

# **The Citizens of Delaware County for Property Tax Repeal, Inc.'s Muncie and Center Township Fire Protection Reconciliation With Budgetary Deficit Considerations**

The Citizens of Delaware County for Property Tax Repeal, Inc. applaud and enthusiastically support the ongoing efforts by the Mayor, the City Departments, the Center Township Trustee and concerned citizen groups to reach an equitable plan to address Muncie's current fiscal crisis and provide consolidated fire safety services for Muncie and Center Township. We agree that consolidating fire safety services will help facilitate the critical budget reductions required by both taxing entities, while providing excellent fire safety services to all residents of Muncie and Center Township.

We welcome the opportunity to offer our suggestions in the effort to reach a viable long term plan that addresses the critical budget shortfall that we will be facing for the next few years, while limiting the number of fire safety personnel who will be laid off.

## **Facts:**

**Public Safety operations occupy 79.3% of our operational (General) fund:** Safety services consume \$19.81 million of a \$24.98 million General Fund.

**Public Safety in it's entirely including pension costs consumes 68.2% of the entire City Budget:** Safety services, in their entirety, cost \$28.35 million of a \$41.59 million Budget.

### **2009 City Budget shortfall: \$3,800,000.00**

- MPD share: \$1,000,000.00
- MFD share: \$1,000,000.00
- All other City Departments combined share: \$1,800,000.00

### **2010 ADDITIONAL anticipated City Budget short fall: \$3,000,000.00**

- MPD share: \$1,375,000.00
- MFD share: \$1,375,000.00
- All other City Departments combined share: \$250,000.00

### **2011 ADDITIONAL anticipated shortfall due to loss of Borg Warner taxes: \$300,000.00**

- MPD share: \$125,000.00
- MFD share: \$125,000.00
- All other City Departments combined share: \$50,000.00

## **Objectives:**

- Equitably disperse necessary budget reductions across all City departments resulting in a slight reduction of the Public Safety burden upon the overall City Budget (from 68.2% to approximately 65%).

- Total target reductions from current budget levels and sustained through 2012 are:
  - MPD total reductions from current budgeted levels: \$2,500,000.00 (35% of total)
  - MFD total reductions from current budgeted levels: \$2,500,000.00 (35% of total)
  - Other Departments combined total reductions from current budgeted levels: \$2,100,000.00 (30% of total)
- Achieve budget reduction objectives, through consolidation and restructuring, without borrowing or increasing taxes.
- Prioritize department budget reductions in such a manner to provide important public services, broaden the scope and effectiveness of fire protection areas, and allow for future growth while sustaining those necessary public services.
- Define a 3 ½ year plan designed as a potential point of reference to establish a new 3 year contract effective 2010 through 2012 with the Collective Bargaining Unit(s) that would see our community through the transition of seriously declining revenues and assessed values of taxable property.

## The Plan:

**MUST first establish Center Township 3 1/2 year Fire Protection Agreement:** Center Township shall pay the City \$225,000.00 for the balance of 2009, effective July 1, 2009, for the fire protection of the unincorporated areas of the Township. The City will immediately assume and be liable for all fire related equipment, any and all fire related equipment debt as well as the leases on the Center Township Fire Department Stations, relieving Center Township of the same. Beginning 2010 and through 2012, Center Township shall pay \$500,000 to the City for annual fire protection of the unincorporated areas of the Township.

- Relieving Center Township of future rolling stock and equipment debt obligations results in a savings to Center Township of \$34,000 in interest.
- The Center Township's fire protection payment of \$500,000 beginning 2010 is based upon bringing the Center Township share of MFD fire protection cost in line with the City. The City's current operational fire protection levy is approximately .42-.43. MFD operational cost reductions should reduce that levy proportionally to approximately .32. The 2009 Center Township combined fire related levies are .2967. Raising that levy to .32 as permitted equates to approximately \$500,000. The City's MFD Pension Fund levy is not considered a liability that Center Township should be burdened with and is therefore removed from this consideration.
- The current Center Township fire-related budget is \$925,000.00 including the Cumulative Fire Fund. It is safe to assume that it operates on something less than the proposed budget since the current combined certified fire levies are only \$453,000.00 plus other tax revenue streams supplementing the CTFD costs. Conversely it is safe to assume that it operates on something more than \$500,000.00 since the salaries, debt service and lease payments alone are in excess of \$562,000.00. Muncie and Center Township will mutually and equitably benefit in cost reductions and revenues facilitated by consolidated services.

