

City of Merriam
Consideration of
Consolidation of Fire
Services



July 23, 2007

Presentation 7/23

- Introduction – background
- Overview of Exploratory Report
- Overview of Supplement
- Financial impact
- Recommendation
- FAQ / Comments
- Conclusion



Schedule Overview

- April – Exploratory Committee appointed
- May – Release of report
- May – Council work session
- June - Open house – CFD2 visit
- June – Public hearing – Council meeting
- July – Supplement report released
- July – Council meeting

Public Input

- Consideration of impact to stakeholder groups
- Committee recommended inclusive and open deliberation process
 - Open houses
 - Public presentations
 - Public hearing
 - Contact representatives of target hazards

Exploratory Report Overview

Purpose of report

- Identify if consolidation is legal and feasible
- Provide sufficient information to facilitate discussion regarding a possible merger
- Identify issues to be resolved if a merger is pursued
- Provide possible timetable

Exploratory Report Overview

- Transition of MFD employees
 - Merge 21 of 22 employees
 - Anticipated retirement of Fire Chief in 2008
 - Transfer to similar positions
- Level of service
 - Improved fire services due to increased staffing and experience

Exploratory Report Overview

- Merriam station
 - CFD2 would operate from the Merriam station
- ISO Rating
 - No impact to Merriam's class 2 rating
- Board representation
 - Commitment to add board member from Merriam

Supplement Overview

- Exploratory report identified matters that require additional attention if consolidation is pursued
- Resolutions developed with joint team
- Resolutions to be considered by Merriam City Council & CFD2 Board

Supplement Overview

- **Funding gap for CFD2**
 - Difference between the estimated annual revenue generated by Merriam property and the estimated cost for CFD2 to operate a consolidated fire station in Merriam - \$441,000

Supplement Overview

- **Motor vehicle tax**
 - Due to method of distribution by the County, Merriam would receive CFD2 share of tax in first year after merger.
 - The City would forward to CFD2 the portion of motor vehicle tax in 2009 corresponding to the CFD2 mill levy.
 - The amount of the CFD2 share is estimated at \$167,000.
 - Payment would occur in 2009 only

Supplement Overview

- **Building lease**

- CFD2 would credit the City for an annual lease value, based upon comparable rental per sq. ft.
- The calculated lease value is \$88,865 annually
- CFD2 would provide their own maintenance and custodial services and insurance
- Value is a credit for resolving the funding gap
- The proposed lease arrangement would remain in place until 2016

Supplement Overview

- **Equipment**

- MFD and CFD2 would merge all vehicles and equipment.
- Estimated resale value total \$640,000.
- All MFD equipment and vehicles are paid for (no outstanding debt) and purchased.
- CFD2 would sell any vehicles and equipment not utilized and retain the proceeds. Revenue from the sale of equipment would be used by CFD2 to continue to provide services in Merriam.

Supplement Overview

- **Accrued vacation and sick leave**
 - CFD2 would assume sick leave accrued and transfer with employees (est. \$141k)
 - Merriam would assume accrued vacation – est. at \$72k. (Same treatment as any other employee leaving city employment).
 - The City would provide a retirement package for the MFD Fire Chief.

Supplement Overview

- Funding gap is addressed by a combination of three approaches:
 - Merger of all the MFD equipment
 - The proposed 2008 contract to be \$2.1 million rather than the \$1.96 million estimated to operate a consolidated Merriam station.
 - Mill levy increase for the entire CFD2 taxing jurisdiction from 9.335 to approximately 10.26 starting in 2009. The increased rate reflects ongoing costs for both the existing CFD2 and a consolidated station in Merriam.

