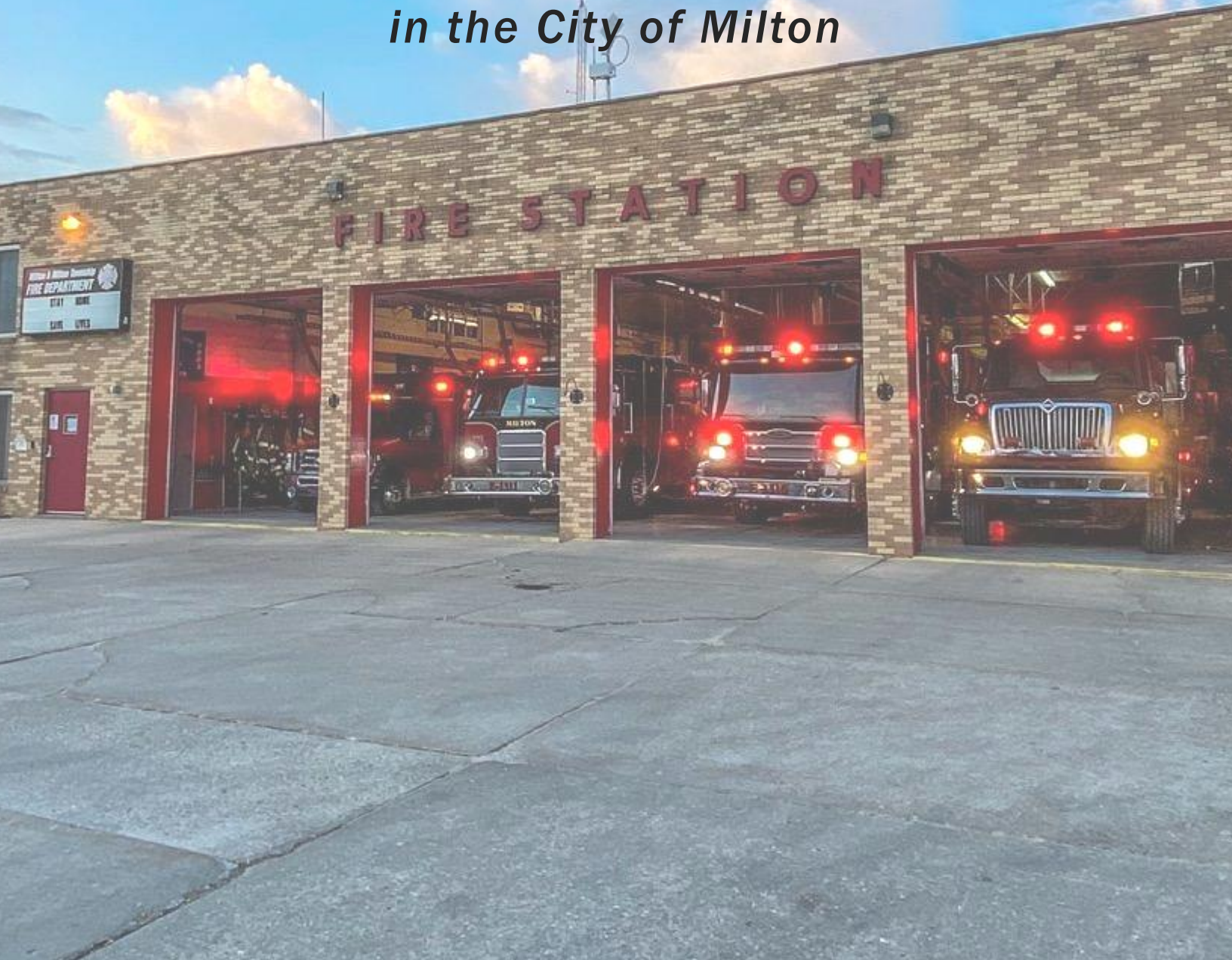


AT A CROSSROADS

*Options for Fire and Emergency Medical Services
in the City of Milton*



WISCONSIN

POLICY FORUM

ABOUT THE WISCONSIN POLICY FORUM

The Wisconsin Policy Forum was created on January 1, 2018, by the merger of the Milwaukee-based Public Policy Forum and the Madison-based Wisconsin Taxpayers Alliance. Throughout their lengthy histories, both organizations engaged in nonpartisan, independent research and civic education on fiscal and policy issues affecting state and local governments and school districts in Wisconsin. WPF is committed to those same activities and that spirit of nonpartisanship.

PREFACE AND ACKNOWLEDGMENTS

This report was undertaken to provide policymakers and citizens in the City of Milton and adjacent communities with an independent assessment of options developed by city officials for the future provision of fire protection and emergency medical services. The purpose was to analyze programmatic and fiscal data and to reflect on key challenges but not to make recommendations on specific options for these communities.

Report authors would like to thank the City of Milton/City of Janesville chief, City of Milton administrative staff, and City of Janesville administrative staff for their assistance in providing information and for patiently answering our questions.

In addition, we wish to acknowledge and thank the City of Milton for commissioning and partially underwriting the cost of this research.



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July 2021

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INTRODUCTION

Fire and emergency medical services (EMS) agencies across Wisconsin are facing intensifying fiscal and service-level challenges that are threatening existing service models and prompting consideration of new approaches. These challenges stem, in part, from the strict property tax levy limits facing Wisconsin municipalities as well as cost pressures caused by growing call volumes.

