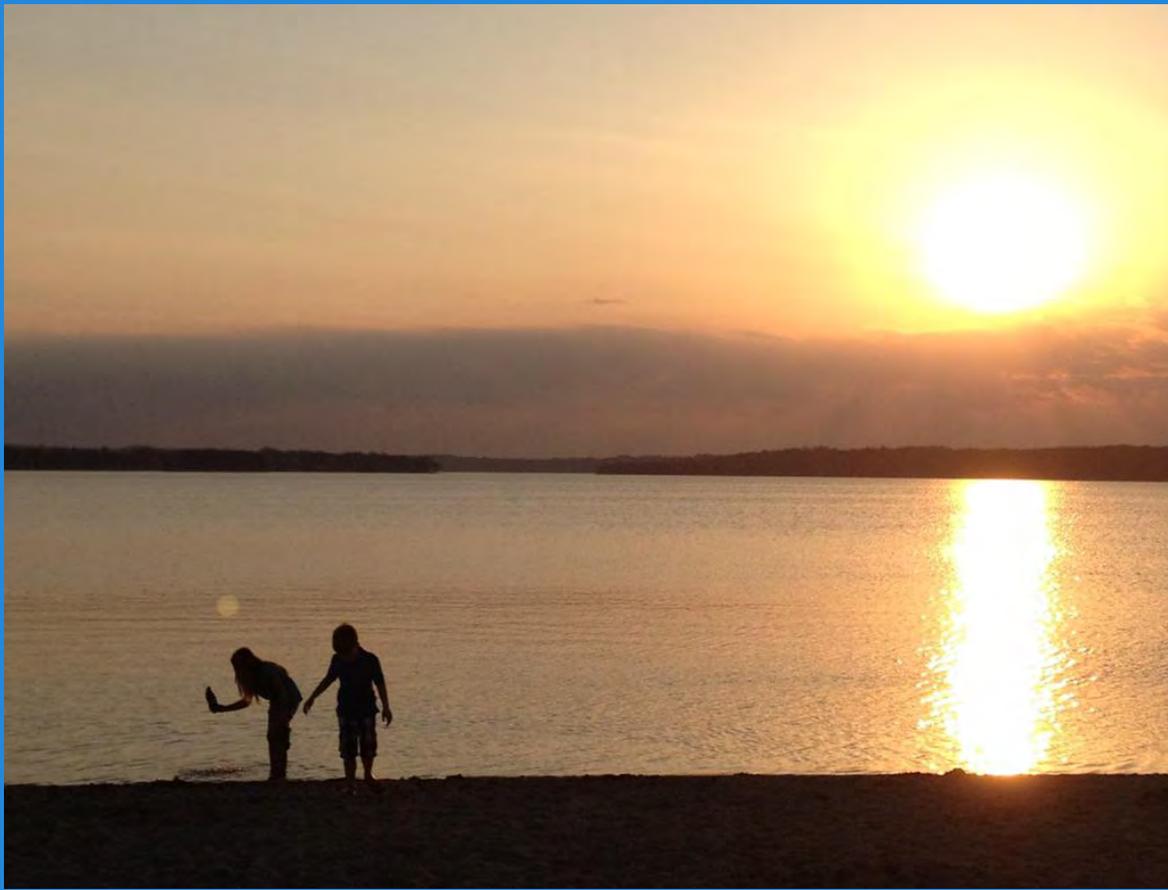


Fire Presentation

Village of Pewaukee Fire Committee



Village holds much of the lifeblood of the area that speak to the quality of life for citizens – the schools, library, shopping centers, beach.

