



## **Chelse Area Fire Authority**

# Millage Renewal

The purpose of this presentation is to provide voters and other interested parties with

information to support renewal of the Chelsea Area Fire Authority's millage.



## Summary of Briefing

- Past Performance
  - **Revenues (based on TV) fell ~20% during millage period**
  - **Operations-** CAFA has met all operational challenges
  - **Facility upgrade–** Fire station has been upgraded and refurbished at minor cost compared to new construction
  - **Equipment status-** No major purchases foreseen following purchase of Tower Truck this year
  - **ISO Evaluation-** drop (improvement) in PPC for all municipalities
- Status and Plans
  - **Current budget–** personnel costs dominate budget
  - **Revised staffing** – staffing plans revised to reduce cost while maintaining effectiveness
  - **Long term plans–** facing challenge of declining tax base, increased personnel costs

This slide summarizes the elements of the briefing. The briefing consists of two major

parts: a description of the performance of CAFA in the recent past, and details of current status and both short term and long term planning.



# Operations

## Pamida Strip Mall Fire



## Other Fire Suppression Operations



## Chelsea Fire Station Renovation



The original fire station structure dates from the 1950's and was found to be structurally sound in most areas, with the exception of the roof and the west wall. Refurbishment of the stations was proposed as part of the 2008 millage request. This was considered much more economically viable than new construction.

The station was extended roughly 12' south, allowing adequate inside storage for all



major equipment. Additional office space was developed through a second floor, allowing elimination of a temporary trailer on the east side.

# Internal Improvements

- Painted truck bay area
- Installed drop ceiling and new lights in meeting room
- Updated bathrooms
- Updated Kitchen
  - reused old cabinets from a building set to be demolished
- Updated dayroom for on duty Firefighter use
  - Removed old paneled walls insulated and dry walled meeting room
  - Removed 2 single pane windows by framing the wall and insulated.
  - Now used for CAFA meetings
- Multiple improvements in energy efficiency

**All improvements carried out by firefighters – no external labor required**

## Station Refurbishment Summary

- Expanded space available
  - All non-seasonal equipment now stored inside
  - Chief and admin now co-located with operations
- Building lifetime extended 10-20 years
- Significant savings over new building
  - Refurbishment; \$170,000
  - New construction: >\$725,000
- Improved and Modernized Appearance



## CAFA Equipment



## CAFA Equipment: Tower Purchase

- Previous tower was well beyond service life
- Replacement of 1976-vintage tower proposed as part of 2008 millage
- Rationale for purchase of new tower presented to all municipalities
  - Available on Ch 18
  - [CAFA web site](#)



## CAFA Staff



## CAFA Public Protection Classification (PPC)

- Provides critical information about municipal fire-protection
  - Insurance Services Office, Inc (ISO) collects fire protection information in >44,000 fire districts
  - ISO analyzes the relevant data and assigns a Public Protection Classification — a number from 1 to 10.
    - Class 1--superior property fire protection,
    - Class 10 -- fire-suppression program does not meet ISO's minimum criteria.
- U.S. insurers use PPC in calculating premiums
  - Generally, the price of insurance in a community with a good PPC is substantially lower than in one with a poor PPC
  - For example, a SC study showed 10-20% decrease in premiums following a reduction from 6 to 4 in PPC

**For more information** on any topic related to the PPC program or the Fire Suppression Rating Schedule, click [Talk to ISO Mitigation](#), or call the ISO mitigation specialists at 1-800-444-4554.

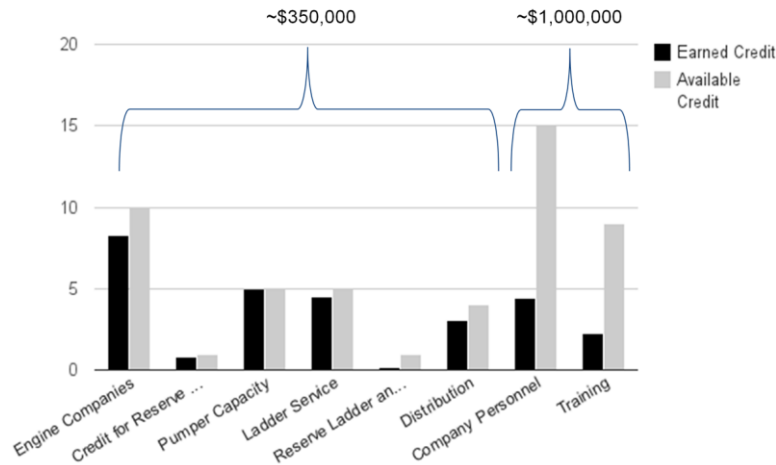
## PPC is Based on:

- **Receiving and handling fire alarms**, including telephone systems, staffing, and dispatching systems
- **Fire department**, including equipment, staffing, training, and geographic distribution of fire companies
- **Water-supply system**,
  - condition and maintenance of hydrants,
  - evaluation of the amount of available water compared with that needed to suppress fires

An additional factor is the geographical distribution of the properties with the district. This factor (as well as the water supply evaluation) are different for each municipality within the authority.



