

Citizens Committee Report & Recommendation

**Clinton Township Department of
Fire-Rescue-EMS**

June 2013

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The Fire Department Budget

The main source of Fire Department Budget revenue comes from a four mil special assessment and a one mil operating millage passed in 2002 for 20 years. Total Department tax revenues were \$15,276,000 in the 08/09 Fiscal Year (FY). Due to the economic downturn in property values, tax revenues dropped to \$12,032,000 in FY 13/14, a loss of over \$3.2 million (21%). As this tax revenue is over 95% of the Fire Department's total budget, this very large loss of funding has caused a major loss of personnel and has placed a significant strain on service and equipment.

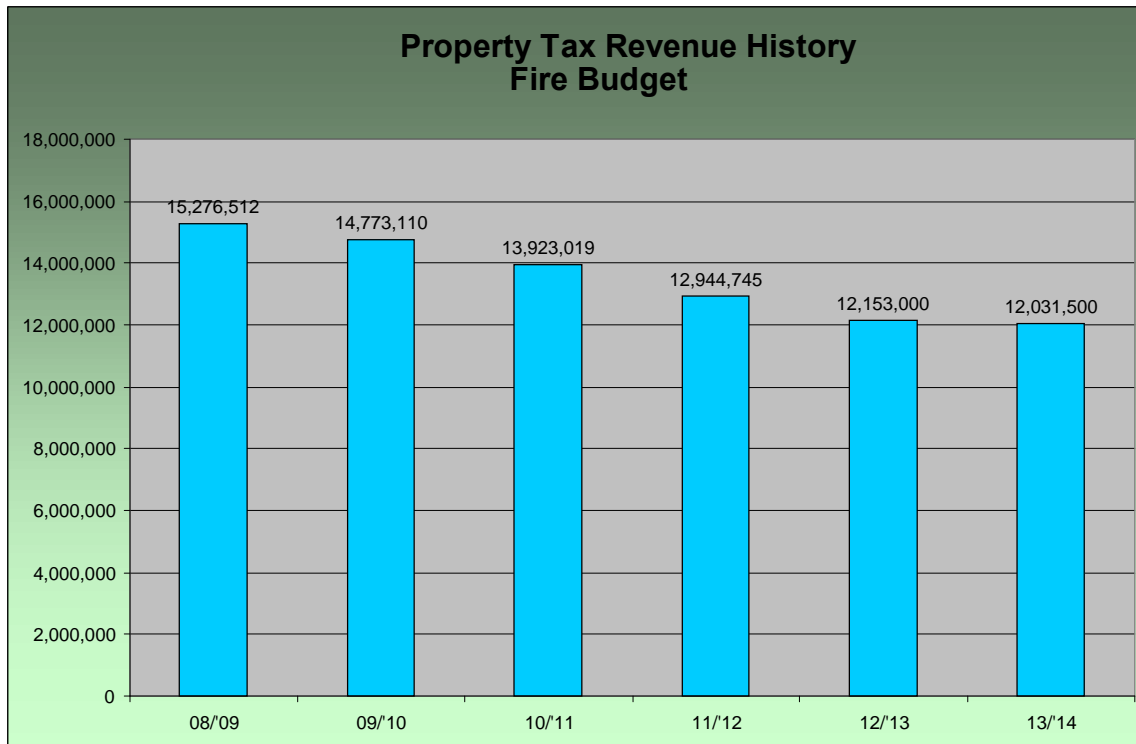


Fig. 1

Our Greatest Asset: Personnel

The tax revenue drop during this period has affected the department in many ways, with the most significant impact being in the personnel area. The Department employed 99 in 07/08; however, as of this date, there are only 63 remaining. In August 2010, seven (7) firefighters were laid-off, due to a shortfall in the budget. In March of 2011, an additional twelve (12) were laid-off. The Department applied for and was awarded a SAFER Grant from the Federal Government, to recall twelve (12) of the firefighters. The seven from the initial lay-off remain in that status. Unfortunately, re-application for a recent SAFER Grant was unsuccessful, and Federal funding for twelve (12) firefighters expires in June 2013.