The Village has certain financial realities

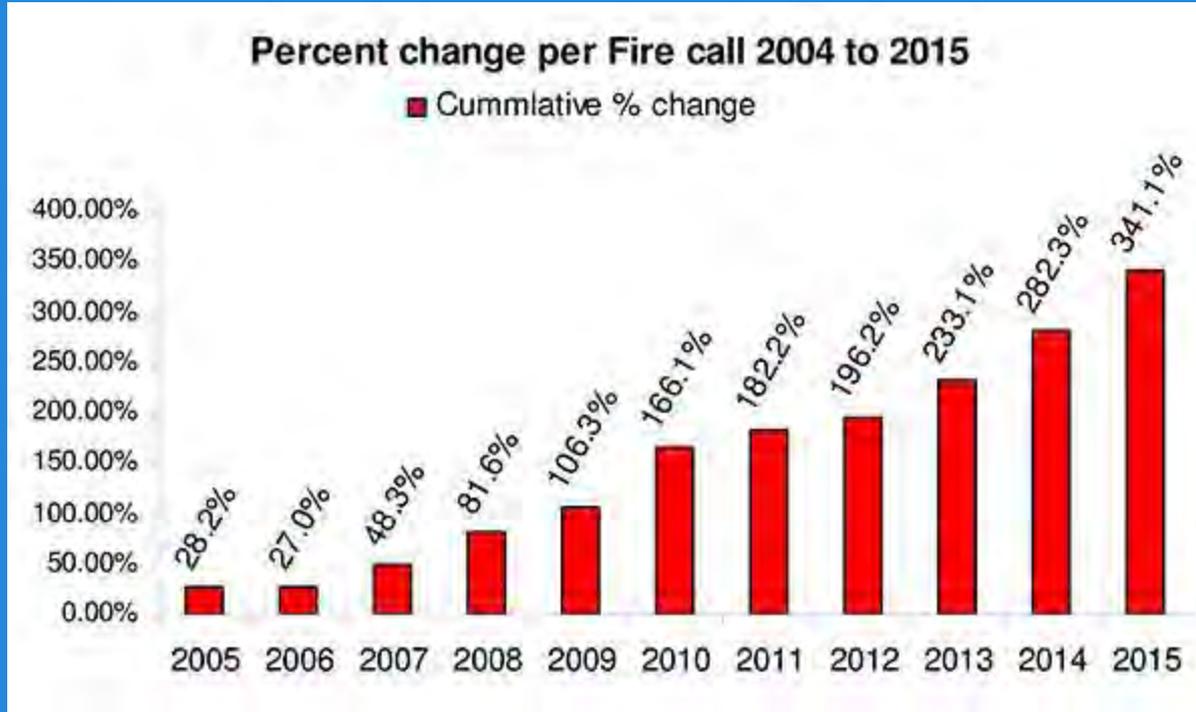
- We can't raise our levy to cover increased costs due to levy limits. The Village was only able to raise our levy for 2014 \$12,239 (.32%) vs. an increased city levy of \$393,140.
- We are land locked, so we aren't going to be able to expand much to raise the tax base. Due to the growth in the city tax base, they could potentially increase the levy without increasing their tax rate.
- We need to live within our means.

City Growth

- The city's tax base is increasing, so they can afford to spend more and still have reductions in their tax rate.
- The city has for years spent more than the village on a per capita basis, and yet, has a lower tax rate.
- The city needs to increase the services for their community as they grow, but they will have the increased tax base to pay for it.



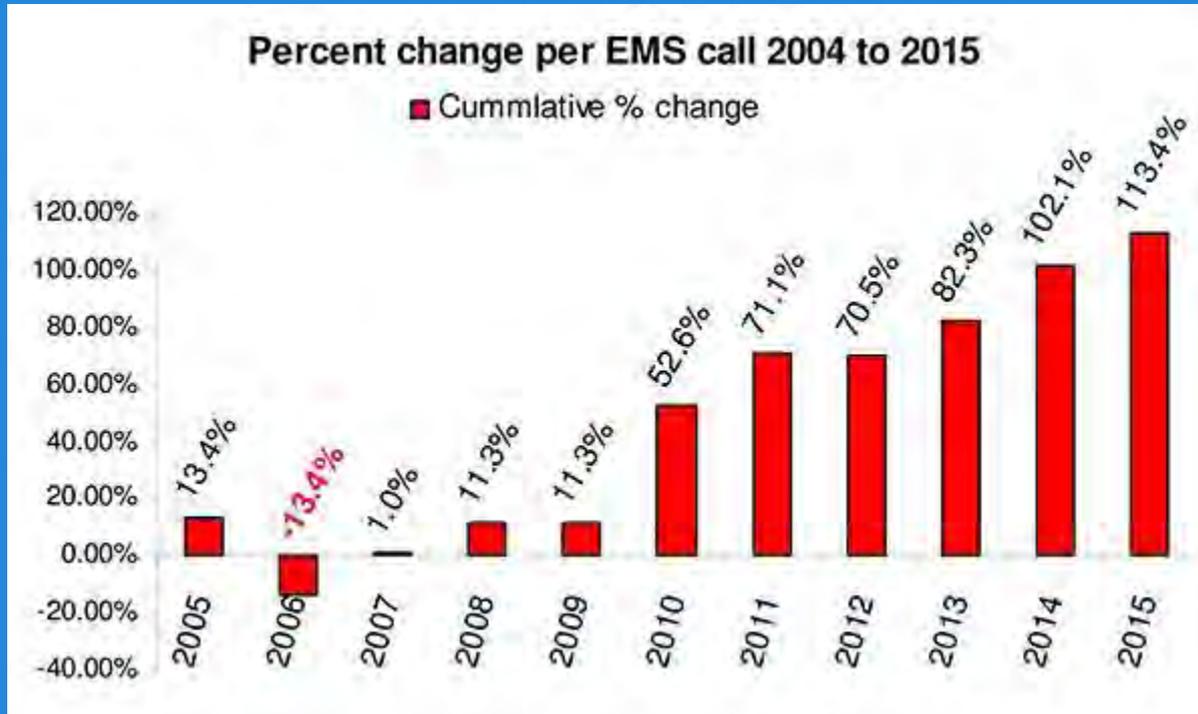
In the past 3 years, the cost for a call has gone up by \$1880 per call.