## CAFA PPC Component Scores



The PPC score for a given locality is determined by four components:

- Geographic distribution of protected assets and fire suppression services
- Speed and quality of dispatch services
- **Fire department capabilities**
- Water availability in the locality (hydrants and pumping capacity)

This chart shows the subcomponent scores for CAFA in the Fire Department category. Note that CAFA scores well in the equipment and facility areas, less high in personnel and training. This is the most cost effective approach to achieving an improved score. To achieve the 7 points available in Personnel and Training, CAFA expends roughly \$1,000,00 annually, for a cost/benefit ratio of \$150,000 per point (per year). On the other hand, 22 points were earned for CAFA facility and equipment, at a cost of roughly \$350,000, resulting in a cost/benefit ratio of \$16,000 per point earned. Clearly, purchasing and maintaining equipment in accordance with ISO guidelines rather than hiring and training additional personnel is the most economical allocation of CAFA resources.



## PPC Classification (Chelsea)

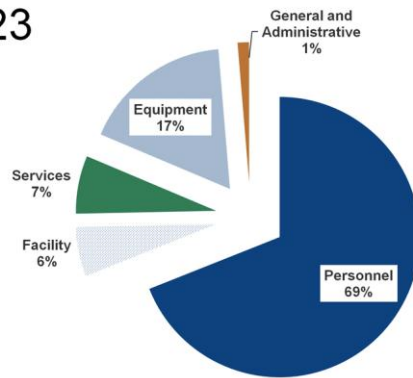
- PPC of 63.74 = Class 4
- Top 10% of districts in Michigan
- Potential savings of 10-20% in insurance costs compared to previous rating of 6
- Additional details available  
[https://docs.google.com/present/view?id=dcxcf3nq\\_14dxcj6mcj&interval=5&autoStart=true](https://docs.google.com/present/view?id=dcxcf3nq_14dxcj6mcj&interval=5&autoStart=true)

# Status and Plans



## CAFA 2012 Budget Summary

Total budget:  
\$1,343,723



In this chart, all costs associated with a major category are compiled together to get a

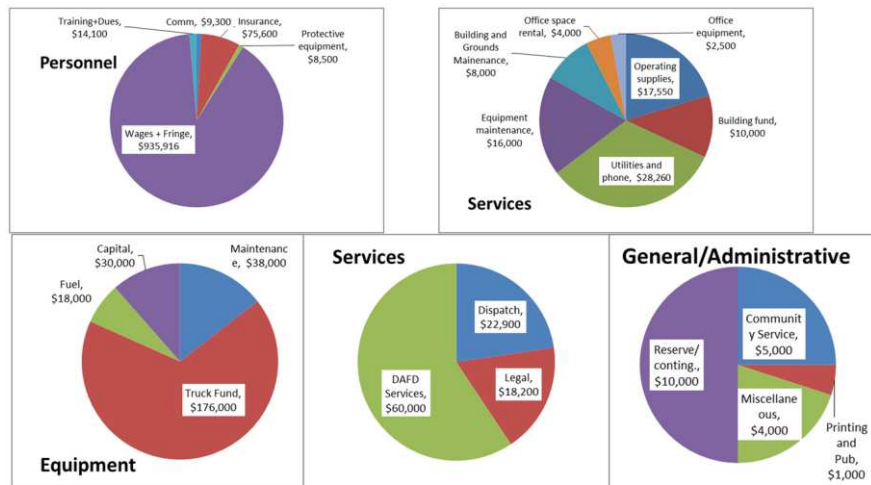
realistic picture of how resources are expended. For example, uniforms and protective equipment are included as part of the personnel category since they add to the cost of outfitting a firefighter.

Clearly, personnel and related costs dominate the CAFA budget. A focus of the Board over the past four years has been to keep these costs under control, especially during an economic downturn in which revenues will be declining.

CAFA salaries are generally significantly lower other fire departments. Wages by position are:

Chief	\$70,740
Admin	\$24,406
Captain	\$49,036
Lieutenant	\$40,066
Firefighter	\$34,385

# CAFA 2012 Budget Components



Personnel		\$1,043,416	
	Comm	\$9,300	
	Insurance	\$75,600	
	Protective equipment	\$8,500	
	Wages + Fringe	\$935,916	
	Training+Dues	\$14,100	
Facility		\$86,310	
	Operating supplies	\$17,550	
	Building fund	\$10,000	
	Utilities and phone	\$28,260	
	Equipment maintenance	\$16,000	
	Building and Grounds Maintenance		\$8,000
	Office space rental	\$4,000	
	Office equipment	\$2,500	
Services		\$101,100	
	Dispatch	\$22,900	
	Legal	\$18,200	
	DAFD Services	\$60,000	
Equipment		\$262,000	
	Maintenance	\$38,000	
	Truck Fund	\$176,000	
	Fuel	\$18,000	
	Capital	\$30,000	