**MUST suspend or delay the use of Morrison TIF money transferred to the Muncie**

**Redevelopment Commission to purchase two new fire trucks:** These monies previously appropriated from the Morrison TIF District to buy MFD equipment, including new trucks yet to be bought, should be used to assume the Center Township fire equipment and immediately retire the debt of approximately \$408,000.00 or less that is associated with the same. We then propose to return the remaining balance of \$532,000.00 or more, back to the Morrison TIF.

**Right-size MFD infrastructure: Reduce to 5 Fire Stations:** Select 5 strategically located stations from combined pool of available stations for the consolidated Muncie and Center Township coverage area. (attached map(s))

- Retain Stations **#2** and **#6** for Downtown and near Eastside and Westside neighborhoods.
- Close Station #3 and move to **Center Township Southwest Station**.
- Re-establish Station **#4** to extend coverage area to the Southeast quadrant of Center Township.
- Close Stations #5 and #7 and move to **Center Township Northwest Station**.
- Negotiate with the owner of the CTFD stations properties to secure an OPTION for long term continuation of current lease agreements for Center Township fire stations at current / favorable rates. Current 5 year leases initiated in 2002 and renewed in 2007 (though 3/2012) are currently \$5,600.00 per month for BOTH stations or \$67,200.00 per year, Net-Net. A new lease consideration should be sought for at least 10 years with a nominal 2.5% annual escalation. **OR** the Current leases could be sustained at the risk of higher escalations in 2012.

**Right-size MFD staffing: Reduce staffing to 80 firefighters:** Reduce by 30 the current staffing of the MFD.

- Staffing five of seven stations (72% of the stations) would require approximately 72% of current staffing. 72% of 110 roughly equates to 80 firefighters (79.2).
- This thirty man reduction of staff represents approximately \$2,250,000.00 in manpower savings per year based upon current \$75,000/man/year total costs.
- Encourage the MFD to develop both a paid and volunteer reservist program, possibly from the pool of pre-trained and experienced laid off MFD firefighters and Center Township firefighters to staff vacations and sick days without the use or maybe even the necessity of an Overtime Account currently funded and expensed to the tune of \$164,000.00.

**Make incremental adjustments of both insurance contributions and salaries:** Make incremental increases in health insurance contributions as well as base pay to offset the increased contributions.

**Sign new Multi-Year Contract:** We recommend the signing of a new multi-year contract in order to remove contract negotiations from the annual budget cycle. We further suggest that the City of Muncie and Center Township enter into Fire Protection Agreements that run concurrently with the MFD Collective Bargaining Agreements so as to equitably distribute known fire protection costs across the entire MFD district, Muncie and unincorporated Center Township alike.

## Current (2009) year plan:

Item/issue for balance of 2009 (6 months)	Savings	Income	Expense	Running total savings
Layoff of 30 firefighters @ \$75k/ea	\$1,125,000.00			\$1,125,000.00
Unemployment benefits @ \$390/wk			(\$304,200.00)	\$820,800.00
CT fire protection payment		\$225,000.00		\$1,045,800.00
Closing of 2 fire stations	\$14,000.00			\$1,059,800.00
Lease payments of CT fire stations			(\$33,600.00)	\$1,026,200.00
Retire CT equip. debt by MRC (MFD acquires)		\$408,000.00	(\$408,000.00)	\$1,026,200.00
Auctioning off of excess equipment		\$50,000.00		\$1,076,200.00
Supplement overtime account from auction			(\$50,000.00)	\$1,026,200.00
Partial proceeds from sale of station #7 ??		\$100,000.00		\$1,126,200.00
Reinstate irrevocable Capital Equipment Fund			(\$100,000.00)	\$1,026,200.00

### Footnotes:

Reduced workforce savings based upon MFD/CAC estimates of \$75,000.00 per firefighter which included salaries and benefits.

Unemployment benefits costs projected for the rest of the year (26 weeks) at known max rate.