Naturally, attrition of the firefighters also occurred during this five year period. As employees left, openings have not been filled, and several other non-firefighting positions

have been cut. In comparison, FY -07/08 saw the department with 84 firefighters in the Suppression Division compared to only 55 today, a drop of 35%. In addition, staff positions of a Deputy Chief, Training Officer, two Inspectors, an Officer Manager, and an IT Specialist have not been filled. Several sworn Fire Officers were also deleted, as the need for supervisors decreased.

Calls For Service

Although funding and personnel have decreased, calls for service have dramatically increased, primarily because of changing demographics in the Township. Again, looking at this five year period, the projection is nearly 2,000 additional incidents ó up over 21%. Historically, each year *normally* experiences a large increase in runs. (Fig.2) Note that only a single incident number is created for each individual event, regardless of the number of vehicles that respond.

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|-------|--------------------------------|------------------------------|
| 2008: | 84 in the Suppression Division | 8,967 incidents |
| 2013: | 55 in the Suppression Division | 10,885 incidents (Projected) |

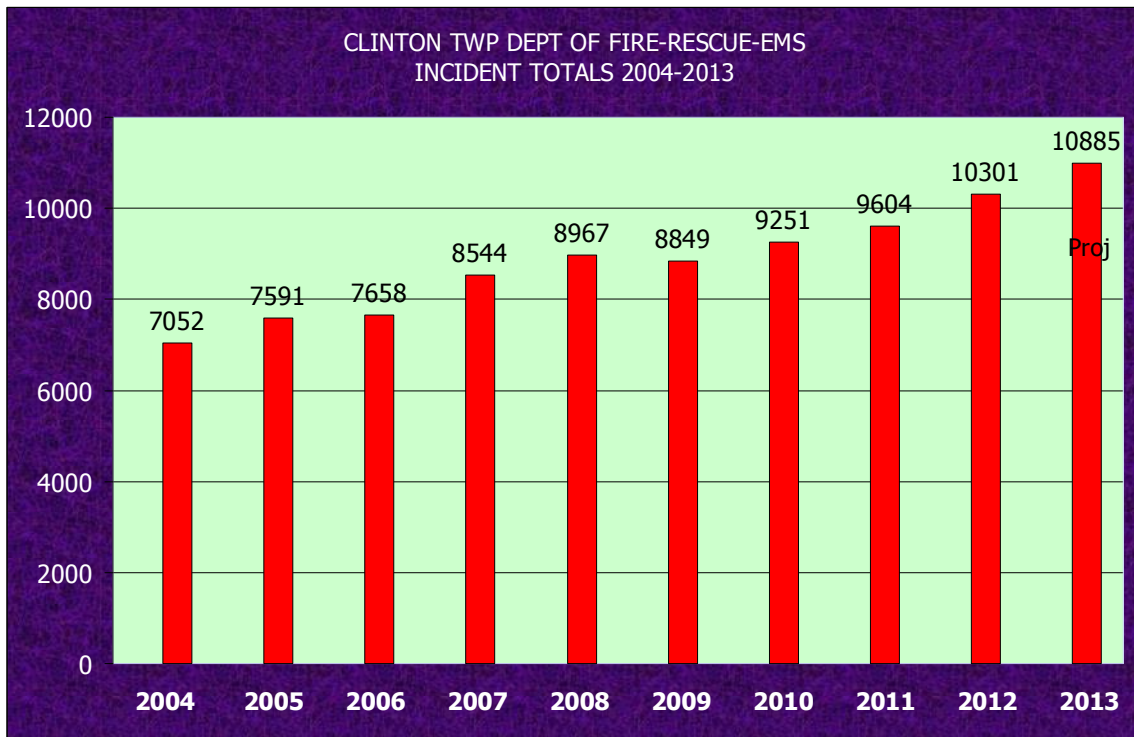


Fig. 2

The Current Budget Issue

The Township has budgeted to retain the twelve (12) individuals that benefited from the SAFER grant until the end of this FY. There is no guarantee after the end of the FY, and with a current *actual* shortfall of \$1.7 million in the FY -13/14 budget, it is imperative to find additional means of funding to retain these employees. The effect of reduced

personnel, especially in the Suppression Division, is that Clinton Township will be unable to staff five fire stations or keep five fire trucks on the road.

