REPORT TO THE LEHIGH ACRES FIRE DEPARTMENT COMMISSIONERS FROM THE BLUE RIBBION COMMITTEE JULY 14, 2009

The Community Council and Chamber of Commerce of Lehigh Acres established a committee of qualified business people to respond to the concern of their constituents with regards to the crisis of providing fire and EMS services to the residents of Lehigh Acres.

COMMITTEE PURPOSE – "To Review the current financial status and make recommendations to remedy the financial crisis while maintaining adequate fire and rescue service to District constituents."

Present Situation: The Lehigh Acres Fire Department (LAFD) has been notified by the Lee County property tax appraiser that there will be **a drop of 48.7%** in property value assessments for Lehigh Acres for the 2009-10 budget year.

The ad valorem taxes received for 2008-09 were approximately $16.6 million. Other revenue of $1,147,200 was received from ambulance reimbursements, inspections & other sources. **The total revenue for 2008-09** was approximately **$17,745,047.**

The **requested budget** for LAFD for **2008-09** was **$28,972,426.** The budget **required $11,227,379 of reserve** funds to be utilized to balance the budget.

The **projected "Business As Usual" budget** for **2009-10** would be **$29.24 million. Projected revenues** would be estimated at **$11.06 million. Using 100% of** the remaining **reserves** of $11 million would result in a **$7.18 million SHORTFALL, and no reserves.**

To simply continue to operate business as usual, a shortfall of over $7.18 million would occur. **If District reserves are continued to be used, it would leave the district bankrupt, unable to operate, and the citizens lives and property would be in peril.**

The current tax rate is $2.75 per thousand of assessed valuation. The Fire Commissioners have committed to raising the tax rate to $3.00 per thousand dollars of assessed evaluation. (This is the maximum allowed rate without a special resident vote).

It should be noted that the LAFD, millage rate of $2.75 per thousand, is the second highest tax rate per thousand in Lee County.

Even by raising the Milledge rate to $3.00 per thousand of assessed valuation it is estimated that the available reserve funds will be completely depleted in two years. The auditors recommend that reserves of at least $6 million would be necessary to protect the LAFD's cash flow and emergency fund.

A RESULTING FINANCIAL CRISIS LOOMS !

With the anticipated decline in revenues, depletion of reserves, and the projected budgeted expenses of the district, a fiscal crisis has arisen.

OUR PROCESS

The Committee dedicated itself to looking at various scenarios in order to recommend to the LAFD the best alternatives to provide adequate fire and rescue services to the community. Our analysis and discussion topics included:

1.) Line by line budget and expenditure reviews.

2.) Maintaining 5 fire stations, or reducing the number of stations.

3.) Maintaining 5 ambulances, or reducing the number of ambulances.

4.) Turning over ambulance services to Lee County EMS and using LAFD as first responders for medical emergencies.

5.) Eliminating fire inspection services.

6.) Reviewing administrative staffing and needs.

7.) Reviewing firefighting staffing and needs.

8.) Reviewing EMS staffing and needs.

9.) Increasing Taxes and fees.

10.) Reducing fire and EMS staffing levels.

11.) Review Equipment and supply needs and levels.

12.) Review of Collective Bargaining agreements.

13.) Review of the report from the auditors.

14.) Review of LAFD service levels.

15.) Review of proposed budgets provided by the staff for 2009-10 and for the following years.

16.) Review all of the recommendations that the Fire Chief and others had previously made to the Commissioners.

17.) Review all of the operational service models.

All committee members agreed that these are extraordinary times in our community, county and the country in general. Times dictate that everyone must do more with less and that raising property taxes above $3.00 per thousand of assessed valuation is **NOT** the right thing to do. The committee has developed recommendations that will allow the community to have appropriate fire and EMS coverage, while minimizing the impact to the District. It is recognized that not all the recommendations will be popular with everyone, but the recommendations are presented objectively, while trying to maintain the LAFD into the future.

We reviewed the prospects of utilizing funds provided through the SAFER grant only to determine that the LAFD would not be eligible for funding. This grant only provides funds for **additional new** firefighters and it is not tailored for the rehiring or replacement of existing firefighters.

The following recommendations are made which will allow the LAFD to be fiscally sound for fiscal years 2009-13. This will allow the department to remain viable as the community rebuilds its tax base.

It is important that the administration establish a quarterly "rolling" budget process always projecting operations for the next 24 months so that further adjustments may be able to be made on a more timely basis and thus avoiding crisis management.

For 2009-10 the Committee recommends that the LAFD Commissioners enact the following:

A budget not to exceed **$13.305** million dollars be developed based on the following revenues:

$9.283 million – ad valorem taxes (based on a millage rate of $3.00 per thousand)

$1.799 million - ambulance billing

$2.081 million – from reserve funds

$ .142 million from inspection fees & misc.

For 2010-11 the Committee recommends a budget not to exceed **$13.049** million dollars.

For 2011-12 the Committee recommends a budget not to exceed **$13.021** million dollars.

For 2012-13 the Committee recommends a budget not to exceed **$13.074** million dollars.

To accomplish this we recommend the following action to be taken:

PERSONNEL

1.) LAFD **Commissioners reduce their compensation** to zero dollars effective on 8/1/09.