However, more recently, and particularly as Wisconsin's economy emerges from the pandemic and labor shortages intensify, recruitment and retention barriers for part-time staff pose the greatest obstacle for many small communities as they seek to maintain traditional service frameworks.

The Milton Fire Department has a proud history of providing both fire response and EMS for the City of Milton and the townships of Milton, Harmony, Johnstown, Lima, and Koshkonong. In recent years, the department also has taken steps to coordinate services with the Janesville Fire Department through a service contract to share the Janesville chief and collaboration on a "closest unit responds" service model. However, like many fire and EMS agencies in Wisconsin, the Milton department is now struggling to maintain a staffing model that relies mostly on part-time staff.

This challenge prompted the City of Milton to consider options for a full-time staffing framework late last year for the Milton department's service area, including the possibility of consolidating with the Janesville department. In response, the townships currently served by the department decided to also consider their own alternatives. In fact, the Town of Milton recently drafted a petition to join the Edgerton fire district that also will be considered by the other towns. These actions have prompted city officials to consider both the Janesville consolidation option and a standalone option solely for their jurisdiction.

While the towns are considering alternative options for fire and EMS service, Janesville is also reconsidering its agreements with the Milton Fire Department. City of Milton leaders are now faced with a difficult decision on how to best provide fire and EMS service, including a likely need to pursue a voter referendum to approve additional costs that may result.

The Wisconsin Policy Forum (WPF) has analyzed fire and EMS service delivery challenges in dozens of departments across Wisconsin. In fact, we have conducted nine comprehensive fire and EMS service sharing studies for municipalities in Milwaukee, Racine, Kenosha, Jefferson, Ozaukee, and La Crosse counties over the past eight years.

In April 2021, city officials asked us to conduct an analysis to assist them in their consideration of options for their future fire and rescue services. Specifically, our task was to focus on the following:

1. Evaluation of the "Unilateral Consolidation Model" and the "City of Milton Standalone Model" developed by Milton officials and considered by its common council earlier this year. Included in the evaluation would be review and possible refinement of the preliminary staffing, service, and fiscal assumptions used by city officials to develop the respective models.
2. Analysis of possible equitable cost allocation methodologies for either consolidated or standalone models under scenarios in which the townships currently served by the Milton department ultimately wish to receive service under that model.



In this report, we present the findings of our analysis. Because we strived to complete the project by July 1 to accommodate the city's need for timely decision-making and to prepare for a potential future voter referendum, our fiscal and programmatic analysis has been conducted at a high level. However, we are hopeful that it will provide city and regional officials with an objective overview that can be built upon to develop an effective and cost efficient path forward.



CURRENT OPERATIONAL MODEL AND COST STRUCTURE

The Milton Fire Department operates as a joint district between the City and Town of Milton in Rock County. Its service area also includes portions of four other surrounding towns that contract for service from the department. As noted above, the department shares a chief with the Janesville FD.

As shown in **Table 1**, the Milton FD’s staffing framework features 3.0 full-time equivalent (FTE) career firefighters (who are also paramedics). It also relies on a mix of part-time staff who either work paid shifts at the station (these are referred to as paid-on-premises or POP staff) or who are called in when needed to respond to calls (also known as paid-on-call or POC staff). Administration and command functions account for an additional 1.5 FTEs.

Table 1: Milton FD current staffing

Staff	FTE	Hours	Salary	Station Shifts
Admin	1.00	2,080	\$36,400	N/A
Chief	0.50		\$52,080	N/A
Firefighters/Paramedics	3.00	9,600	\$151,200	1
POP FF/EMT	3.01	8,760	\$157,680	1
POP FF	6.02	17,520	\$262,800	2
POP FF/EMT Weekend	0.86	2,496	\$37,440	0.29
POC - No Points ¹	0.56	1,637	\$26,192	
POC - Points	0.89	2,625	\$42,000	
Stipends/OT			\$110,274	
Totals	15.84	44,718	\$876,066	4.29

The department has between three and five responders working on-duty shifts at its station at all times. One is a full-time, career employee while the remainder are POP employees. The department schedules an additional person on weekends to reach a goal of five persons per shift. While not always possible, the department aims to send out both a two-person ambulance and an engine at all times, with either two or three on the engine (three on weekends).

With dispatching performed by the Rock County dispatch center – which is able to track vehicle locations – the Milton, Janesville, and Beloit departments are able to operate under a “closest unit responds” model, meaning that the closest available unit is dispatched to a call regardless of municipal jurisdiction. The three departments also have begun to discuss a shared fleet of reserve vehicles.

Table 2: Breakdown of 2021 operating budget

	Current
Service Population	11,718
Average on duty at station	4.29
FTEs	15.84
Salary/OT	\$876,066
Benefits	\$184,731
<i>Total Personnel Expenses</i>	<i>\$1,060,797</i>
Other FD Expenses	\$288,149
Total Expenditures	\$1,348,946
Ambulance/Other Revenues	(\$252,346)
Town Contributions	(\$681,518)
Total Revenues	(\$933,864)
City of Milton Net Cost	\$415,082
Per Capita City of Milton Net Cost	\$74.32

As shown in **Table 2**, the department’s budgeted 2021 operating expenditures are about \$1.35 million. The net cost to City of Milton residents, after ambulance revenue

¹ Points systems are used to distribute a set amount of money to POC employees based on frequency of response to calls. Compensation varies depending on the number of calls in a period and on each individual’s number of responses.



and contributions from the towns are added, is about \$415,000, which breaks down to \$74.32 per capita.