From 2013 to 2015, the cumulative rate per call has gone up by 32.44%. In comparison, the Municipal Cost Index has increased 3.03% in three years.



From 2013 to 2015, the cost per EMS call increased \$151.



The cumulative increase for EMS calls from 2013-2015 is 17.08%.

Statement

- The Village can't afford the current rate of increase for fire services.
- The only way that we can pay for increases at these rates in the future is by borrowing funds.
- The Village wants fire and EMS services that match our needs, not the needs of the City.

Looking for ways to reduce costs

- We were looking for ways to reduce costs, so we hired RW Management to do a study on the village's needs.

Consultant's Recommendations

- Based on the evaluation of Fire-EMS services for the Village, RW identified four alternative options for Fire-EMS services that we felt were realistic options for the Village.

Four Options

1. Negotiate a new contract with the City of Pewaukee
2. Contract for services with a different agency
3. Pursue creation of the consolidated fire district
4. Develop a Village paid on call department

Option 1 – Negotiate a new contract with the City of Pewaukee

- The Village currently has a contract with the City of Pewaukee for Fire-EMS services. This contract was first signed in 2004 and is based on a cost per incident and cost per fire and fuel tank inspection. The contract is automatically renewed for 5 years and was up for the second renewal in 2013.

Option 2 – Negotiate a contract with a different agency

- The Village does have the option to request Fire-EMS services from a different agency and negotiate a contract with that agency. There is the potential interest from other agencies that may have an interest in contracting for Fire-EMS Services for the Village. This option would create the need for the Village to provide a Fire-EMS station within the Village to staff personnel and apparatus.

Option 3 – Pursue the creation of a Fire District

- The creation of a Fire District capable of taxing citizens for Fire-EMS Services would take special legislation to allow for the creation of a special taxing district. This option would take a longer period of time to complete and would not provide an immediate solution to the provision of Fire-EMS Services.

Option 4 – Create a Paid on Call or Combination Fire Department for the Village

- Create a paid on call or combination fire department for the Village – this option relates directly to the findings in Chapter 3 of this report regarding comparable communities and their cost for Fire-EMS Services.
- The Fire-EMS expenditures for many communities the same size as the Village is lower. The reason for this is fewer full time Fire-EMS personnel. Having fewer full time Fire-EMS personnel is the only way to substantially reduce Fire-EMS costs, but it will also reduce response times for Fire and EMS incidents.
- There are also substantial startup costs when creating a new Fire-EMS Department. A station, Fire-EMS apparatus and staffing would have to be put in place.

OPTION 4 ESTIMATED COSTS

	2015	2016	2017
Project Management	\$50,000	\$50,000	0
2 Fire Engines	\$800,000	\$800,000	0
1 Ambulance	\$192,000	0	0
Fire Station	\$400,000	\$4,000,000	0
Operating Expenses	0	\$500,000	\$700,000
Capital Improvement Plan	0	\$100,000	\$100,000
TOTAL	\$1,442,000	\$5,450,000	\$800,000
Revenues	0	\$175,000	\$200,000
NET TOTAL	\$1,442,000	\$5,275,000	\$600,000

Assuming these figures are accurate, the Village would recoup the start-up costs by 2021.

New Contract

- Our preferred choice is to negotiate a new contract with the City of Pewaukee for fire & EMS services.

Here is what we need in the long term...

