Memorandum:

To: Honorable Mayor and Members of the City Council
From: Eric A. Keck, City Manager
Date: 15 February 2015
Subject: Englewood Fire/Rescue Department

This memorandum has been generated in response to the membership of the Englewood Fire/Rescue Department requesting the opportunity to present some ideas on how the Department might be able to remain as a stand-alone Fire Service Based EMS system serving the City of Englewood. I personally have been able to spend time with members of the Department listening to their thoughts and ideas that could potentially address the capital, equipment, and personnel needs that might aid in assisting the Department with being more sustainable. This memorandum will analyze these concepts as well as attempt to provide a projection of revenues and expenditures related to the items. I want to thank the members of Local #1736 for putting forward the data and thoughts on how to create a sustainable department. They have been able to come up with several ideas in a very short period of time.

This issue remains as one of the most difficult that I have had to wrestle with in my professional career in either the public or private sectors. As I will continue to enunciate, the professionals of the Englewood Fire/Rescue Department are some of the most passionate, dedicated and competent that I have ever had to work with in the fire service. This has complicated the matter. For anyone to assert that we have not listened to our own employees or spent the time to build the relationships necessary to understand what is at stake here, they are severely misguided and far off target. I will attempt to be guided by the council’s instruction to focus on safety, training, revenue, expense reduction and sustainability to address the ideas put forward. In many cases, the members of the Department have only been able to perform rudimentary analysis of their concepts and have not fully developed the ideas with respect to cost, regulation, or feasibility. Wherein possible, I have added to the concepts with my own research.

**Revenue Enhancement:**

The Department came up with several thoughts on revenue enhancement. Many of these ideas relate to either the update of fee schedules or implementation of new fees.
• Update EMS transport fees to mirror those of surrounding entities. Using 2013 EMS transport numbers and adopting Denver Health’s collection fee schedule, revenue would have increased by $270,384.

• Implementation of inspection fees for commercial properties. The fee would be based on the type of occupancy, number of floors and square footage. Using an average estimate of $75 per inspection and an average of 350 annual inspections, Englewood could generate up to $26,250 in additional revenue. This is where the additional fire inspectors would be needed. The two inspectors come at a cost of $151,314. As such, the net revenue would be erased. The fire companies could also perform the inspections in between calls and other duties as well but this would need to be examined closely for planning the inspections around the calls for service.

• Adopting an EMS subscription fee was also put forward as a way in which to generate revenue. This would allow for residents to sign up for EMS services and the fee acts as a copay for any transports that might take place during a given year. It may generate up to $500,000 during the year but it also has a corresponding loss in transport revenues that will require some additional analysis.

• Utilization of MFTC. The fire training center is an asset that could be utilized for generating additional revenue through the provision of training or simply the rental of the facility for training for other organizations. Apparently Red Rocks Community College is seeking a convenient location for training their fire students. North Metro generated $21,774 from rental of its training center’s services. Arvada Fire generated $35,276 from a single extraction class in 2012. There are a number of potential revenue generating opportunities but it is not apparent at this time what level of revenue could be generated by MFTC. The City will need to invest $270,000 into the facility in concert with Littleton Fire/Rescue at a similar amount to help ensure that we can continue live burn training in an environmentally sound fashion at the facility. As such, the first several years of training revenue would be offsetting the capital improvement costs at the center.