The heavy reliance on part-time staff who do not receive fringe benefits allows the Milton FD to maintain a relatively low per capita fire and rescue cost when compared to other departments. For example, the Somers Fire Department, which serves the city and village of Somers in Kenosha County and has a similar service population to the Milton FD, spends about \$1.8 million annually. The difference is primarily due to the Somers department's greater reliance on career, full-time staffing.

Table 3 lists the Milton FD's current fleet of apparatus. Several vehicles – including one engine and one ambulance – have surpassed their typical useful lives and may soon require replacement. It is important to note that if the department disbands, then the city and town would need to negotiate how to split the existing fleet, as capital assets are jointly owned. A department that only serves the City of Milton would not need the tenders, brush rig, or the boat, however.

Table 3: Existing apparatus and vehicles

Apparatus	Year	Replacement Year
Command car	2018	2028
Engine	2005	2020
Engine/Rescue	2016	2031
Platform Truck	2010	N/A
Tender	2006	2021
Tender	1999	2014
Ambulance	2016	2026
Ambulance	2011	2021
Brush Rig	2015	2030
UTV	2008	2018
Utility 1391	2006	2016
Utility 1390	2007	2017
Boat	Unknown	



ANALYSIS OF CURRENT OPTIONS

As noted in the Introduction, prior to our engagement the City of Milton developed two options for continued fire and rescue service involving only the city (and not the towns that are currently served by the Milton FD). One was for a standalone department and the other was an option in which the city would contract with the Janesville Fire Department and have a station within its borders staffed by Janesville FD personnel.

In this section, we review those two options as delineated previously by City of Milton officials and presented to the common council in late March. The goal of our review was to 1) evaluate the service-level, staffing, and financial assumptions and calculations originally used to cost out the options; and 2) consider possible changes to the options, which city leaders acknowledge were prepared at a high level and only were intended to serve as a starting point for consideration.

While our review involved extensive discussion with the Milton/Janesville chief as well as fiscal and administrative officials in both Milton and Janesville, it still should not be considered definitive. Indeed, each of the options would require considerable further analysis and negotiation before being implemented. It is also important to note that the chief commented on these two options based on his understanding that fiscal constraints limited the options available to the city of Milton; without those constraints, other options with higher service levels would have been considered.

In particular, it is critical to keep in mind the following caveats when reviewing this section:

- **The analysis does not attempt to sort out the ownership and future disposition of certain capital assets.** All equipment and apparatus that are currently used at the Milton station are jointly owned by the city and town of Milton. Under any option in which the two jurisdictions pursue separate fire and rescue services, it is not clear how the current fleet of apparatus and equipment would be distributed. For the purposes of this analysis, we assumed that the city would retain the command car, one utility vehicle, the older of the two engines (which is past its useful life), and the newer ambulance. We make no assumptions with regard to other equipment, which means that some start-up costs potentially would be incurred under either option depending on how the existing equipment and supplies are distributed.
- **The analysis does not consider station upgrades.** Our financial analysis does not account for any potential need to upgrade the existing station in the city of Milton to accommodate greater numbers of on-duty station staff or address any deferred maintenance issues or emerging capital needs. The absence of any such calculation obviously is a huge caveat to any conclusions reached about the cost of either option.
- **The analysis does not attempt to consider the impacts of new union contracts or pay scales.** Our analysis generally assumes that existing pay scales for the Milton FD would remain in place in the case of the standalone option. Existing Janesville FD pay scales for the merger option also are used, although it is important to note that our cost analysis only takes into account the pay scales in place for the current year and not increases that have already been negotiated for future years and are contained in the existing union contract.