Financial Impact and Estimates

- Current Merriam mill levy is 21.181
- Current CFD2 mill levy is 9.335
- If a merger occurred, Merriam taxpayers would begin to pay for fire services through a separate mill levy to CFD2
- Anticipated CFD2 mill rate of 10.26 starts in 2009
- Anticipated that City would roll back its mill levy by a similar amount (10.26 mills)

Johnson County Mill Levies

City	<i>Final City Mill Levy for 2007 Budget</i>	<i>Plus Fire Levy (if applicable)</i>	<i>Total Mill Levy for 2007 Budget</i>
Overland Park	8.889		8.889
Merriam	10.921	10.26	21.181
Fairway	12.856	10.26	23.116
Mission	13.176	10.26	23.436
Gardner	24.080		24.080
Leawood	24.232		24.232
Shawnee	24.621		24.621
Olathe	24.843		24.843
Prairie Village	16.133	10.26	26.393
DeSoto	26.282		26.282
Lenexa	26.468		26.468
Westwood	19.551	10.26	29.811
Roeland Park	20.485	10.26	30.745
Mission Hills	21.896	10.26	32.156

Financial Impact and Estimates

- If a merger occurs, the City would no longer fund expenditures currently reflected in the MFD budget
 - \$2.2 million for 2008
 - Salaries, benefits, equipment, fuel, uniforms, utilities, etc.
- Two other revenue sources affected:
 - Countywide sales tax
 - Motor vehicle property tax
- Cost to operate a consolidated fire station in Merriam - \$1.96 million for 2008

Financial Impact and Estimates

- Financial analysis does not attempt to capture other projected costs and priorities for all remaining city services.
- Only examines fire services in Merriam.
- Projected MFD budget (p. 7)

Challenges to Consolidation

- Sense of loss of control
- Reduced identity of City
- Impacts to the fabric of community

Recommendation

- Advantages to consolidation of fire services
- The City staff members on the Exploratory Committee recommend that the City Council continue toward a merger with CFD2

Recommendation

- Chief Montgomery

- *Speaking as the Fire Chief and on behalf of the MFD employees, volunteers' and MFD families.*
- *For over 60 years, the City of Merriam, has placed their trust in the Merriam Fire Department. Tonight we are placing our trust in the City of Merriam, to support consolidation. The basic foundation of the NFD since 1947 has been and continues to be "What is best for the Public." Each time there comes a point of dispute or indecision, we must ask ourselves the question "What's best for the public". The Merriam Fire Department believes that Consolidation is the most efficient and effective means, to provide the fire department with the required resources, in the delivery of the best fire services to the public.*

FAQ / Comments

- **How much would the mill levy drop if we join the CFD2?**
 - 10.26 mills - the equivalent of the anticipated CFD2 mill
 - Ultimate mill levy decision is up to City Council each year during budget process

FAQ / Comments

- **How much does this really save?**
 - Analysis shown on p. 7 of the Supplement report.

FAQ / Comments

- **Will the Merriam fire station be closing?**
 - No
 - Anticipated lease to CFD2 through 2018 of the Merriam Station
 - Current location is ideal to provide fire services to Merriam

FAQ / Comments

- **The projections are not realistic and the district will raise our taxes after consolidation**
 - CFD2 Board determines tax levy – approved through JoCo Commissioners
 - Projections are a tool
 - Best known facts and estimates
 - Any bizarre event would likely adversely impact both entities

FAQ / Comments

- **We won't know our firefighters anymore or see the same faces in our fire station**
 - Over half of the MFD has less than 5 years at Merriam.
 - 21 of 22 employees will be transferring to CFD2
 - CFD2 shifts are stable, little turnover and tend to remain in the same station for long periods of time throughout their careers.

FAQ / Comments

- **Will the City be making annual payments to CFD2?**
 - No
 - Merger of equipment and vehicles in 2008
 - Credit given for value of lease for the station

FAQ / Comments

- **Why not wait until others have merged- why are we the first ones to do it?**
 - Merriam would be the 10th municipality to merge fire protection services into CFD2.
 - CFD2 has a long history of over 60 years in NE JoCo

FAQ / Comments

- **What will be the future mill-levy of the City?**
 - 2008 mill levy constant – 21.181
 - 2009 and beyond - dependent on a variety of factors, many of which are difficult to predict
 - Analysis examined fire services only

FAQ / Comments

- **Why is the City merging the vehicles / equipment?**
 - Part of the resolution of the funding gap
 - City of Merriam taxpayers paid for the equipment / vehicles to provide fire protection in Merriam
 - All items are paid for

Conclusion

- Governing bodies of both organizations will consider report findings
 - CFD2 Board – voted 5-0 to pursue to next step and accepted resolutions
- July 23 City Council – pursue further or stop discussions

Discussion