



**Joint Fire/EMS Services Exploration Committee
Meeting Agenda
Thursday, July 22, 2004 5:00 p.m.
YMCA at Pabst Farms, Senior Center
1750 Valley Road
Oconomowoc, Wisconsin 53066**

CALL MEETING TO ORDER, CITY ADMINISTRATOR MATT CARLSON

Administrator M. Carlson called the meeting to order at 5:04 p.m.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

ROLL CALL

Present

Mike Roberts
Marcia Stocks
Allyn Swayze
Matt Carlson
Diane Gard
Hugh Martin
Tim Kassens
Glenn Leidel

Absent

Erv Sadowski
Joe Snyder (excused due to
health reasons)

Also Present

Sarah Kitsembel, Finance Director – City of Oconomowoc

APPROVE MINUTES FROM JUNE 24, 2004 MEETING

M. ROBERTS MOTIONED TO APPROVE THE MINUTES FROM THE JUNE 24, 2004 MEETING AS PRESENTED. G. LEIDEL SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED.

REPORT DISCUSSION

FINANCES (COMBINED FINANCIAL PROJECTIONS, REVENUE HISTORY ANALYSIS, AMBULANCE FEE ANALYSIS, EXPENSE ANALYSIS SUMMARY, PROJECTED AFFECT OF FORMULA(S))

M. Carlson stated that all of the numbers are draft, preliminary numbers at this time. S. Kitsembel distributed spreadsheets and a packet of information to all of the committee members. If a merger were to occur, higher costs would probably be incurred during the year of the merger. How the costs could be split between the communities will be answered during this meeting. Over the long run, cost savings would be incurred. There are three different formula options that were reviewed.

The spreadsheet entitled “Delafield & Oconomowoc Fire & EMS Merger, Cost Allocation Summary – Operating Costs for the Year of Merger – 2006” had two scenarios. Scenario #1 assumed that the merged entity would maintain existing staffing levels. Scenario #2 assumed that the merged entity would add four full-time equivalent employees. “No Contract Revenue” was the most conservative assumption and assumed that if the departments merged, that there would not be any contract revenue. “With Contract Revenue” included current contracts. The “Current Levy” is the estimated levy in 2006 for the City of Delafield and Oconomowoc if they were to remain separate. This sheet compared the estimated levy if departments were to remain separate to an estimated cost allocation if a merger were to take place. The increase/decrease to each community and estimated tax rate affects make up the equalized tax rate.

The “Cost Allocation Summary – Capital Equipment Costs” and the “Cumulative 20 Year Expenditures Financial Projection Summary” sheets were reviewed. This analysis assumed that each City would make an annual contribution toward capital purchases and then purchased the equipment from these funds. However, neither City has funded their capital purchases in this manner at this point in time.

The “Cumulative 20 Year Expenditures Financial Projection Summary” depicted the cumulative 20 year expenditures under a merged scenario and under a separate scenario. Additional savings and costs were shown. Assumptions included: salaries would increase 3% per year, four staff members would be added in the years that the additional stations came on, health insurance is expected to increase 10% per year after 2007 and beyond, all other benefits are shown to be increasing at 3% a year, operating costs are expected to increase 50% in the year of the first additional station and 33% with the second additional station and 25% with the third station, the fire station construction costs are escalated 5% per year, and financing for new fire stations is assumed to be borrowed for 10 years at 5% interest. \$8.9 million would be saved as a merger. \$6.9 million would be saved if debt service was included.

D. Gard stated that this is a work in process. If there are any questions, they should be addressed to D. Gard.

M. Stocks asked how TIF’s were handled. S. Kitsembel stated that equalized values were used.

D. Gard stated that on the summary sheet with the merged department, it was assumed that four people would be added in 2006.

By merging departments, additional staff and additional stations would be deferred.

D. Gard stated that the history in Oconomowoc has been to limit the growth in the tax rate to the growth and value – the tax rate stays the same, but the growth rate covers the additional amounts. The tax increase if a merger would occur in Oconomowoc would need to be looked at by their Council. A merger would increase the level of service in the City of Oconomowoc. Depending on when stations and staff are added, the City of Oconomowoc could see an even greater tax increase if not merging.

M. Carlson discussed the increases in health insurance. Ten percent was arrived at as a rather nominal increase. He asked if this was a reasonable assumption – there are no answers at this time. M. Stocks stated that this expense would be incurred whether the entities were merged or remained separate. M. Carlson stated that the same assumptions were used for all – the figures are consistent.

D. Gard stated that the assumptions being made use the best estimates available at this time.

A. Swayze stated that with the four full time personnel being added it would allow for two full time personnel in both stations if using Scenario #2.

M. Carlson stated that only the health insurance benefits were escalated by 10% -- the other benefits were not. Committee members should review the figures and come back to the next meeting to further discuss. If there are any questions they should be forwarded to D. Gard or S. Kitsemel.

In regard to the new stations, it was clarified that six personnel per station would be needed to staff them full time (2 people/24 hours day). At the time of merger, there would be enough apparatus to have three stations total.

D. Gard stated that each community is annually contributing a certain amount for equipment. Historically, neither city has been funding it that way.

A draft written summary of all of the efforts will be prepared and distributed to the committee members at some time in the future.

AUGUST MEETING TOPICS: FINANCES CONTINUED {PROJECTED AFFECT OF FORMULA(S)}, DISCUSSION OF DRAFT REPORT

FUTURE MEETING DATES: AUGUST 5, 2004 AND AUGUST 26, 2004

ADJOURNMENT

M. ROBERTS MOTIONED TO ADJOURN FROM THE MEETING. M. STOCKS SECONDED THE MOTION. THERE WAS NO FURTHER DISCUSSION. ALL WERE IN FAVOR. MOTION CARRIED. THE MEETING ADJOURNED AT 5:47 P.M.

Minutes prepared by:

Sue Hildebrand
Accurate Business Communications LLC