Where We Were and What We May Look Like

In 2008/2009, the Department was able to have five (5) fire engines and two (2) ladder/rescue trucks servicing the community. Personnel cuts have reduced the Department's ability to cover the Township, now with only five (5) fire engines. All five stations have normally remained open. If additional funding is not obtained, it is estimated that the Suppression Division will drop from the current 55 to 46, with roughly 15 personnel on each shift. This is only enough people to staff four (4) pieces of fire equipment, with a dispatcher and a Shift Commander providing there is no leave time taken by the firefighters. One fire station would have to be closed. Further, since vacations and other forms of leave are the firefighters' contractual benefits, and the anticipated disappearance of being able to fill any leave vacancies with overtime, it would be a fair assumption that a good percentage of the year would only see three (3) fire engines in service and only three (3) of the five (5) fire stations opened. The Fire Department would face a challenging situation to provide an acceptable level of service for the Township with only three or four fire stations.

How Do We Measure Up?

For communities our size, according to the report U.S. Fire Department Profile Through 2011 published by the National Fire Protection Association (NFPA) in 2011, nationally, the average firefighter per thousand population was 1.53. Presently, Clinton Township operates at 0.57, almost 2/3 below the national average. If 46 firefighters at the end of this FY became a reality, this would place us at 0.48 per thousand residents.

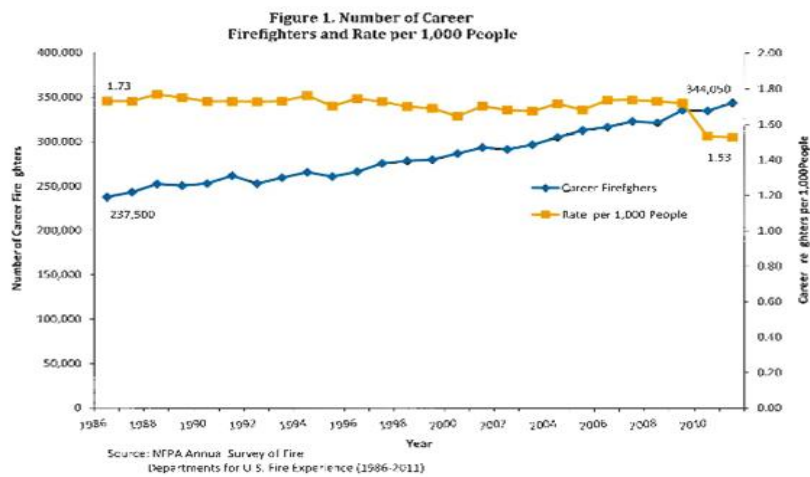


Fig. 3

ISO Rating of 4 In Jeopardy

The Insurance Services Office (ISO) sets the Public Protection Classifications (PPC) of 45,000 fire districts in the United States. The PPC allocated to a fire department directly affects the insurance premiums paid by homeowners and businesses in a community. After an extremely detailed audit of the department, a fire protection classification rating from 1 ó 10 is given, 1 being the best protection afforded. Last evaluated in 2007, Clinton Township's current ISO rating is a 4, a very effective level.

In data taken from the Michigan Association of Fire Chiefs Michigan's Fire Service 2011 report, an example is given regarding the effect of dropping the PPC on a home valued at \$100,000.

| | | |
|-----------------------------|---|--|
| A drop of two (2) classes | = | increase in insurance premium of 6.9% |
| A drop of three (3) classes | = | increase in insurance premium of 12.8% |

There is a very realistic probability that if the Fire Department's coverage drops to three (3) or even four (4) pieces of firefighting equipment in service daily, our ISO PPC rating would be critically affected. The cost to the community would not only be the loss of prompt emergency service but the impact on their insurance rates. Effectively, Clinton Township property owners are faced with a choice to either (A) pay slightly more to retain excellent Fire Department service or (B) pay more, in the way of future insurance premiums, for much less effective fire service.

