

Memorandum

To: Waterville City Council and Winslow Town Council.

From: Howard Mette, Cathy Nadeau, Ed Gagnon, Rosemary Winslow, Fred Stubbert, Mike Roy
(Steering Committee for the Public Safety Consolidation Study)

Date: June 1, 2006.

Subject: Recommendation to Consolidate the Waterville and Winslow Fire Departments.

Having concluded nine months of study, the Steering Committee for the Winslow-Waterville Public Safety Consolidation Study recommends that Waterville and Winslow consolidate their Fire Departments into a single operating entity serving both municipalities not later than July 1, 2007.

Our research was funded by a Maine State Planning Office Regionalization grant, and addressed both fire and police operations. While this specific recommendation addresses the fire departments, the Steering Committee believes that the lessons that are learned, and the structures set up, can also provide a model and home for eventual police department consolidation later on.

The fire departments were selected for the initial merger because they have fewer personnel, the existing single chief for both departments leadership model works reasonably well, the fire departments have similar operating philosophies and regulatory environments, and the prospects for savings associated with the use of fire service equipment in a consolidated delivery model are substantial.

The research conducted for us by Planning Decisions Inc. and KVCOG demonstrated that:

- 1) Consolidating the two fire departments can save over 10% a year of the annual operating budget over the long term,
- 2) Consolidation can lead to a more capable department, with a more flexible and specially-trained workforce, and
- 3) Consolidation can provide a better career ladder for firefighters, by offering more opportunities for specialization and training.

The report that follows provides the rationale for the Steering Committee recommendation.

The Challenges to Fire Department Consolidation:

Consolidation of the two fire departments present several challenges. The two departments have different pay scales, benefit packages, union representation, and pension systems. The pension issue is the most challenging as it will be necessary to "integrate" Winslow's defined contribution plan and Waterville's defined benefit plan. Integration has significant financial implications going forward for both the municipalities and fire department staff. The other challenges are much less complicated and have fewer and less significant financial implications.

It is possible to define the parameters of these challenges and to lay-out several possible solutions as part of consolidation. Actual resolution may require additional review and discussions with staff members and union representatives.

Issues related to management and oversight, cost allocation and cost sharing, ownership of existing and new equipment, and facilities will involve discussions between the municipalities.

The Recommended Approach to Consolidation:

The Steering Committee recommends as follows:

1. The City Council in Waterville and the Town Council in Winslow, respectively, will adopt a Resolution establishing as their intent to consolidate their separate Fire Departments into a single consolidated fire department providing fire services to the two municipalities not later than July 1, 2007.
2. The Resolution will establish a Joint Consolidation Committee composed of one councilor from each municipality, the two municipal managers, and the Fire Chief. It will direct the committee to develop a plan to effect the consolidation of the two fire departments into a single consolidated fire department for adoption by the respective councils.
3. The Joint Consolidation Committee plan will develop the consolidation plan with the following objectives in mind:
 - A. Provide a well-structured yet flexible and adaptable means for managing the consolidated fire delivery system and the ongoing delivery of services, including but not limited to a joint management and oversight structure.
 - B. Harmonize command structures, wages, pensions, union representation, training regimens, seniority, appellation, uniforms, insignia, and physical locations.
 - C. Develop systems regarding policy setting, long-term planning, budgeting, capital expenditures, labor relations, pensions, standard setting, training, and overall operations.
 - D. Provide a mechanism for apportioning - fairly, effectively and predictably - the cost of providing services between the two municipalities over the transition period and when consolidated.

- E. Give the participating individual municipalities responsibility for raising their respective share of the budget and the ability to adjust to and possibly withdraw from the arrangement with appropriate notice and adjustments.

Attachment 1: Waterville – Winslow Police / Fire Consolidation Study

BENEFITS OF CONSOLIDATION

1. A consolidation of fire departments would save 10% to 15% of the annual budget over the long term.

Currently the departments in Winslow and Waterville have 16 pieces of major equipment, from expensive items like aerial trucks to donated items like snow sleds. The consultant to the study (who reviewed trucks) and the Chief think that in a combined operation, the equipment could be consolidated. This creates two benefits: first, the annualized cost of replacement of the equipment would be less (estimated below to be \$14,000 a year in savings); and second, the annualized cost of hoses and nozzles and support equipment could be reduced by a third (saving another \$35,000).

Table 1: Annualized Equipment Cost Savings

Equipment	Cost	Life	Needed if separate	Annualized cost	Needed if combined	Annualized cost	Difference
Pumpers	\$250,000	20	4	\$50,000	3	\$37,500	\$12,500
Aerials	\$500,000	25	2	\$40,000	2	\$40,000	\$0
Rescue truck, trailer	\$200,000	10	1	\$20,000	1	\$20,000	\$0
Back-up rescue truck, trailer	\$75,000	10	1	\$7,500	1	\$7,500	\$0
Brush truck	\$45,000	10	1	\$4,500	1	\$4,500	\$0
Rescue boat	\$15,000	10	2	\$3,000	1	\$1,500	\$1,500
Ski doos	\$0	5	2	\$0	1	\$0	\$0
TOTAL			13	\$125,000	10	\$111,000	\$14,000
Equipment - hoses, nozzles	\$50,000	1	2	\$100,000	1.3	\$65,000	\$35,000
TOTAL			28	\$225,000	21	\$176,000	\$49,000

On the personnel side of the ledger, previous work by the consultants and Chief indicated there could be a reduction in 2 positions (from 23 to 21) over the longer term as a result of the efficiencies of a combined operation. This would result in an additional average annual savings of \$85,500.