2.) Provide for a maximum total of 90 firefighter positions calling for the **reduction of 17 firefighters effective on 8/1/09.**

3.) Provide for a maximum total of 6 administrative personnel positions calling for the **reduction of 6 administrative personnel effective on 8/1/09.**

4.) Develop a citizen volunteer group to assist with office duties effective immediately.

5.) **Reduce or eliminate overtime pay.** Effective immediately.

6.) **Reduce all payroll/benefits to reflect a 10% reduction in total compensation** for all employees effective on 10/1/09.

7.) Provide for a maximum of 3 Battalion Chiefs with new job responsibilities effective 10/1/09.

8.) **Omit "extra" holiday pay** for all employees effective 10/1/09.

OPERATIONS

1.) **All five fire stations will remain open** staffed with three firefighters on each engine(54 firefighters positions).

2.) **Operate all five ALS ambulances**, one out of each station, staffed with 2 paramedic/EMTs (36 paramedic/EMTs positions).

3.) Three Battalion Chiefs will assume additional responsibilities in areas of EMS, Training, and Finance supervision.

4.) Develop an on call system to call in extra personnel for catastrophic events.

5.) Establish a explorer group to prepare future firefighters, and to provide volunteer assistance for fire station duties.

6.) **No additional vehicles should be purchased** in 09-10. In the future production engines (no custom vehicles) should be purchased.

7.) **Excess vehicles should be auctioned off** to produce revenue.

8.) **No take home vehicles**, except for the Chief

9.) Reductions in all equipment and supply categories.

10.) Establish policies for Energy efficiencies for vehicles and buildings.

11.) Aggressively seek applications for eligible grants.

12.) Review the healthcare insurance provider to lower costs and reduce coverages.

13.) **Develop a new emergency medical policy** to Reduce/eliminate out of District transport. **911** emergency calls should only provide for emergency delivery to the closest hospital.

14.) **Develop a policy to reduce/stop the use of district vehicles to run errands.** (i.e. for the purchasing of groceries etc.)

15.) **Develop a policy to avoid the payment of overtime to all employees.** The District will develop a policy to "Brown Out" fire stations or specific units at stations if necessary.

16.) **Engage an expert in union negotiations** when revisiting contracts. No District employee should be on the negotiation team.

17.) It is imperative that administration adhere to our recommendation of establishing a quarterly "rolling" budget process.

18.) **All union contracts must only be negotiated for a single year.**

19.) **Freeze all expenditures** with the exception of essential items to be approved by the chief effective immediately,.

UNION PERSONNEL

The LAFD employees are compensated in the top 90% of employees working in other fire districts in Lee County. The citizens in Lehigh Acres can no longer continue to afford this luxury. Through negotiations this percentile needs to be reduced to the 50-60 percentiles of the county. Therefore it is imperative to reopen all collective bargaining agreements with the following topics to be addressed for the 2009-10 contract and beyond:

1.) The elimination of Kelly days.

2.) Salary reductions.

3.) Elimination of Holiday extra pay.

4.) Contributions of dependent healthcare and life insurance.

5.) Step schedule reductions/elimination.

6.) Reduction of employee longevity compensation schedule.

7.) Elimination of the automatic EMT and the reduction of the paramedic pay increases.

8.) Reduce pay for minimum required training and college tuition.

9.) All other cost savings opportunities.

10.) The bargaining contract for this year and The next 3 years must be negotiated for only one year in duration.

11.) Reduce sick time and close out bank.

COMMITTEE RECOMMENDATIONS

Our first recommendation is to adopt the enclosed budget.

Should negotiations yield further saving to the District, the fire commissioners could reinstate firefighters, benefits, or to enhance administration, for the 2009-10 and following budget years.

It should be noted that this budget may be significantly impacted by revenues resulting from the declining, flattening or increasing of real estate appraised values, savings in operations, reduction of expenses, and savings resulting from changes in personnel costs and expenses.

Our first alternate recommendation would be to have the District declare a Fiscal Urgency in accordance with Florida statutes 447.4095.

This will enable the District **should the union fail to negotiate in the public's best interest,** to **nullify and void all existing union contracts.** The District would then have the opportunity to make the necessary changes to bring the total of compensation closer to the 50% percentile of fire Districts in Southwest Florida.

Our second alternative recommendation would be to negotiate with national firms who can provide the District with the option to privatize firefighting and emergency services.

There are companies that are eager to provide the District with this viable solution during these economic times **who will be able to provide the same services in accordance with our first recommendation.**

CONCLUSION

It is the committee's opinion that although these recommendations are painful for everyone, they will ensure a balanced budget for 2009-10 and beyond. **Unfortunately,17 firefighters and 9 administrative employees must be laid off by August 1, 2009.**

These necessary reductions will still allow the citizens of Lehigh Acres to receive protection from all 5 fire stations with 10 Advanced Life support units (5 ambulances and 5 engines) with adequate personnel available 24/7 while still retaining adequate reserves.

We would hope that through negotiations that none of our alternatives recommendations will have to be considered. Additionally, during this process we have developed several other options that your staff has available which are far less attractive to the committee and quite frankly to the residents of our community.

We appreciate the District allowing us to access information from the Fire Chief and his staff during this process. They were able to provide us with invaluable information and guidance through our process, deliberations, and analysis. **Our committee is certain that these recommendations are not only fiscally sound, but are sound from an operational standpoint as well,** and most importantly are in keeping with the mission and purpose of the Lehigh Acres Fire District.

Respectfully submitted on July 14, 2009 by the Blue Ribbon Committee:

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