Center Township's 2009 fire protection payment of \$225,000 based upon Center Township's 2009 certified fire associated levies of Fire @ .2717 and \$415,553.00 as well as Cumulative Fire @ .0250 and \$38,236.00. \$453,789.00 total levies/revenues.

Current lease payment for both stations is \$5,600.00 per month.

The Muncie Redevelopment Commission currently retains \$940,000.00 of funds transferred from the Morrison TIF for the acquisition of Muncie Fire Department trucks. \$408,000.00 would be used to immediately retire the outstanding debt on the Center Township equipment and the remainder of \$532,000.00 would be returned to the Morrison TIF district.

Reinstatement of Capital Equipment Fund would only occur if the City decides to sell the Station 7, Wheeling Avenue location and only \$100,000.00 of the proceeds would be used.



## Future 3 year (2010-2012) plan:

### Option A: Sustaining reduced workforce at 80.

Item/issue for 2010 (2010-2012 contract) Opt.A	Savings	Income	Expense	Running total savings
Reduced workforce (-30 firefighters @ \$75k/ea)	\$2,250,000.00			\$2,250,000.00
Increased Health Ins. Contribution (9% to 13%)	\$64,000.00			\$2,314,000.00
Increased Retiree Health Ins. Contrib.(8% to 10%)	\$15,360.00			\$2,329,360.00
2.5% Raises (based on \$4m remaining Avg PR)			(\$118,700.00)	\$2,210,660.00
CT fire protection payment		\$500,000.00		\$2,710,660.00
Sustained reduction of 2 fire stations	\$28,000.00			\$2,738,660.00
Lease payments of CT fire stations (10 yr avg)			(\$70,000.00)	\$2,668,660.00
Irrevocable Capital Equipment Fund			(\$100,000.00)	\$2,568,660.00

Item/issue for 2011 (2010-2012 contract) Opt.A	Savings	Income	Expense	Running total savings
Reduced workforce (-30 firefighters @ \$75k/ea)	\$2,250,000.00			\$2,250,000.00
Increased Health Ins. Contribution (13% to 17%)	\$136,000.00			\$2,386,000.00
Increased Retiree Health Ins. Contrib.( 10% to 12%)	\$32,000.00			\$2,418,000.00
2.5% Raises (based on \$4.1m remaining Avg PR)			(\$240,368.00)	\$2,177,632.00
CT fire protection payment		\$500,000.00		\$2,677,632.00
Sustained reduction of 2 fire stations	\$28,000.00			\$2,705,632.00
Lease payments of CT fire stations (10 yr avg)			(\$70,000.00)	\$2,635,632.00
Irrevocable Capital Equipment Fund			(\$100,000.00)	\$2,535,632.00

Item/issue for 2012 (2010-2012 contract) Opt.A	Savings	Income	Expense	Running total savings
Reduced workforce (-30 firefighters @ \$75k/ea)	\$2,250,000.00			\$2,250,000.00
Increased Health Ins. Contribution (17% to 20%)	\$203,500.00			\$2,453,500.00
Increased Retiree Health Ins. Contrib.(12% to 14%)	\$54,000.00			
2.5% Raises (based on \$4.2025m remaing Avg PR)			(\$365,081.00)	\$2,142,419.00
CT fire protection payment		\$500,000.00		\$2,642,419.00
Sustained reduction of 2 fire stations	\$28,000.00			\$2,670,419.00
Lease payments of CT fire stations (10 yr avg)			(\$70,000.00)	\$2,600,419.00
Irrevocable Capital Equipment Fund			(\$100,000.00)	\$2,500,419.00

#### Footnotes:

Year to year savings and expenses are estimated accumulatively from the 2008 Budget baseline and estimated revenue losses from that Budget forward.

Reduced workforce savings based upon MFD/CAC estimates of \$75,000.00 per firefighter which included salaries and benefits.

Active staff health insurance costs are estimated from a full workforce (110) cost of \$1.9 million and prorated down for active workforce reductions plus projected 5-6% annual increases. They are assumed to be majority family plans.

Retired staff health insurance costs are estimated from current costs \$768,000.00 and assumes a family plan.

Raise expenses include pension contributions by City at 19.5% base salary.