Further discussion with the Chief, however, raises one other potential cost savings of a combined operation. It is the Chief's conviction, based on the experience of the past several years, that the arrangement of one chief with two separate departments is unsustainable over the longer term. He feels that if the departments are consolidated, that one chief can provide effective management; but if there remains to be two departments, two managers, two workforces, etc., then the communities will have to go back to having two fire chiefs. If this is the case, that would create an additional cost of \$65,000 or so per year to the status quo.

In short, the potential annual savings are about \$49,000 on the equipment side, and about \$130,000 on the personnel side, for a consolidated department. The two departments today have a combined budget of \$1.7 million. A combined annual savings of \$240,000 in 2010 represents 12% of the total annual fire budget.

2. A consolidation of departments would provide more opportunities for specialization and promotion for firefighters, and a more skilled department for taxpayers.

The job of a modern fire department is becoming more varied and complex every year. There are more chemicals and hazardous materials in circulation today than ever before, and firefighters must know how to deal with all of them. There are more threats from terrorism that firefighters must be trained to respond to. The population is aging, and this has led to more emergency calls for firefighters. There have been advances in building protection through codes and sprinklers that firefighters must keep up with. As the incidence of actual fire responses is on the decline (due to better codes and building practices), the firefighter's job is increasingly involved in more specialized issues.

A consolidated department provides more people and more opportunities for firefighters to develop specialized knowledge and skills. Rather than having two smaller departments, with firefighters overwhelmed with the need to keep up training in multiple fields, the work of gaining specialized skills can be distributed over a larger force. Further, the development of these skills will lead to changes in job descriptions, and more opportunities for advancement - a better career ladder - than would be present in two smaller departments.

In short, a consolidated department would offer a more skilled and capable force for the taxpayer, and a better work environment for the firefighter.

Attachment 2: Five-Year Cash Flow Estimates -- Updated 6.01.2006

Existing Budgets

Winslow	\$376,065
Waterville	\$1,297,825
Consolidated	\$1,673,890

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
"No Change" Scenario					
Existing Budget	\$1,673,890	\$1,797,476	\$1,860,388	\$1,925,501	\$1,992,894
Personnel Expense Changes	\$65,000				
Subtotal	\$1,738,890	\$1,797,476	\$1,860,388	\$1,925,501	\$1,992,894
3.5% Inflation	\$58,586	\$62,912	\$65,114	\$67,393	\$69,751
Other Costs					
TOTAL	\$1,797,476	\$1,860,388	\$1,925,501	\$1,992,894	\$2,062,645
Amount Over					
Existing Consolidated Budget	\$123,586	\$186,498	\$251,611	\$319,004	\$388,755

NOTES:

2007/2008: A new chief is added at \$65,000 per year.

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Utilizing Recommended Changes					
Existing Budget	\$1,673,890	\$1,709,202	\$1,710,706	\$1,770,581	\$1,754,468
Personnel Expense Changes	\$17,129	(\$56,346)		(\$46,255)	
Added retirement cost (MSRS)	\$8,597			(\$29,188)	
Subtotal	\$1,699,616	\$1,652,856	\$1,710,706	\$1,695,138	\$1,754,468
3.5% Inflation	\$58,586	\$57,850	\$59,875	\$59,330	\$61,406
Other Costs/Savings	(\$49,000)				
TOTAL	\$1,709,202	\$1,710,706	\$1,770,581	\$1,754,468	\$1,815,874
Savings over					
No change scenario	\$88,274	\$149,682	\$154,921	\$238,426	\$246,771
	<i>4.9%</i>	<i>8.0%</i>	<i>8.0%</i>	<i>12.0%</i>	<i>12.0%</i>
Amount Over					
Existing Consolidated Budget	\$35,312	\$36,816	\$96,691	\$80,578	\$141,984

NOTES:

Added Retirement Cost: Assumes new entity joins the Maine State Retirement System, adding to total costs in the initial 3 years, but reducing costs thereafter (does not include any costs for making Winslow firefighters "whole" in the new system)

2007/2008: Pay scales are equalized between departments at \$17,129 per year.

2008/2009: One captain retires saving \$56,346 per year.

2010/2011: One firefighter retires saving \$46,255 per year.