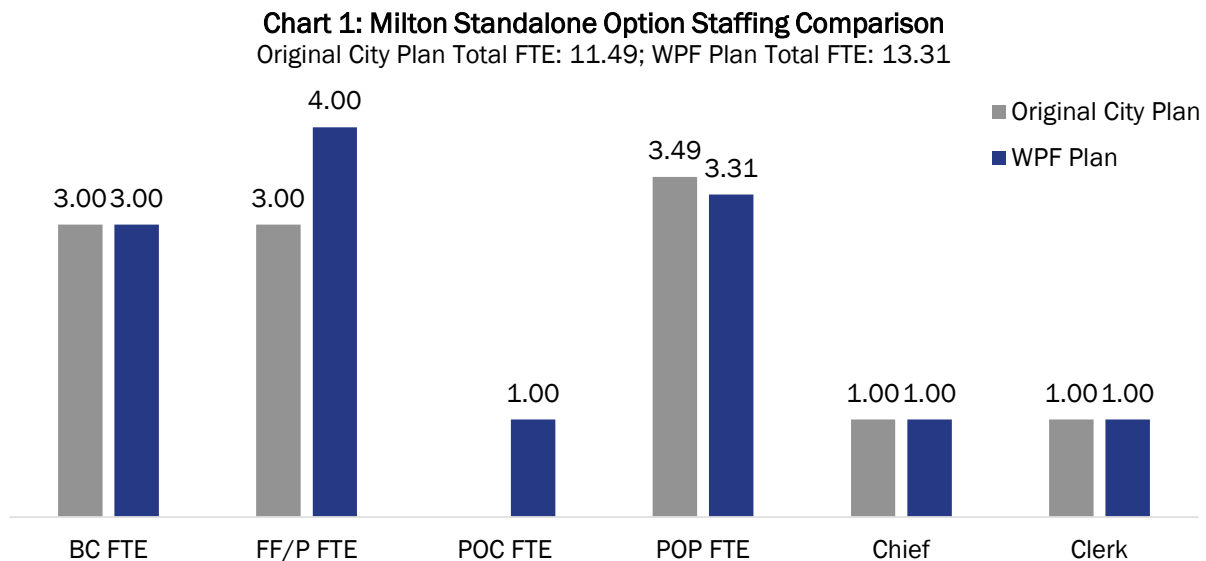


City of Milton Standalone Option

This option assumes that the City of Milton would run its own fire department serving only the residents and geographical boundaries of the city. In originally developing and costing out this option, city officials assumed there would be three firefighters/paramedics on duty and physically located at the station at all times. The department also would feature a full-time chief and an administrative clerk. Each 3-person shift of responders would consist of the following staff:

- 1.0 career Battalion Chief
- 1.0 career FF/P
- 1.0 POP FF/P

In costing out this option ourselves, we made a few adjustments to the original staffing assumptions used by city officials (see **Chart 1**). For example, we added 2,940 hours (1.0 FTE) of POC staffing to provide support on fire calls and larger EMS incidents. Given that a structure fire response requires 14 to 16 firefighters, this would be a necessity. It is important to note that while the POC FTE is shown only as 1.0, those hours would need to come from a roster consisting of several volunteers available to respond to larger incidents. Given current challenges recruiting and retaining POC staff, this likely would still pose a challenge for the standalone option and is one potential weakness that needs to be considered.



Another difference is that we assumed 7.0 career firefighter/paramedic FTEs (including battalion chiefs) – as opposed to 6.0 in the original plan – would need to be budgeted to ensure that two career responders would be available to staff on-duty shifts at the station on a 24/7 basis. The additional FTE recognizes that career staff are entitled to vacation, sick leave, and other time off. We also assume a slight reduction in POP FTEs. Overall, because of our higher career staffing level, our total projected cost of \$1,355,489 is about \$212,000 higher than the city’s original estimate of \$1,143,599.



Table 4 reveals that under our modeling of the Milton Standalone Option, year one operating expenditures would be remarkably similar to 2021 budgeted operating costs for the existing department. Our model shows a reduction in FTEs but the greater use of full-time staff produces higher fringe benefit costs and makes overall staff compensation costs similar.

However, the \$1.2 million net cost of this option for City of Milton taxpayers is almost three times higher than the net cost of the current department. While operating expenditures would be largely the same, more than \$680,000 in intergovernmental payments from the surrounding towns would be eliminated. Ambulance revenues also would be reduced significantly given the smaller service area and call volumes.

Apparatus needs

We consulted the current chief regarding the apparatus needs of a city of Milton standalone department and show our assumptions below:

- 1 engine plus 1 reserve
- 1 ambulance plus 1 reserve
- 1 command vehicle
- 1 utility pickup

Based on the assumption described above regarding how the current fleet might be split with the town of Milton, the Milton standalone department would need capital funding to purchase a front-line engine, a reserve engine, and a reserve ambulance in the first year for a total estimated cost of \$2.15 million.³

If the city were to issue debt to pay for the new apparatus, then we calculate the annual debt service cost to be \$180,000. The city also should set aside \$56,000 per year in a sinking fund to cover future apparatus replacement costs. In total, annual payments for apparatus would be \$236,000. Capital costs were not included in the cost estimate developed earlier this year by City of Milton officials.

Table 4: 2021 Milton FD budgeted operating expenditures vs. Milton Standalone Option²

	Current	Milton Standalone
Service Population	11,718	5,585
FTEs	15.84	13.31
Salary/OT	\$876,066	\$782,440
Benefits	\$184,731	\$307,882
Total Pers Exp	\$1,060,797	\$1,090,322
Other FD Expenses	\$288,149	\$265,167
Total Operating Budget	\$1,348,946	\$1,355,489
Ambulance/Other Revenues	(\$252,346)	(\$142,000)
Net Cost	\$1,096,600	\$1,213,489
Town Contributions	(\$681,518)	\$0
Net Milton Cost (excluding capital)	\$415,082	\$1,213,489
Net Milton Per Capita Cost	\$74.32	\$217.28

² The estimate for Ambulance/Other Revenues for the Milton Standalone option is based on an estimate of \$125,000 in ambulance revenues. This estimate needs to be confirmed by the city.

³ Our estimates regarding capital expenses in this report are based on initial purchase costs of \$900,000 for an engine, \$350,000 for an ambulance, \$90,000 for a command car, and \$35,000 for a utility vehicle. The useful life of an engine is assumed to be 15 years, and 10 years for all other vehicles. Debt is assumed for a 15-year term and an interest rate of 3%. Replacement costs are estimated through 2036.