The Aging Fleet

In 2002, following the success of the millage vote, a vehicle replacement schedule was published. The schedule was a plan to systematically replace all vehicles, fire and staff, over the 20 year duration of the millage. Due to other unforeseen cost increases, the plan could not be completed and had to be abandoned in 2005. Because of this, the Fire Department's fleet is aged, and in many cases, the vehicles are beyond their "normal" life expectancy. The average age of our fleet:

| | |
|--------------------------------------|--------------------------|
| Front Line Fire Engine = 11.2 years | Life Expectancy = 10 |
| Aerial/Quint/Ladder Truck = 16 years | Life Expectancy = 15 |
| Staff Vehicles = 9.7 years | Life Expectancy = 7 ó 10 |

As of now, the Department has plans to replace one fire engine this coming budget year and possibly one in the next. The funding for these purchases has come from the sale of other vehicles in our fleet. After this, there is no room in the budget to fund this project. To illustrate, figures 4, 5 and 6 compare us to other departments in Macomb County.

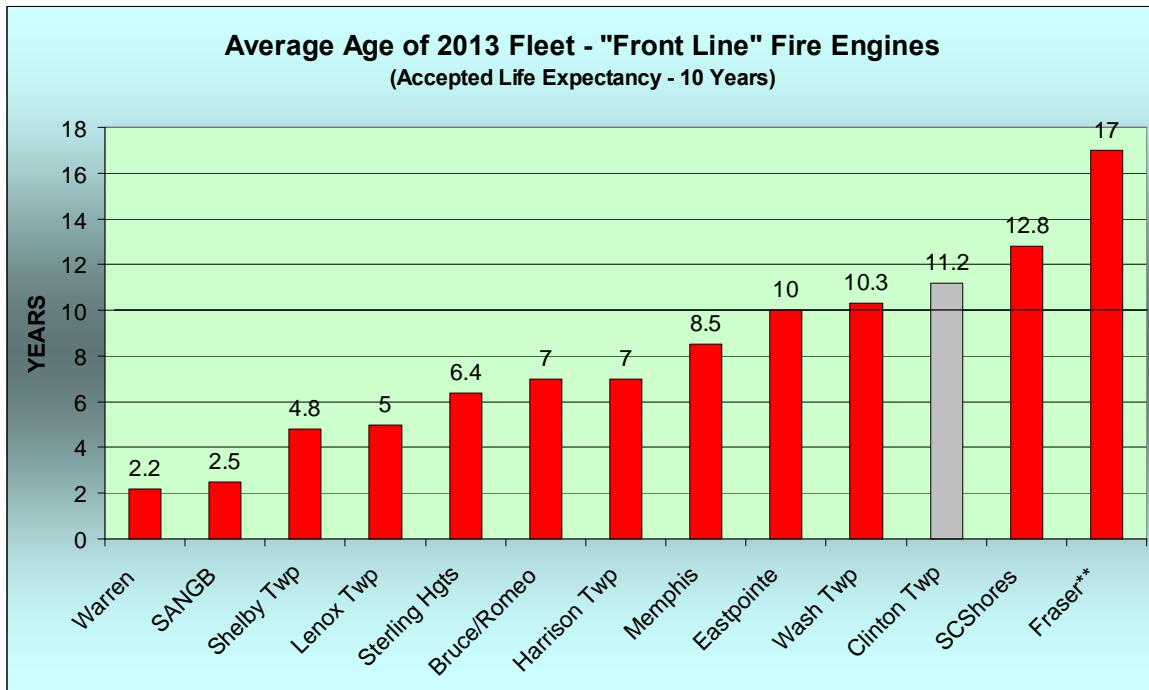


Fig. 4

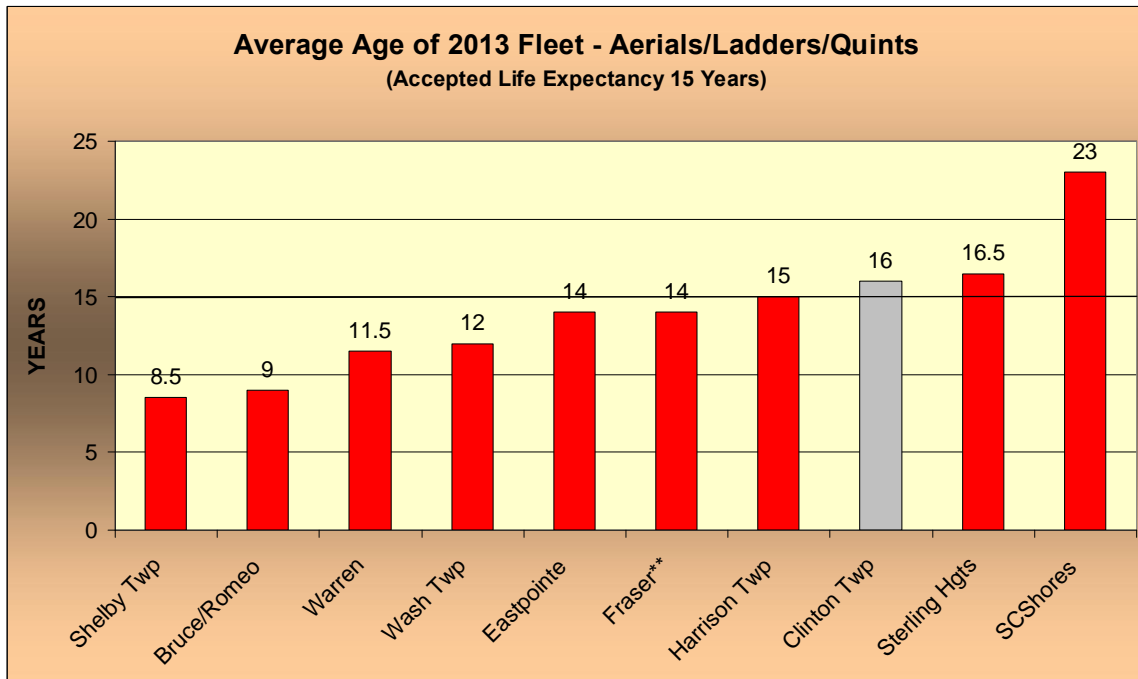


Fig. 5

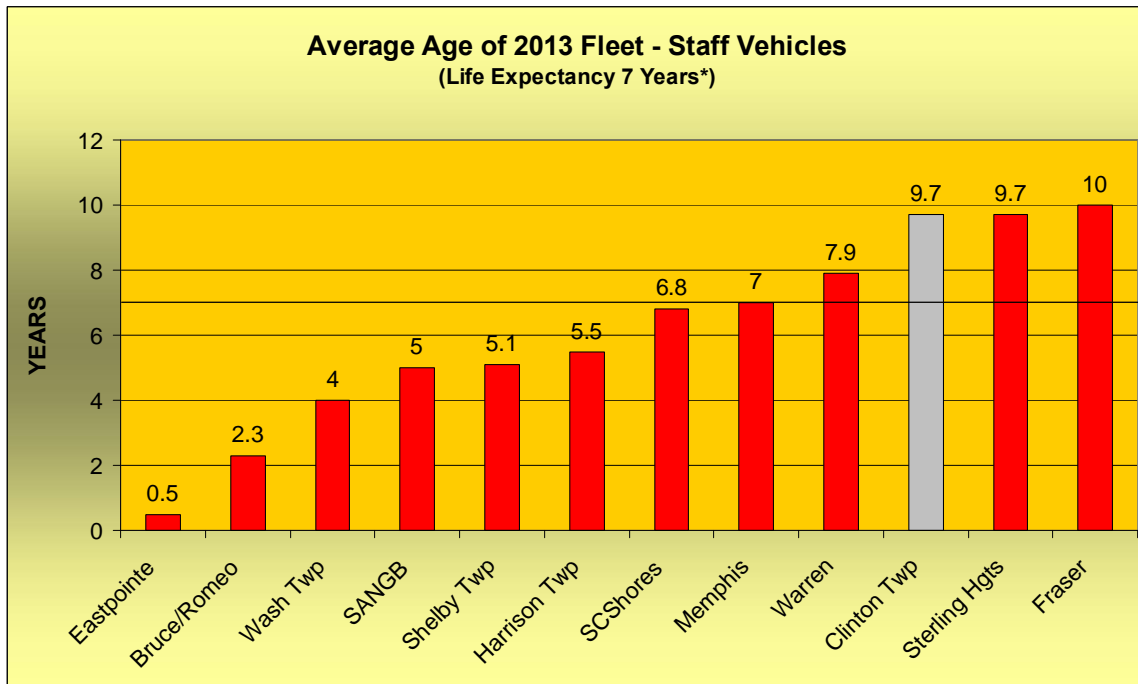


Fig. 6

Recovery Will Be Very Slow

Between the Headlee Amendment and the passage of Proposal A in 1994, recovery will be very slow. Although current Clinton Township assessing records show that some residential neighborhoods experienced a 7% increase in value this past year, some areas saw a decrease by as much as 15%. Coupled with a continued decline in commercial and industrial properties, the Township saw an overall decline of 1.62% in taxable values in 2013; this will be reflected in the December tax bills. For illustrative purposes, a 1% increase affects the Fire Department by increasing our revenues by *only* \$120,320.