Center Township's fire protection payment of \$500,000 is based upon bringing the Center Township share of MFD fire protection cost in line with the City. The City's current operational fire protection levy is approximately .42-.43. MFD operational cost reductions should reduce that levy proportionally to approximately .32. The 2009 Center Township combined fire related levies are .2967. Raising that levy to .32 as permitted equates to approximately \$500,000. The City's MFD Pension Fund levy is not considered a liability that Center Township should be burdened with and is therefore removed from this consideration.

## Future 3 year (2010-2012) plan:

### Option B: Reinstating workforce to 84.

Item/issue for 2010 (2010-2012 contract) Opt.B	Savings	Income	Expense	Running total savings
Reduced workforce (-26 firefighters @ \$75k/ea)	\$1,950,000.00			\$1,950,000.00
Increased Health Ins. Contribution (9% to 14%)	\$80,000.00			\$2,030,000.00
Increased Retiree Health Ins.Contib.(8% to 11%)	\$23,040.00			\$2,053,040.00
NO 2010 raises			\$0.00	\$2,053,040.00
CT fire protection payment		\$500,000.00		\$2,553,040.00
Sustained reduction of 2 fire stations	\$28,000.00			\$2,581,040.00
Lease payments of CT fire stations (10 yr avg)			(\$70,000.00)	\$2,511,040.00
Irrevocable Capital Equipment Fund			(\$10,000.00)	\$2,501,040.00

Item/issue for 2011 (2010-2012 contract) Opt.B	Savings	Income	Expense	Running total savings
Reduced workforce (-26 firefighters @ \$75k/ea)	\$1,950,000.00			\$1,950,000.00
Increased Health Ins. Contribution (14% to 18%)	\$170,000.00			\$2,120,000.00
Increased Retiree Health Ins.Contrib.( 11% to 14%)	\$48,000.00			\$2,168,000.00
NO 2011 raises			\$0.00	\$2,168,000.00
CT fire protection payment		\$500,000.00		\$2,668,000.00
Sustained reduction of 2 fire stations	\$28,000.00			\$2,696,000.00
Lease payments of CT fire stations (10 yr avg)			(\$70,000.00)	\$2,626,000.00
Irrevocable Capital Equipment Fund			(\$125,000.00)	\$2,501,000.00

Item/issue for 2012 (2010-2012 contract) Opt.B	Savings	Income	Expense	Running total savings
Reduced workforce (-26 firefighters @ \$75k/ea)	\$1,950,000.00			\$1,950,000.00
Increased Health Ins. Contribution (18% to 22%)	\$234,000.00			\$2,184,000.00
Increased Retiree Health Ins.Contrib.(14% to 15%)	\$63,000.00			
NO 2012 raises			\$0.00	\$2,247,000.00
CT fire protection payment		\$500,000.00		\$2,747,000.00
Sustained reduction of 2 fire stations	\$28,000.00			\$2,775,000.00
Lease payments of CT fire stations (10 yr avg)			(\$70,000.00)	\$2,705,000.00
Irrevocable Capital Equipment Fund			(\$165,000.00)	\$2,540,000.00

#### Footnotes:

Year to year savings and expenses are estimated accumulatively from the 2008 Budget baseline and estimated revenue losses from that Budget forward.