Taking into account both operational and capital expenses (not including station replacement upgrades), **our estimate of the total year one net cost for a Milton standalone department is about \$1,450,000.**

Service-level considerations

A paramedic-level ambulance must be staffed with at least two people, one of whom is a paramedic. Fire engines require minimum staffing of three firefighters. Under the standalone option, with a staffing level of three at all times, the Milton station would be able to respond to each call with either an ambulance or an engine, depending on the nature of the call. For EMS calls, which represent nearly 80% of total calls, two responders generally would staff the ambulance and the battalion chief either would go to the scene in a separate car or remain at the station, keeping it in operation.

This is the only operational model considered in this report that includes battalion chiefs at the Milton station. Battalion chiefs could assist the chief in EMS management, training, fire prevention and inspection, and other organizational and command needs.

This operational framework also would generate some possible service-level concerns, however, including the following:

- 1) While the use of full-time career responders would increase from one to two at all times, the model would continue to rely heavily on hourly employees, both to staff one of the three 24/7 on-duty shifts and to provide POC back-up for fires and major incidents. As noted above, given current concerns with recruitment of part-time volunteers, this may represent a significant barrier to effectively implementing this option.
- 2) Given the increasing workload in Janesville, the current chief (who would revert back to only being chief for Janesville under this model) has indicated that he may need to review his ability to maintain automatic aid agreements with Milton. If automatic aid is not in place, then mutual aid calls would go through the MABAS system and only would be answered when resources are available. Consequently, while a Milton standalone station with three on-duty shifts would be able to handle a typical EMS call (which makes up the majority of service demand), for fire calls or at times when multiple EMS calls arrive simultaneously the department may no longer benefit from the current coordinated response between Milton and Janesville.

Finally, we did consider a modified standalone option with only two responders at the station on a 24/7 basis given the station's call volume of fewer than two per day. The initial operating cost of this option would be closer to \$1.0 million annually as compared to \$1.35 million. However, this option would continue today's reliance on POP and POC responders, and that has been one of the key drivers in creating the need for a new service model. Also, a department with that level of staffing would be even more reliant on neighboring departments, which as discussed above may be increasingly problematic.



Janesville Merger Option for City of Milton Only

Our staffing model for the Janesville Merger Option is based on the premise that the Milton FD would disband and the city of Milton would receive its fire and EMS services through a contractual arrangement with the Janesville FD. Janesville staff would utilize either the existing Milton station or a replacement station within the city. Like the previous model, we envision 3.0 round-the-clock responders at the Milton station but the staffing composition would be one lieutenant (as opposed to a battalion chief) plus two full-time career firefighters/paramedics.

Because of the availability of battalion chiefs at other Janesville stations, a battalion chief for the Milton station is not needed. Also, POP staff would not be utilized because of the exclusive use of career staff to fill station shifts and there would be no POC staffing because the station would receive any needed support from other Janesville stations.

Chart 2 compares our staffing model for this option with the city's original model. The one distinction is that we assume 7.5 FTE firefighters/paramedics would be needed instead of the 6.0 originally envisioned to cover for time off.

Table 5 shows our estimated year one operating costs for this staffing plan (benefits and salaries reflect Janesville salary and benefit rates) and compares them to both the current operating budget and our modeling of the Milton Standalone Option. We assume that under the merger option, Janesville would retain all ambulance and other departmental revenues as part of the service agreement.

Chart 2: Janesville Merger Option Staffing Comparison
Original City Plan Total FTE: 9.00; WPF Plan Total FTE: 10.50

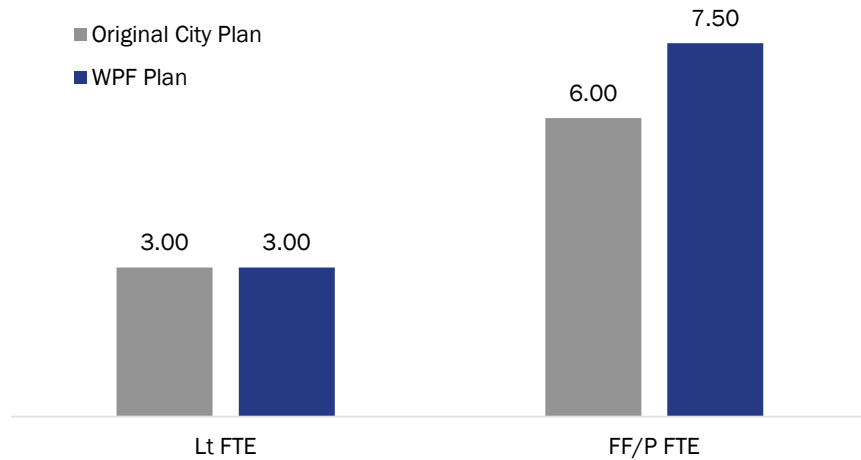


Table 5: Operating costs for Janesville Merger Option versus current and Milton Standalone Option