General and Administrative	\$20,000
Community Service	\$5,000
Printing and Pub	\$1,000
Miscellaneous \$4,000	
Reserve/ conting.	\$10,000
Total	\$1,512,826



## Staffing Alternatives

### 1. Current operational baseline ("6 SAFER")

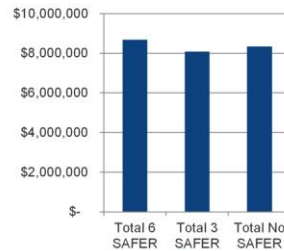
- a. Keep all 6 SAFER firefighters
- b. Paid on call firefighters needed only for exceptional incidents

### 2. Modified ("3 SAFER")

- a. Keep 3 SAFER firefighters
- b. Adequate for most responses
- c. Paid on call needed occasionally

### 3. Historical baseline ("0 SAFER")

- a. No SAFER firefighters
- b. Paid on call needed routinely



**"3 SAFER" option  
selected as most  
cost effective  
solution**

These three alternatives were considered as the new staffing baseline. Because



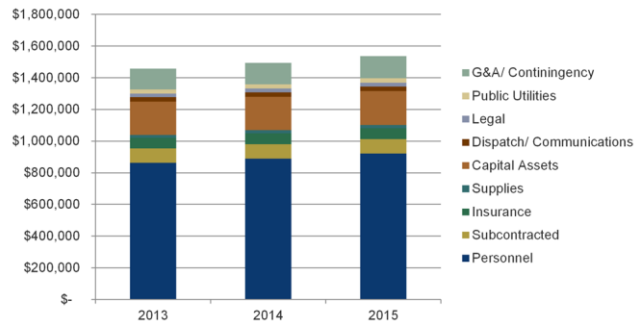
additional full time staff reduce the need for paid on call personnel, adding full time personnel doesn't always increase overall costs. See next chart for cost estimates.

The chart shows overall personnel estimates from 2012 through 2017. (Note: the underlying external assumptions were somewhat more optimistic than those selected for the long term planning analysis below. This does not change the conclusion of the study, however.

# Long Term Plans

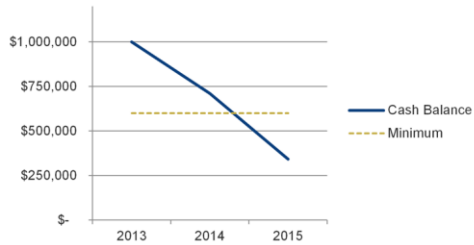


## CAFA Projected Costs



- Assumptions (external)
  - 3% **DECREASE** in Taxable Value Annually
  - 3% Increase in Personnel Costs Annually
  - 6% Increase in Fringe Benefit Costs Annually

# Reserve Fund Trend and Implications



Based on current assumptions, reserve fund falls below recommended amount in Late 2014

- **Approach**

- Continue 0% baseline budgeting for both labor and fringes
- Maintain current personnel and training baselines
- No major equipment purchases
- No major facility expenses
- Re-evaluate assumptions and reserve balance annually

**Management requirement is to operate within 1.8 mill constraint**

# Millage Language

**Chelsea Area Fire Authority - 1 Proposal (Chelsea City, Lima Twp, Lyndon Twp, Sylvan Twp)**

## **Chelsea Area Fire Authority Renewal Millage Proposal**

Shall the Chelsea Area Fire Authority, County of Washtenaw, Michigan, renew the previously voted increase in tax limitation in an amount not to exceed 1.80 mills (\$1.80 on each \$1,000 dollars of taxable value) against all taxable real and tangible personal property within the limits of the Chelsea Area Fire authority for a period of five (5) years, 2014 to 2018 inclusive, to provide funds for all purposes authorized by statute, including operating and equipping the Chelsea Area Fire Authority; and shall the Chelsea Area Fire Authority levy such millage for said purpose? The estimate of the revenue the Chelsea Area Fire Authority will collect if 1.80 mills is approved and levied by the Chelsea Area Fire Authority in the 2014 calendar year is approximately \$1,260,000. By law, the Chelsea Downtown Development Authority will receive a portion of the mills collected from the Chelsea Downtown Development Authority District only.

**Approval requires simple majority of  
voters in the constituent municipalities**

## What If the Millage Does Not Pass?

- Current millage would expire at the end of its 5 year term (2013)
- CAFA funding would be taken over by individual municipalities
  - Decision on where to obtain the funds up to each municipality
- Current allocation formula:
  - Taxable value (40%)
  - Population (30%)
  - Cumulative run duration (30%)
  - Subject to change (within constraints) by future CAFA boards
- Failure to provide funding following millage failure by one or more municipalities may conceivably lead to reorganization or dissolution of CAFA

# Questions?

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