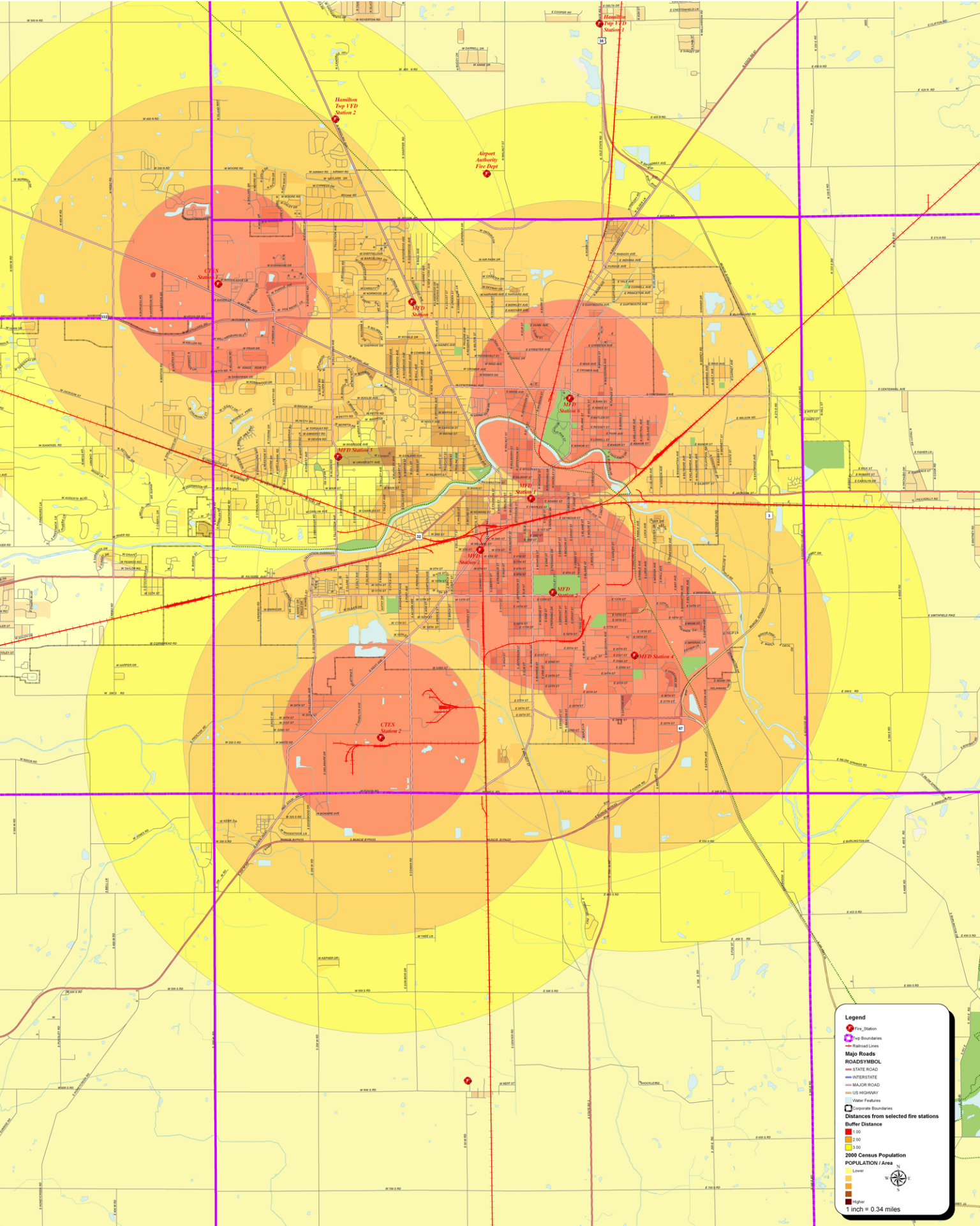
Reduced workforce savings based upon MFD/CAC estimates of \$75,000.00 per firefighter which included salaries and benefits.

Active staff health insurance costs are estimated from a full workforce (110) cost of \$1.9 million and prorated down for active workforce reductions plus projected 5-6% annual increases. They are assumed to be majority family plans.

Retired staff health insurance costs are estimated from current costs \$768,000.00 and assumes a family plan.

Center Township's fire protection payment of \$500,000 is based upon bringing the Center Township share of MFD fire protection cost in line with the City. The City's current operational fire protection levy is approximately .42-.43. MFD operational cost reductions should reduce that levy proportionally to approximately .32. The 2009 Center Township combined fire related levies are .2967. Raising that levy to .32 as permitted equates to approximately \$500,000. The City's MFD Pension Fund levy is not considered a liability that Center Township should be burdened with and is therefore removed from this consideration.

# 5 Station Center Township Fire Coverage Map



**Legend**

- Fire Station
- Township Boundaries
- Railroad Lines
- Major Roads
  - ROADWAY/MDL
  - STATE ROAD
  - INTERSTATE
  - MAJOR ROAD
  - US HIGHWAY
- Water Features
- Corporate Boundaries