As another example, it would take almost twelve (12) years for the Fire Department tax revenues to be restored to the level of 2009. This is assuming taxable values rise 2.5% each year, based on an average CPI of that amount, which has historically been the determinant under Proposal A. In 2013, for example, that rate was slightly less, at 2.4%.

What We Need

The goal of the Township has been to find a means to get the Fire Department strength back to the level of January 2012. Because grants are temporary fixes and cannot be relied upon in future years — just as the experience the Department had this year — grants are not an option. The Fire Department is a full-service, professional organization and we all want them to remain providing the service they have been. The only solution is to

seek a millage, so this community can continue to benefit from the service they have come to rely upon the Fire Department to deliver.

What Will It Cost?

After much research, discussion and consideration of the question, the Citizens Advisory Committee is making the following recommendation: **The Fire Department would be able to bolster numbers, not to its peak of 99 employees, but to a more economically feasible 76 employees and also begin a program to replace the aging fleet, with a request of 1.25 mils from the voters in November 2013, effective with the December 2013 tax bills.** The additional 1.25 mils would produce approximately \$3,180,000 in yearly tax revenues, according to the Accounting and Assessor's Departments. Put into perspective, for a home valued at \$120,000, with a taxable value (TV) of \$60,000, this would result in a:

\$75.00 annual increase in taxes
(equivalent to \$6.25 a month or 21cents per day)

Additionally, the Citizens Committee recommends this 1.25 mil be for duration of only nine (9) years, to coincide with the expiration of the 20 year millage of 2002.

**Citizens Committee - Fire
Report Overview
June 2013**

- Fire Department has lost \$3.2 million in tax revenues since 2008/2009
- Over 95% of fire funding is from tax revenues