	Current	Janesville Merger	Milton Standalone
Service Population	11,718	5,585	5,585
FTEs	15.84	10.50	13.31
Salary/OT	\$876,066	\$657,534	\$782,440
Benefits	\$184,731	\$360,254	\$307,882
Total Pers Exp	\$1,060,797	\$1,017,788	\$1,090,322
Other FD Expenses	\$288,149	\$50,038	\$265,167
Total Operating Budget	\$1,348,946	1,067,826	\$1,355,489
Ambulance/Other Revenues	(\$252,346)	\$0	(\$142,000)
Net Cost	\$1,096,600	\$1,067,826	\$1,213,489
Town Contributions	(\$681,518)	\$0	\$0
Net Milton Cost (excluding capital)	\$415,082	\$1,067,826	\$1,213,489
Net Milton Per Capita Cost	\$74.32	\$191.20	\$217.28



The total contractual charge to the City of Milton for operations that we show in the table is identical to the amount shown earlier this year by city officials,⁴ as that is the price Janesville officials indicated they would require to provide the service. Our model reduces the charge for other departmental expenses to offset the increase in staffing costs associated with our assumed additional 1.5 FTEs.

Our assumption regarding the additional staffing is consistent with our experience with other fire departments. It is possible, however, that the Janesville FD currently has sufficient staff capacity to cover for time off at the Milton station and would therefore require fewer FTEs.

Regardless, our analysis shows that the original contractual charge proposed by Janesville – if it remains on the table – is a reasonable charge and may even be somewhat below what is justifiable given that “other” expenses are likely to exceed the \$50,000 we show in the table. On the other hand, Janesville would gain some service-level benefit from having full control over the Milton station so that may justify a small cost “break” for the City of Milton.

Overall, the net per capita operating cost for City of Milton residents would be about \$26 lower and total net operating costs about \$145,000 lower than the standalone option. However, the increased cost for city taxpayers still would exceed \$650,000 because Milton would be bearing these costs alone without intergovernmental payments from the surrounding towns.

Finally, it is again critical to point out that Janesville is committed to some significant wage increases for firefighters/paramedics over the next five years. The hourly wage in 2027 for a Janesville firefighter/paramedic is projected to be \$28.36, compared with \$20.69 in Milton. Taking into account that factor, the operating cost difference between the standalone and the Janesville merger option may narrow. On the other hand, Milton may find itself unable to recruit or retain firefighters if its pay scale is only 72% of the pay offered by Janesville so its wages might need to rise as well for the standalone option.

Apparatus needs

The apparatus needs under this option do not differ significantly from the Milton standalone option. Contracting with Janesville would present some savings because Milton would be joining a larger department and reserve apparatus therefore could be shared among six stations.⁵ Because the Milton station could tap into the reserve fleet of the Janesville FD, we assume that replacement costs for reserve vehicles are 50% of their total cost. Overall, the combined annual debt service payments for bonding for new vehicles and expenditures for a sinking fund for capital replacement could be reduced by \$54,000 annually from the amount we showed in the standalone option to \$182,000.

As with the operating breakdown shown earlier for this option, our capital funding calculation is provided simply for illustration purposes. Janesville officials cited an annual payment for equipment

⁴ The contract price provided by the City of Janesville was \$1,067,826 in operating costs and \$120,000 in capital costs, for a total of \$1,187,826.

⁵ The need for the city to help pay for reserve vehicles may be even further reduced in the future under all options, as the Milton, Janesville, and Beloit departments are currently negotiating an agreement to share reserve vehicles that would reduce apparatus replacement costs for all parties to the agreement.



replacement of \$120,000 in the contractual charge it proposed earlier this year. Based on the \$182,000 we calculated for annual capital expenditures, this would appear to be a good deal for the city. The basic conclusion is that by merging with Janesville, the City of Milton would be able to reduce its annual capital replacement costs because it would be able to share reserve vehicles as part of a larger department.

On an annual basis, including both capital and operating costs, **the total net contractual charge for the Janesville Merger Option as provided by Janesville officials of \$1,187,826 for the first year is about \$261,000 lower than our calculation for the Milton Standalone Option.**

Service-level considerations

In terms of service levels, the Janesville Merger Option provides the same three-person station shifts as the standalone option. However, a key advantage of this model is that it is staffed exclusively with career responders from the Janesville FD, which is likely to improve the consistency of staffing and eliminate problems with part-time volunteer recruitment. Also, in the case of simultaneous calls or a structure fire, the full capacity of the Janesville FD would stand behind the station's resources to provide any needed backup.

There are also several additional but less quantifiable benefits associated with contracting with a larger department, including improved training, a more coordinated response at structure fires and larger incidents, enhanced capacity for planning, deeper command resources, and opportunities to improve retention of full-time staff by offering more opportunity for advancement. A key disadvantage, of course, is that the City of Milton would be receiving its fire protection and EMS under contract and would relinquish its autonomy to dictate its own service levels and characteristics.