What we would like to see in the new contract

- We need a contract that is not directly tied to the budget of the City fire department. The fire department's budget will continue to increase as the City's size increases. The Village's service needs are not contributing to the growth of the fire department.

What we would like to see in the new contract

- We need to have a contract where we do not charge our elderly citizens additional fees for lift assistance in an effort to recoup increased costs.
- We do not want to have a community where people are hesitant to call 911 due to fear of their personal costs.

What we would like to see in the new contract

- We want to work with the fire department as a team to keep costs in line which means open communication and customer service expectations.
- As a customer of the Fire Department, we would like more awareness and input on our services and needs.

What we would like to see in the new contract

- We are looking for service that meets our community's individual needs.
- Equitable division of fire & EMS costs for school.

Here are some formulas
that we think will work for
us in the long term...

Comparative Costs for Fire, Ambulance and Other Public Safety

- The Dept. of Revenue publishes an annual bulletin titled "County and Municipal Revenues and Expenditures". The data is compiled from the entries on Form C completed as a part of each Municipality's annual audit.
- The median values on the following slides were computed from that data.

How we chose the data

- One of the most important elements of doing financial comparisons is to use the same type of source data for each entity being compared. If we use audit figures for the Village, then all communities being compared must also use audit figures. If we use budget figures, then all comparisons must use budget figures.
- Either of those two options would require a great deal of research to insure accuracy.

Advantages vs. disadvantages

- There are always pros and cons when choosing a data source.
- The advantages and disadvantages of using DOR bulletin “County and Municipal Revenues and Expenditures” are:

Advantages

1. The data comes from a third party source that uses reasonably consistent reporting methods. Form C, which is the basis of the DOR report, is prepared by an audit professional.
2. The number of data points would be significantly greater than other options. Comparisons using too few data points tend to be less reliable.
3. The data is considered reliable by other entities such as UW-Extension's Local Government Center GREAT program. There have been quite a few municipal studies using the DOR data.

Disadvantages

1. All comparisons would be gross cost figures rather than net figures. That disadvantage is mitigated by the fact that any contract we enter into, including our current contract, would be based on cost only. For example, reimbursements or billings for EMS calls or inspections would not change unless the Village chose to amend its ordinances. Therefore, a reduction in the contract cost would result in a dollar for dollar reduction in the net cost of services.
2. The data would be outdated by 1 year. That could be compensated for by using a CPI adjustment or some other similar mechanism such as the Municipal Cost Index (MCI).

Median vs. mean

Median is often confused with mean. To refresh:

Mean: Simply add numbers in a data set together and then divide by the number of entries

Median: The middle value in a series of values arranged from smallest to largest

Why we used the median data

- The median value is not sensitive to extreme ratios and in this sense tends to be typical.
- The median is affected by the number of data points, not by the size of the data points.

Why we did not use the mean

- The mean is sensitive to extreme variations, and thus, may not be typical.

The Example

- The following is an example of the median value in a data set that has a wide divergence of values.
- This illustrates the validity of using a median value in a data set.

