




INTEROFFICE MEMORANDUM
FROM THE OFFICE OF THE CITY MANAGER

CITY OF
MARGATE
Together We Make It Great

TO: Mayor and Members of the Commission

FROM: Cale Curtis, City Manager 

DATE: June 3, 2021

RE: Margate-BSOFR Fire Rescue Merger

In late 2020, the City Commission provided the City Manager with direction to explore future options for Fire and EMS Services as a result of the City of Coconut Creek ending the long-time partnership of Margate-Coconut Creek Fire Rescue. One of the immediate options for review and consideration is a merger with Broward Sheriff Office Fire Rescue (BSOFR). The City Manager formed a City Working Group that consists of Human Resources Director Laurie Meyer, Finance Director Mary Beazley, Assistant Finance Director Kelly Schwartz, Public Safety Communication Manager Gia Shaw, Fire Chief Roberto Lorenzo, Police Sergeant Paul Frankenhauser, City Attorney Janette Smith, Assistant City Manager Larry Vignola and City Manager Cale Curtis.

The Working Group began discussions/negotiations with former BSOFR Chief Joseph Fernandez and have continued those discussions and contract negotiations with the current BSOFR Chief Greg Holness and his team. Based upon the City's available options, merging with BSOFR is certainly an option for consideration as it provides the City with a number of benefits as outlined below.

Benefits of a BSOFR Fire Rescue Merger

- Regionalized FIRE and EMS system with automatic CAD-based response.
- Operational flexibility.
 - Relocating units to Margate for coverage for training purposes and large-scale events such as a fire, gas leak, expanded traffic collision, etc. While a station is in training, BSOFR will move floating units into Margate to cover the station's response area.
 - In a 3-station City system, while one station is in training the two other City stations will have to cover the entire City. In a large-scale event or during periods of simultaneous calls for service, the station in training will have to respond from the training facility.

- The City will have to enter into Mutual Aid agreements with Coral Springs, Coconut Creek and North Lauderdale to provide for sufficient coverage for periods of training.
- Better positioned to retain ISO rating of Class 1.
 - Lower homeowners' insurance premiums for residents.
- BSOFR administers grievance, bargaining, Workers Compensation cases, promotionals, and Command functions.
 - There will be inherent cost and time savings to the City as the City would no longer directly manage these activities.
 - The City's average annual WC out of pocket costs for fire personnel are \$450,000. The City will continue to incur tail payments for existing WC claims; however, our future WC liability for new claims will be zero.
- BSOFR manages the HR, Accounting, Purchasing, Budgeting, Legal, and all other overhead/management duties of Fire Service.
 - In a 2018 Cost Allocation study prepared for the City, the value of these services was in excess of \$2.2 million.
 - Although the City will not immediately realize an equal cash savings from the transfer of these overhead/management duties, the City will realize a significant offset in the time and productivity that City employees allocate towards Fire Department management. Management will regularly evaluate the City's organizational structure to determine adequate staffing elements as attrition opportunities arise.
- BSOFR can provide coverage with 68 shift personnel and four non-shift personnel (total 72).
 - This is one less shift employee than if the City were to provide coverage at the bare minimum for staffing.
 - For the City to adequately staff a 3-station system on its own, staff recommends a minimum of 69 shift personnel and 11 non-shift personnel.
- BSOFR annual cost increases are capped at 5% (exception for retirement, insurance, OPEB, WC, and Capital which are all based on actual costs).
 - Regardless of global pandemics, hurricanes, and/or other incidents that may have profound impacts on overtime, operating and personnel budgets, BSOFR does not bill extra for these events, nor do they true-up the costs in the following year.
 - Other cities who have merged with BSOFR show a historical average annual cost increase that has been approximately 3%.
- Long-term liabilities (Leave Accruals, OPEB, and Workers Comp claims) are incurred by the County, not the City.
 - Through attrition, the City's long-term liability will be reduced to zero.
- Elimination of Sick Bank (total value as of 09/30/2020- \$570k).
- The same familiar Firefighters (FF) get to stay in Margate, if they choose to. The FF will have the option to bid on other stations and assignments.
- Margate's name will stay on the trucks.

- BSOFR will assume ownership of the vehicles along with the liability for accidents, as well as the responsibility for maintenance and repairs.
 - This does not mean that the City loses that vehicle forever. If the City were to ever want to split off and re-establish its own department, BSOFR will transfer that vehicle (or a similar vehicle based on age and use) to the City.
- BSOFR Annual Cost Estimates (includes additional City Costs for Capital Acquisitions, R/M Structures, Public Safety Communications Position, and WC tail payouts).

Year	BSOFR	City	Total
1	\$ 15,503,845	\$ 1,487,350	\$ 16,991,195

- City Annual Cost Estimates (based on minimum staffing model of 69 shift personnel and 11 command/administrative/prevention personnel).