A REGIONAL OPTION

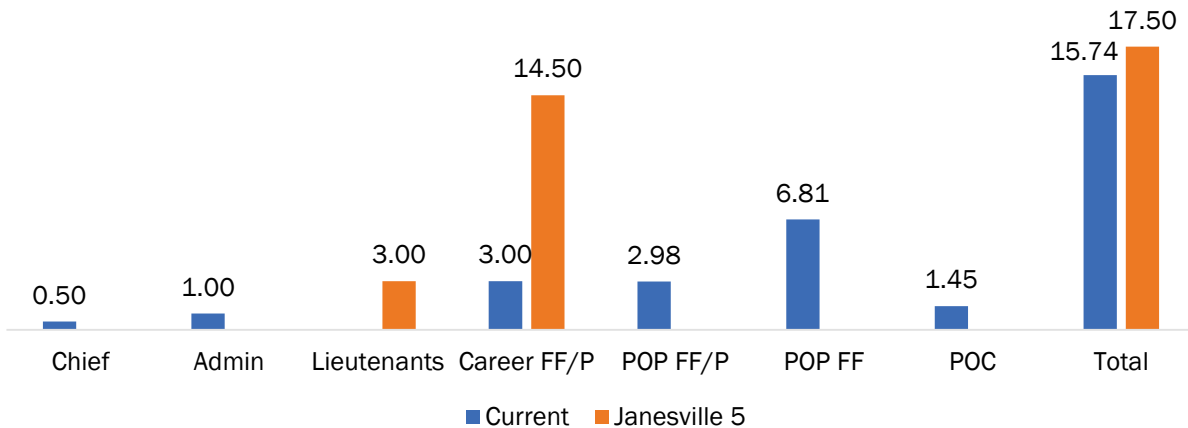
We were also asked by City of Milton officials to consider how costs might be equitably shared with the Town of Milton and other surrounding towns that are currently served by the Milton FD if they elect to continue their partnership with the city to secure fire and EMS services. Given the advantages we have observed from the option of merging with the Janesville FD, we felt the best way to illustrate how cost sharing might equitably occur would be to apply a suggested methodology to a scenario in which the department’s entire current service area becomes the responsibility of the Janesville FD.

Our modeling for this scenario assumes the Milton station would be staffed under a contract with Janesville for 5.0 responders per 24/7 shift instead of the 3.0 modeled in the previous merger scenario. The enhanced staffing reflects both the larger service area and population as well as an operational paradigm in which the station would function essentially as a sixth Janesville station and also cover portions of northern Janesville.

Consequently, this model not only could prove advantageous to the City of Milton and its surrounding towns, but also to the City of Janesville by potentially relieving it of the need to construct a sixth station in the northern part of the city. It is important to note, however, that the Milton station would require significant upgrades or perhaps even full replacement to allow for this level of 24-hour staffing and we have not analyzed those costs or how they might be allocated. On the positive side, this scenario would eliminate the need for potentially difficult negotiations between the city and town of Milton with regard to the distribution of capital assets.

The staffing plan for this hypothetical model, shown in **Table 8**, consists of 3.0 lieutenants and 14.5 career firefighters/paramedics to ensure five responders are on duty at all times. Because chief and administrative costs would be absorbed by the larger department and there is no need for part-time staff, total FTEs are not much higher (1.75 FTEs) than under the current operating framework.

Chart 3: Regional Janesville Merger Option Staffing Comparison
 Current Total FTE: 15.74; Regional Janesville Total FTE: 17.50



As shown in **Table 6**, the total annual operating expenditures that would be charged to the City of Milton and the towns would be about \$1.9 million, or \$575,000 more than the 2021 budgeted cost for the Milton FD. Because ambulance and other revenues would be retained by the Janesville FD, the *net* cost would be almost twice the current net cost.

Table 6: Operating costs for Regional Janesville Merger Option vs. current operations and City of Milton-only options

	Current	Regional Janesville Merger	Janesville Merger	Milton Standalone
Service Population	11,718	11,718	5,585	5,585
FTEs	15.84	17.50	10.50	13.31
Salary/OT	\$876,066	\$1,033,130	\$657,534	\$782,440
Benefits	\$184,731	\$588,435	\$360,254	\$307,882
Total Pers Exp	\$1,060,797	\$1,621,565	\$1,017,788	\$1,090,322
Other FD Expenses	\$288,149	\$303,279	\$50,038	\$265,167
Total Operating Budget	\$1,348,946	\$1,924,844	1,067,826	\$1,355,489
Ambulance/Other Revenues	(\$252,346)	\$0	\$0	(\$142,000)
Net Cost (excluding capital)	\$1,096,600	\$1,924,844	\$1,067,826	\$1,213,489

With regard to the potential allocation of this \$1.9 million, we modeled an approach based on calls for service, population, and equalized value, all of

Table 7: Possible cost allocation methodology between city and town of Milton and surrounding towns

	City of Milton	Town of Milton	Other Towns	Total
Population	5,585	2,988	3,145	11,718
Calls for service	534	288	139	961
Assessed value	\$455,017,900	\$367,519,400	\$355,230,000	\$1,177,767,300
Population	48%	25%	27%	100%
2020 calls for service	56%	30%	14%	100%
Equalized value	39%	31%	30%	100%
Weighted average	47%	29%	24%	100%

which are weighted equally. This is essentially the cost allocation methodology used by the North Shore Fire Department in Milwaukee County, which is viewed nationally as a highly successful model of fire and EMS consolidation.⁶ By using these three factors, consolidation partners can recognize current and potential service usage as well as elements that are important to fire protection and EMS capacity like levels of commercial and industrial development and ability to pay. **Table 7** (above) shows how this methodology would play out in terms of the cost distribution percentages between the city and town of Milton and the surrounding towns.