2013 Municipal Equalized Tax Rate For Cities and Villages in Waukesha County

Median tax paid per capita

Municipality	Municipal* Tax Rate	Assessment** Ratio	Equalized - Effective Tax Rate	est. 2013*** Population	2013 levy ††	tax per capita	Rank
V Chenequa	\$4.29	97.940%	\$4.20 /M	587	\$1,826,645	\$3,111.83	1
V Oconomowoc Lake	\$4.21	98.181%	\$4.13 /M	591	\$1,323,155	\$2,238.84	2
V Lac La Belle‡	\$4.32	101.784%	\$4.40 /M	291	\$479,365	\$1,647.30	3
V Elm Grove	\$6.86	100.338%	\$6.88 /M	5,934	\$6,578,820	\$1,108.67	4
C Brookfield	\$5.53	109.295%	\$6.04 /M	37,835	\$35,835,000	\$947.14	5
C Delafield	\$4.41	105.894%	\$4.67 /M	7,083	\$5,841,143	\$824.67	6
V Butler	\$6.80	103.770%	\$7.06 /M	1,834	\$1,508,900	\$822.74	7
V Big Bend	\$6.39	107.551%	\$6.87 /M	1,284	\$962,756	\$749.81	8
C Waukesha	\$10.19	99.984%	\$10.19 /M	70,900	\$53,098,827	\$748.93	9
V Mukwonago‡	\$7.55	100.442%	\$7.59 /M	7,432	\$4,856,568	\$653.47	10
V Menomonee Falls	\$5.20	106.397%	\$5.54 /M	35,710	\$22,198,859	\$621.64	11
C New Berlin	\$5.51	97.988%	\$5.40 /M	39,915	\$24,221,282	\$606.82	12
C Pewaukee	\$3.00	102.813%	\$3.09 /M	13,654	\$7,962,137	\$583.14	13
V Pewaukee	\$5.56	94.286%	\$5.24 /M	8,165	\$4,722,775	\$578.35	14
C Oconomowoc	\$5.13	110.270%	\$5.66 /M	16,004	\$9,159,719	\$572.34	15
V Hartland	\$4.41	104.175%	\$4.59 /M	9,124	\$5,195,250	\$569.40	16
V Sussex	\$4.36	99.598%	\$4.34 /M	10,623	\$5,665,913	\$533.36	17
C Muskego	\$4.61	100.024%	\$4.61 /M	24,239	\$12,096,244	\$499.04	18
V Nashotah	\$3.84	103.555%	\$3.98 /M	1,383	\$685,235	\$495.47	19
V Lannon	\$4.56	110.881%	\$5.06 /M	1,101	\$528,879	\$480.36	20
V Wales	\$3.49	101.240%	\$3.54 /M	2,546	\$1,165,757	\$457.88	21
V North Prairie	\$4.07	99.578%	\$4.05 /M	2,142	\$852,553	\$398.02	22
V Summit	\$2.04	98.269%	\$2.00 /M	4,695	\$1,836,584	\$391.18	23
V Eagle	\$4.70	104.478%	\$4.91 /M	1,944	\$724,739	\$372.81	24
V Dousman	\$4.62	105.938%	\$4.89 /M	2,320	\$825,671	\$355.88	25
V Merton	\$3.00	105.913%	\$3.18 /M	3,413	\$1,152,383	\$337.65	26

median
tax per
capita is
\$580.74

The formula

- The projected range of costs for the Village of Pewaukee was computed by multiplying the median cost per capita for each category by the Village's 2012 population of 8,179.

Median cost/capita x Population = Cost

Example 1 - All Municipalities in WI

All Municipalities in Wisconsin

Median Fire & Ambulance cost	Median Fire & Ambulance cost per capita	Median Fire, Ambulance & Other Public Safety cost	Median Fire, Ambulance & Other Public Safety cost per capita
\$57,148	\$59.00	\$59,928	\$61.20
Projected range of costs for the Village			
\$482,522	to	\$500,494	

Example 2 - Southeastern WI

Milwaukee, Ozaukee, Washington and Waukesha Counties (MSA)

Median Fire & Ambulance cost	Median Fire & Ambulance cost per capita	Median Fire, Ambulance & Other Public Safety cost	Median Fire, Ambulance & Other Public Safety cost per capita
\$511,681	\$96.41	\$599,733	\$103.30
Projected range of costs for the Village			88 Communities
\$788,465	to	\$844,765	

Example 3 - Similar Populations

Wisconsin Municipalities with populations from 5,000 to 11,000

Median Fire & Ambulance cost	Median Fire & Ambulance cost per capita	Median Fire, Ambulance & Other Public Safety cost	Median Fire, Ambulance & Other Public Safety cost per capita
\$516,913	\$73.04	\$598,991	\$81.88
Projected range of costs for the Village			95 Communities
\$597,323	to	\$669,645	

Example 4 - Actual Costs

Actual costs for the Village of Pewaukee as reported by DOR

Median Fire & Ambulance cost	Median Fire & Ambulance cost per capita	Median Fire, Ambulance & Other Public Safety cost	Median Fire, Ambulance & Other Public Safety cost per capita
\$1,223,202	\$149.57	\$1,434,962	\$175.47

Source: DOR "County and Municipal Revenues and Expenditures" 2012, JANUARY 2014, BULLETIN NO. 112.

Synopsis

- A new negotiated contract would be less risk and easier for everyone.
- Fire departments are expensive due to the fact that you need the capacity to handle calls regardless of whether you have funds from the village.

Synopsis

- We are willing to pay the costs of fire service to fit the needs of our community.
- We are unwilling to pay the additional costs the fire department incurs due to the city's expansion.

Synopsis

- The Village is willing to pay a fair value for Fire & EMS services that we are purchasing, but just dividing a number doesn't create a fair value for the services. We have been paying a premium for services and the Village cannot afford this anymore.