**Distances from selected fire stations**

Buffer Distance

- 100
- 200
- 300
- 400

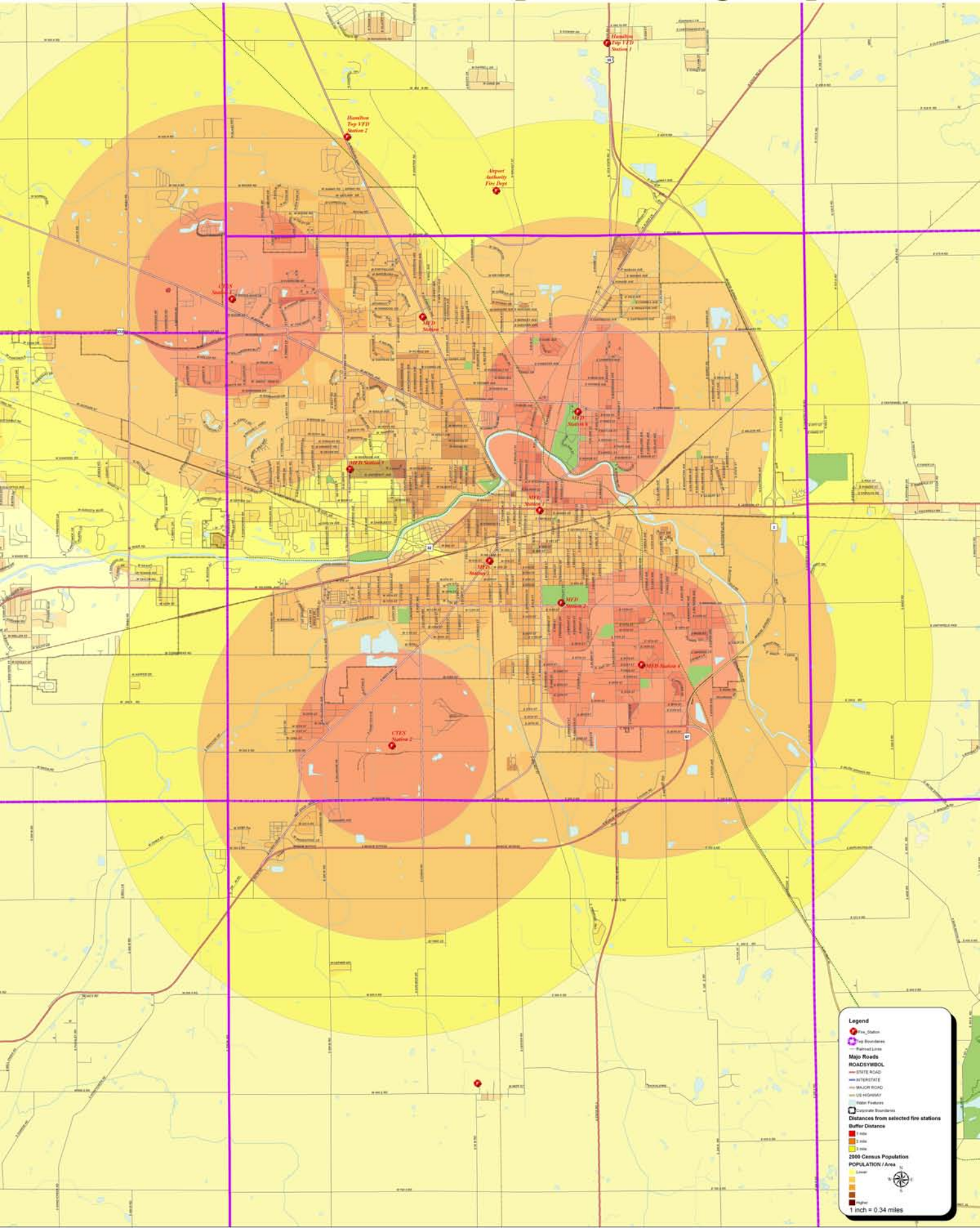
**2000 Census Population POPULATION / Area**

- Lower
- Higher

1 inch = 0.34 miles



# 4 Station Center Township Fire Coverage Map



**Legend**

- Fire Station
- Twp Boundaries
- Palmetto Lines
- Major Roads
- ROADS/IRB/COL
- STATE ROAD
- INTERSTATE
- MAJOR ROAD
- US HIGHWAY
- Water Features
- Corporate Boundaries
- Distances from selected fire stations
- Buffer Distance
- 1 mile
- 2 mile
- 3 mile
- 2000 Census Population
- POPULATION / Area
- Lowest
- Highest

1 inch = 0.34 miles