Table 8 on the following page applies these cost allocation percentages to the hypothetical estimated initial annual charge from Janesville for the Regional Janesville Merger Option. As shown, each of the communities would need to pay more than they are today, but they would do so for a much higher level of service than they are currently receiving from a well-resourced, career-based department. Also, the current state has been deemed not to be sustainable, so all are likely to pay more regardless of which future option they select. It is also worth noting that costs for the current Milton FD are allocated solely by each jurisdiction's proportion of equalized value. Using a weighted average of the three factors would reduce the towns' shares and increase the City of Milton's.

⁶ For more on the North Shore Fire Department and its successful consolidation, see our [2015 report](#).



Meanwhile, from the perspective solely of the City of Milton, this would be a far less costly approach than either the Milton Standalone Option or the Janesville Merger Option. On the

Table 8: Hypothetical operating cost allocation for Regional Janesville Merger Option

	City of Milton	Town of Milton	Other Towns	Total
Weighted Average	47%	29%	24%	100%
Total Cost	\$910,213	\$556,105	\$458,527	\$1,924,844
Current Cost	\$416,851	\$336,474	\$345,044	\$1,098,099
Per Capita Cost	\$162.97	\$186.11	\$145.80	\$164.26
Current Per Capita Cost	\$74.59	\$112.61	\$109.71	\$93.71

operating side, the City of Milton’s 47% share of the cost of this option of \$910,000 is \$157,000 less than the other merger option and \$303,000 less than the standalone option.

Apparatus Needs

In light of the enhanced staffing, this option would require some additional apparatus. The Milton station would now service some areas without hydrants, thus necessitating two tenders and a brush truck. The number of engines, ambulances, and utility vehicles is the same as the previous option.

- 1 ambulance plus 1 reserve
- 1 engine plus 1 reserve
- 2 utility vehicles
- 1 tender plus 1 reserve
- 1 brush rig

Under this scenario, like the City of Milton-only merger option, there would be a similar reduction in need for reserve apparatus because of access to a larger fleet of reserve vehicles (which would grow even larger if an agreement is reached with Beloit to share reserve vehicles). Another benefit of this option is that a combined department would have access to the Milton FD’s newer engine (in prior scenarios this engine was assumed to be Taken by the town of Milton). The ability to postpone the purchase of a new engine by 10 years represents a \$300,000 savings.

Overall, we assume an initial bonding amount of \$872,000, which would require annual debt service payments of \$73,000. In addition, annual contributions to a sinking fund of \$83,000 for future apparatus replacement would be needed, for a total annual joint expense of \$156,000. Whether that full cost would be charged to the City of Milton and the towns would be subject to negotiation.

Service-level considerations

For the Town of Milton and the surrounding towns, the Regional Janesville Merger Option would produce all of the benefits associated with being part of a larger department that were cited in the previous discussion. For the Town of Milton – which is part of a joint fire commission for the current department – there would also be the same disadvantage of reduced autonomy.

Overall, with five people staffing station shifts at all times, the Milton station would be able to send out both an ambulance and an engine simultaneously as opposed to one or the other, thus providing a higher level of service capacity than the previous merger option. Of course, with the larger service area, the station would be busier than under the previous option, but in those instances when a second EMS call is received or when there is a major accident or structure fire, it would have the capacity to respond with more people and apparatus.



CONCLUSION

Our analysis shows that the original cost estimates laid out by City of Milton officials for the standalone department and Janesville merger options were reasonable, although a bit understated with regard to staffing need. We suggest some modifications in the staffing plan for each estimate and added an estimate of needed capital financing. At a high level, the overall cost estimates are comparable.

It is important to recognize that both the original cost figures and our modified figures still are only informed estimates. That is particularly the case on the capital side given the uncertainty surrounding the distribution of capital assets and possible station costs. Also, our estimates only pertain to the first year of operations and do not include any start-up costs or changes to current rates of pay.

Overall, we find that the Milton Standalone Model, while retaining the independence of the Milton FD, is the costliest for City of Milton taxpayers of the three options we analyzed. It is also the least advantageous in terms of service level and would continue to rely on a dwindling labor supply of hourly firefighters/paramedics.

We find that there may be a financial benefit for the City of Milton to instead contract with Janesville for fire and EMS services. Due to projected increases in Janesville pay rates, however, that advantage may narrow in the longer term. In terms of service levels, it is likely that fire and EMS response would be improved and that possible reductions in mutual aid from the Janesville FD would be avoided.

The better option for the city and its surrounding towns is to consider jointly merging with the Janesville FD. Such a merger would boost staffing for the entire region and potentially reduce expenses for all parties when compared to the cost of going it alone. This scenario also would provide a financial and service-level benefit for the City of Janesville, potentially making it a “win-win” for the entire region.

Achieving the larger consolidation, however, would require the buy-in of the Town of Milton and other townships currently served by the Milton FD. Furthermore, this option would require substantial negotiations on the part of all parties – including Janesville – to determine contractual charges, cost allocation formulas, and funding of apparatus and other equipment.

We recommend that such negotiations commence immediately. Our work in other parts of Wisconsin has shown that many fire departments that rely on part-time staff are struggling, and that opportunities to create regional service models with full-time staffing are becoming increasingly attractive for those communities despite a loss of local control. The City of Milton and its surrounding towns are no different and should objectively weigh the pros and cons of both regional and “go it alone” approaches before permanent decisions are made.