- **2008:** The FD had 99 employees with 84 firefighters in the Suppression Division
- Seven (7) apparatus were in service, including two (2) ladder trucks
- **2013:** The FD has 63 employees with 55 firefighters in the Suppression Division
- Five (5) Fire Engines are in service
- **5 Year Changes:** 29 positions in Suppression have been lost
- 7 Staff, Clerical and Support positions have been cut or left vacant
- Calls for service have increased 21% since 2008 (8967 to 10885 {projected})
- **Comparison to National Average:** FD has 0.57 firefighters per thousand population; the 2011 national average was 1.53 for communities our size
- The FD's ISO rating is in serious jeopardy, potentially impacting insurance rates
- **Current Budget:** Projected expenditures exceed revenue by \$1.7 million
- The SAFER Grant expires June of 2013, affecting 12 more firefighter positions
- Without additional funding, the FD may only have 54 employees next fiscal year
- Would allow to only staff 3 or 4 fire engines
- Would close 1 ó 2 stations per day in the next FY
- Several of the vehicles in the fleet have reached their life expectancy with no funds for replacement
- **Recovery:** Headlee and Proposal A will limit recovery to about 2.5% per year, based on historical figures; at that rate, it will take 12 years to recover
- In some areas this year, residential property values rose 7%; other areas dropped up to 15%
- Industrial and commercial property values fell more than 6%
- A 1% increase in tax revenue for the FD results in only \$120,320
- Grants cannot be relied upon for survival; they are not reliable nor a guarantee
- No sustainable options exist except an additional millage request
- **CONCLUSION**
- The Citizens Committee recommends a millage request of 1.25 mils, for nine (9) years. to generate approximately \$3,180,000 annually
- The FD would get back to 76 employees, the same number as January 2012
- Would allow for six (6) companies to service the Township
- Would allow the FD to begin replacing aging apparatus