June 1, 2006

Waterville – Winslow Fire Department Consolidation Project

Points for resolution from a joint committee

The research for this project, provided in a notebook given to both City Councils on March 28, 2006, provides a factual grounding for resolving issues related to administration, retirement, cost-sharing, etc. Actual recommendations on these matters will take detailed involvement of firefighters, administrators, and Council members. The first decision that the Councils must make is whether the benefits of a consolidation justify the serious negotiation work that a consolidation would require. If the Councils decide to move forward, here are the issues that must be resolved:

Structural issues

1. Consolidation agreement.
2. Governance structure
3. Budget and cost sharing procedures.

Personnel issues

4. Job descriptions, pay ranges
5. Benefits, health insurance, life insurance
6. Personnel Policies.
7. Pensions, retirement policies
8. Union Representation.

Day-to-day management

9. Command and management structure and arrangements.
10. Dispatch arrangements.
11. Fire station location and staffing.
12. Ownership of property.

Public relations

13. Name, logo, organizational procedures.

City of Waterville, Maine

Whereas, the City of Waterville and the Town of Winslow recognize the long term benefits of establishing a single consolidated fire department to serve both municipalities; and

Whereas, the City of Waterville and the Town of Winslow want to consolidate their separate fire departments into a single operating entity not later than July 1, 2007; and

Whereas, the City of Waterville and the Town of Winslow want to develop a plan to manage the process of consolidating the two fire departments and to resolve the significant operational issues associated with consolidation;

Whereas, the City of Waterville and the Town of Winslow recognize that resolution of some of these issues including but not necessarily limited to pension and insurance matters will require the municipalities pay for the assistance of persons with specialized knowledge in these areas; and

Whereas, the City of Waterville and the Town of Winslow recognize that developing a suitable consolidation plan requires a joint and cooperative effort involving both municipalities;

Now Therefore, the City of Waterville agrees to work jointly with the Town of Winslow for the purpose of consolidating their respective, separate, fire departments into a single consolidated fire department not later than July 1, 2007.

The City of Waterville will appoint the city administrator and one city councilor to a Joint Consolidation Committee and charge its representatives to the Joint Consolidation Committee to work with the town manager and one town councilor appointed by the Town of Winslow pursuant to a similar resolution adopted by the Town of Winslow.

The Joint Consolidation Committee will developing a plan to consolidate the Waterville and Winslow Fire Departments into a single operating entity not later than July 1, 2007, and will report to the City Council on the Committee's progress toward this end not less often than quarterly.

The Joint Consolidation Committee will:

- A. Provide a well-structured yet flexible and adaptable means for managing the consolidated fire delivery system and the ongoing delivery of services, including but not limited to a joint management and oversight structure.
- B. Harmonize command structures, wages, pensions, union representation, training regimens, seniority, appellation, uniforms, insignia, and physical locations.
- C. Develop systems regarding policy setting, long-term planning, budgeting, capital expenditures, labor relations, pensions, standard setting, training, and overall operations.
- D. Provide a mechanism for apportioning - fairly, effectively, and predictably - the cost of providing services between the two municipalities.

E. Give the individual municipalities responsibility for raising their respective share of the budget and provide a means for the municipalities to make changes in the arrangement from time to time and possibly to withdraw with appropriate notice and adjustments.

Dated:

Adopted by an affirmative vote of the Waterville City Council on

Town of Winslow, Maine

Whereas, the Town of Winslow and the City of Waterville recognize the long term benefits of establishing a single consolidated fire department to serve both municipalities; and

Whereas, the Town of Winslow and the City of Waterville want to consolidate their separate fire departments into a single operating entity not later than July 1, 2007; and

Whereas, the Town of Winslow and the City of Waterville want to develop a plan to manage the process of consolidating the two fire departments and to resolve the significant operational issues associated with consolidation;

Whereas, the Town of Winslow and the City of Waterville recognize that resolution of some of these issues including but not necessarily limited to pension and insurance matters will require the municipalities to pay for the assistance of persons with specialized knowledge in these areas; and

Whereas, the Town of Winslow and the City of Waterville recognize that developing a suitable consolidation plan requires a joint and cooperative effort involving both municipalities;

Now Therefore, the Town of Winslow agrees to work jointly with the City of Waterville for the purpose of consolidating their respective, separate, fire departments into a single consolidated fire department not later than July 1, 2007.

The Town of Winslow will appoint the town manager and one town councilor to the Joint Consolidation Committee and charge its representatives to the Joint Consolidation Committee to work with the city administrator and one city councilor appointed by the City of Waterville pursuant to a similar resolution adopted by the Town of Winslow.

The Joint Consolidation Committee will be developing a plan to consolidate the Winslow and Waterville Fire Departments into a single operating entity not later than July 1, 2007, and will report to the Town Council on the Committee's progress toward this end not less often than quarterly.

The Joint Consolidation Committee will:

- A. Provide a well-structured yet flexible and adaptable means for managing the consolidated fire delivery system and the ongoing delivery of services, including but not limited to a joint management and oversight structure.
- B. Harmonize command structures, wages, pensions, union representation, training regimens, seniority, appellation, uniforms, insignia, and physical locations.
- C. Develop systems regarding policy setting, long-term planning, budgeting, capital expenditures, labor relations, pensions, standard setting, training, and overall operations.
- D. Provide a mechanism for apportioning - fairly, effectively, and predictably - the cost of providing services between the two municipalities.