Year		Total
1		\$16,804,765

City of Margate Fire and EMS Services Options

Effective October 1, 2021, with Coconut Creek separating from Margate and starting their own Fire Department, the City of Margate will incur the full cost of three stations (previously shared cost with Coconut Creek), plus all administrative and overhead costs (Coconut Creek shared in those expenses, which were over \$1 million in 2020). Under the previously shared system, Margate’s cost for Fire was \$13,321,834 in 2021.

Option A- City-run 3-Station Fire/EMS System (minimum of 69 shift personnel plus 11 non-shift personnel)

This minimum staffing model uses 69 shift personnel which provides four extra FF to cover shifts for sick leave, disability, and/or workers comp. This model will contain OT costs, lower employee burnout, maintain morale, and reduce the potential for injuries due to fatigue. The cost for this model (including workers comp tail claims/workers comp insurance and leave payouts) is \$16,804,765 for FY 2022. This is an increase of \$3,482,931 from FY 2021. This model is based on a minimally staffed operation for shift personnel and would have to be monitored very carefully to ensure adequate coverage without the need for mandatory overtime.

Option B- BSOFR Merger

Staff’s recommendation is to merge with BSOFR for Fire Services. Merging with BSOFR will provide Margate residents with the most effective Fire and EMS services now and into the future. The larger system provides operational flexibility, stronger position to maintain ISO Class 1 rating, reduction of long-term liabilities, elimination of costly administrative tasks, and contractually controlled costs. BSOFR’s staffing model includes 68 dedicated shift personnel and 4 non-shift personnel in Margate. However, Margate will benefit from being under the umbrella of the much larger County system. The larger system equates to economies of scale that provide cost savings in the long-term. The estimated cost for merging with BSOFR (includes additional City Costs for Capital Acquisitions, R/M Structures, Public Safety Communications Position, and WC tail payouts) is \$16,991,195 for FY 2022. This would be an increase of \$3,669,361 from FY 2021 and

is slightly higher than a City-run operation. However, it is important to note that there will be significant savings in long-term liabilities that are recognized by the elimination of workers comp claims and leave payouts. Equally important to note is that there will be significant efficiencies realized in other City departments/divisions (City Manager, HR, Legal, Finance, Purchasing, Accounting, IT, etc.) as they will no longer be responsible for managing the personnel, purchasing, and accounting for the department.

Dispatch Communications

The City's options for improving dispatch communications are limited to contracting with Coral Springs or starting the City's own dispatch center. Both of these options come with significant limitations that impact options for Fire and EMS services. Based upon the impending cost increases of Fire/EMS, Staff can no longer recommend merging with Coral Springs or starting a City-run dispatch center. Rather, the funds raised (0.5 millage rate increase in 2019) will need to be committed towards the cost of Fire/EMS. Dispatch services should remain with the County, who has already made significant infrastructure improvements, and has stated they are committed to improving the communications system further.

Financial Implications

Regardless of the path the City takes, the cost for Fire/EMS services will go up. Staff recommends using the 0.5 millage rate increase (dispatch services) and a proposed \$50 increase to the Fire Assessment, which has been the same rate for the last 4 years.

Recommendation and Conclusion

Based upon thorough analysis and review of the City's options, Staff concludes that the best option for Fire and EMS services in Margate is a merger with BSOFR. To fund this merger, we recommend:

- using the 0.5 millage rate and forgoing the merger with Coral Springs for dispatch services, and
- increasing the Fire Assessment by \$50.

For FY 2022, the previously raised 0.5 millage rate will generate approximately \$1.8 million in revenue and the increase of \$50 in fire assessment will generate approximately \$1.4 million. This \$3.2 million in revenue will cover our estimated increase in Fire/EMS costs.

Alternatively, if the City Commission favors a City-run Fire Department, the operational recommendation would be a 69 shift personnel and 11 non-shift personnel system. This option would still require the same financial recommendation as above. That is, using the existing 0.5 millage rate and increasing the fire assessment by \$50.

Finally, it is important to note that a merger with BSOFR will result in the City making a one-time payout of FF employee balances for their accumulated leave consistent with the IAFF Collective Bargaining Agreement. An estimate of the amount to be paid out is in excess of \$2.1 million. Although this a large one-time expense, it will actually be a savings as the leave balances will be paid out at today's hourly rates versus future hourly rates that will be higher due to COLAs and Steps. This amount is presently recorded as a long-term liability on the City's government-wide financials and would be funded with unrestricted General Fund fund balance.

In closing, I want to thank the City Commission for their patience as we worked through this very important evaluation of fire services for the City's future. I also want to thank the City's Working Group for their efforts in this very important decision. I could not have completed this review and recommendation without their expertise, commitment, and genuine desire to provide the City with the greatest service possible.

We look forward to working with the Commission as we make a final decision on the future of Fire and Emergency Medical Services in the City of Margate.