• Implementation of an inter-facility transport program. This program would have the Englewood Fire Department begin to market services and provide for the transportation of patients from one facility to another to seek medical care or attend other important appointments under the care of three differing levels of service. Wheelchair vans with BLS equipment and an EMT would be the lowest level of transport service. A second level where a BLS ambulance or van with two EMTs could help to transport a patient who requires a higher level of BLS care. Finally, the Department could also perform ALS ambulance transport. The easiest means by which to enter the inter-facility transport business would be with the BLS wheelchair van. This would require that the City acquire one or more wheelchair vans as well as hire EMT basic employees to drive the vans. The EMT Basic positions may also provide an opportunity for the department to determine if these individuals might be a good fit for hiring into the firefighter role in the future. The EMT Basic employees would be full time employees of the department but paid at $12 per hour. They would not be FPPA employees. A recent study published by FEMA projected an
annual estimated revenue of $200,000 for three transports per day. This figure does
not reflect the capital and operating costs for this program. Littleton and Porter
Hospitals have a combined inter facility transport number of 2,495 per year. These
transports are currently provided by two different companies on an alternating day
basis. Fees for these transports are as follows: BLS emergent transports are
$358.34; Non-emergent BLS transports are $223.96; ALS emergent transports are
$425.53; Non-emergent ALS transports are $268.76; mileage for BLS and ALS
transports are $7.16 per mile. The cost for a wheelchair transport is $45 with a $5
per mile charge. Averaging these fees, minus the mileage, and applying it to the
number of transports yields $659,473 in revenue. This again does not include the
cost of capital equipment or personnel to operate this program. A 2014 Wheeled
Coach Ford Type II ambulance would cost $69,986. A 2014 Wheeled Coach
Wheelchair Van would cost $43,971. With the overall number of assisted care
facilities that exist in Englewood, this proposed program could be very successful.
However, from a policy perspective, the council will want to discuss whether or not it
would insert the City into an arena already dominated by several private sector
ambulance transport companies.

- Reactivation of the Wildland Fire Team. The Englewood Fire/Rescue Department has
had a successful wildland fire program in the past. During the last budget cycle, it
was determined that that the department could have generated an additional
$30,000 in revenue for wildland deployments. If the City were to purchase its own
wildland apparatus, the revenue potential would also increase according to the
following fee schedule:

  - Type 6 engine: $71/hour with a daily guarantee of $568
  - Type 3 engine: $106/hour with a daily guarantee of $848
  - Type 1 engine: $130/hour with a daily guarantee of $1,040

The cost of the type 3 engine ranges from $150,000 to $200,000. The cost to
purchase a type apparatus ranges from $90,000 to $110,000. It is important to
note that all wildland fire deployment costs are covered by the Federal government
including the backfill or overtime costs incurred by the department due to staff being
deployed to assist with fighting wild fires. The Arvada Fire Protection District had a
profit of $250,000 generated from wildland deployments in 2012. This included
deployments on 10 different fires with 11 apparatus and 40 personnel being
involved. Arvada did indicate that 2012 was a higher than normal wildland fire
season and that they cannot rely upon similar figures on an annual basis. The one
cost that is not covered by the wildland program would be medical, indemnity and
PPD claims that might arise should someone be injured while fighting a wildfire.
When our wildland team was active, we had three claims that occurred between
2008 and 2012 that cost the City of Englewood around $80,000.

- Pursue SAFER grants: The staffing for adequate fire and emergency response grant
program through FEMA could be pursued to help with the recruitment and retention
of firefighters in our department. This grant program was specifically designed to
help department ensure that they had an adequate number of front line firefighters
available in a community. The grant is due in early March should the City pursue the
program. The first priority of the program is to rehire laid off firefighters. The second priority is to retain firefighters who might be facing an imminent layoff or to fill positions vacated due to poor economic conditions. The third priority is the hiring of new firefighters.

**Operational Expense Reduction:**

Another area in which the Department could save money would be its operational expenses. The Department has put forward some thoughts on how to save the City money but it does entail a restructuring of the fire administration as well as entertain the elimination of the Driver/Operator/Engineer rank. Council was clear that they did not want to see anyone take a pay reduction or lose their position. However, I have had conversations with Littleton Fire/Rescue and they have indicated that they would be willing to provide training to our employees at no cost to the City of Englewood at MFTC with through their existing training staff. This move could save the City of Englewood the cost of the training chief which is approximately $125,429 full burdened. The existing training chief could be moved back to cover the EMS area which is currently vacant. Furthermore, the department has also indicated that a move to a 48/96 schedule would yield cost savings and help contain the use of overtime pay. The 48/96 schedule would also afford the department a better opportunity to train with neighboring departments such as Littleton Fire/Rescue and South Metro Fire Rescue Authority whose personnel are already on this schedule. It is too difficult at this point to try and forecast the savings but there are a number of scholarly papers on this topic that all enunciate that the 48/96 schedule does help to yield savings.

**Capital Equipment Cost Reduction:**

The Department has enunciated that they could move to having three engine companies rather than two with a tower company. This would save on the cost of acquiring the 95' mid-mount aerial platform that has a budgetary quote of $1.3 million. The move to three engine companies could save $800,000 of the projected $2,700,000 in replacement apparatus and equipment costs. The City would then be relying upon automatic and mutual aid to help provide the ladder or tower company to fight fires that would require this type of apparatus.

**Capital Facility Cost Reduction:**

The City does have some options with respect to how to contain the capital facility costs. Not dissimilar to what has been proposed by Denver Fire, the City could invest funds into its three stations that could extend the life of the stations by 20 years. Furthermore, the station locations could be left where they are today with the understanding that the current 5 minute 12 second response time goal would diminish from 99% with the relocation to 95%. The City would also need to understand that setting aside funding each year into a capital replacement fund would need to be done in a disciplined fashion for the eventual replacement of the stations. The capital cost of replacing the stations in the future will undoubtedly increase with inflation as well as construction costs twenty years from now. This move to buy the additional years of functional lifespan would cost $1.2 million today as opposed to the $12,133,500 originally indicated through a general obligation bond. This
would then yield a $10,933,500 deferred savings and reduce the GO bond need for the Fire Department only to $4.6 million. The Safety Service building would still need to be replaced at a cost of $17,287,830. I am still working on some other alternatives with this replacement including a build to suit lease with a developer fee but the mechanics of this arrangement have not been completed quite yet. This type of arrangement would allow a developer or public investment firm to come in and rebuild the Safety Service facility which the City would then lease for a term and purchase at the end of the lease for a nominal amount. This arrangement would allow for the private sector developer to take the risk for construction, make a developer fee, and then enter into a lease/purchase arrangement with the City.

**Conclusion:**

After reviewing the proposal set forward by the department, the following is an assessment of the cost savings and revenue enhancement. Keep in mind that I have not had a great deal of time to truly evaluate and analyze these concepts. I was only able to give a cursory review.

Revenue Generation:

- **EMS Transport Fees:** $270,834
- **Commercial Inspection Fees:** $0 as the inspectors would come at a cost greater than the revenue.
- **EMS Subscription Fee:** $400,000. Aggressive marketing could bring this in.
- **MFTC:** $0 as the capital investment of $270,000 would be required up front.
- **Inter-facility transports:** $113,597 after acquisition of wheelchair van ($43,971) and employee costs ($42,432). Predicated on the FEMA study revenue projection for first year.
- **Wildland Team:** $30,000. Assumes utilization of existing Type 6 engine.
- **SAFER Grant:** $0. Unsure that we can make timeframe for 2015.

Total Revenue: $814,431

Operational Expense Reduction: $125,429

Capital Equipment Cost Reduction: $800,000

Capital Facility Cost Reduction: $10,933,500. This is not so much a reduction as a deferral to the future. It will still require $1.2 million to refurbish the three fire stations.

After examining all of what has been proposed, I have to advise the City Council that while some of the concepts are viable, they will not be able to be implemented immediately. In several instances there are offsetting costs that also must be taken into account. It will take time to design, market, and implement some of the revenue enhancement programs. As such, the City may not be able to anticipate this revenue immediately as the programs will take time to grow and even manifest their viability and acceptance in the marketplace.

Unfortunately, at this point, I fear that what has been put forth as a means of creating an economically sustainable falls short of the Council’s goals. Were we not in the fiscal position that we are in today, I would request the opportunity to completely redesign the department.
and put a structure in place with some of these proposals. As such, I would recommend that
the City Council continue to examine and proceed with a contract for Fire/EMS service
through Denver Fire. The Council will need to determine whether or not they will exercise
their duty within our republican form of government or decide to place this matter on the
ballot in November. I stand ready to assist the Council with both scenarios and continue my
pledge to ensure that our employees are treated with the respect and dignity that they
deserve.

If you should have any questions or concerns, please do not hesitate to contact me.