|  |  |  |
| --- | --- | --- |
| **logo**  CityLogoWeb.jpg**Eugene Fire & Emergency Medical Services**  Office of the Chief  1705 W. 2nd Avenue  Eugene, OR 97402  (541) 682-7100  (541) 682-7116 FAX |  | **logo.gif (15307 bytes)Springfield Logo is picture of a blue driftboat on a white river against a background of green fir trees and mountains.**  **Springfield Fire & Life Safety**  Office of the Chief  225 Fifth Street  Springfield, OR 97477  (541) 726-3737  (541) 726-2297 FAX |

**M E M O R A N D U M**

**Date:** 8 March 2012

**To:** Mayor and City Council

**From:** Randall B. Groves, Chief of Department

**Subject:** **EUGENE and SPRINGFIELD FIRE SERVICE MERGER: PROPOSED FORM OF GOVERNANCE**

Since July 1, 2010, Springfield Fire & Life Safety (SFLS) and Eugene Fire & EMS (EFD) have operated as a functionally consolidated department under an intergovernmental agreement (IGA) between the two cities. The next step in the merger process is to determine a governance model that will serve as the framework for the metro fire service organization.

**BACKGROUND:**

In 2007, the Eugene and Springfield fire departments formed an integrated response system, known as the 3-Battalion System to improve response and the delivery of fire suppression, rescue and emergency medical response.

In 2010, the cities took the next step and embarked on an incremental approach to a merged fire organization with a focus on administration, training and the Fire Marshal’s Office. This approach allowed both cities time to evaluate the feasibility of continued efforts based on progress reports, prior to the decision to proceed with a full merger.

The primary benefit of the functional consolidation is that it permitted both cities to share financial savings resulting from eliminating redundant resources and take advantage of existing and projected vacancies of key personnel. Meanwhile, service levels have been maintained or improved as a result of joint efficiencies. In FY11, savings of $606,999 were realized due to the functional consolidation; with Eugene’s share $320,047 and Springfield’s share estimated at $286,952 (Table 1). Projected personnel savings for FY12 include $462,631 for Eugene and $413,608 Springfield, with a combined savings of $876,239 for the two cities (Table 2). In FY13 the projected savings will be a combined $1,169,639, with Eugene’s share $596,608 and Springfield’s share estimated at $573,031[[1]](#footnote-1) (Table 3).

**TABLE 1**

**(FY11 - Actual Savings)**

|  |  |  |  |
| --- | --- | --- | --- |
| **FISCAL YEAR 2011**  **FIRE DEPARTMENT EXPENSE REDUCTIONS** | | | |
| **Agency** | **Position** | **Savings** | **Functional Consolidation (FC) / Staff Reduction (SR)** |
| **Springfield** | **Fire Chief** | **$157,952** | **FC** |
| **Springfield** | **EMSO** | **115,000** | **FC** |
| **Spfd/Eug** | **Joint Recruit Academy** | **14,000** | **FC** |
| **Eugene** | **Fire Marshal** | **125,817** | **FC** |
| **Eugene** | **Training Chief** | **125,817** | **FC** |
| **Eugene** | **Sr. Admin. Specialist** | **68,413** | **FC** |
| **Total** | | **$606,999** |  |
|  | |  |  |
| **Functional Consolidation** | | **$606,999** |  |

**Total: $606,999 SFLS: $286,952 EUG: $320,047**

**TABLE 2**

**(FY12 - Projected Savings)[[2]](#footnote-2)**

|  |  |  |  |
| --- | --- | --- | --- |
| **FISCAL YEAR 2012**  **FIRE DEPARTMENT EXPENSE REDUCTIONS** | | | |
| **Agency** | **Position** | **Savings** | **Functional Consolidation (FC) / Staff Reduction (SR)** |
| **Springfield** | **Fire Chief** | **$157,952** | **FC** |
| **Springfield** | **Senior Management Analyst** | **106,182** | **SR** |
| **Springfield** | **Program Technician** | **46,789** | **SR** |
| **Springfield** | **Program Technician** | **55,896** | **SR** |
| **Springfield** | **Clerk 2** | **46,789** | **SR** |
| **Eugene** | **Fire Marshal** | **128,081** | **FC** |
| **Eugene** | **Training Chief** | **128,081** | **FC** |
| **Eugene** | **Admin Specialist, Sr.** | **69,644** | **FC** |
| **Eugene** | **Deputy Chief** | **136,825** | **FC** |
| **Total** | | **$876,239** |  |
|  | |  |  |
| **Functional Consolidation** | | **$620,583** |  |
| **Staff/Budget Reduction** | | **$255,656** |  |

**Total: $876,239 SFLS: $413,698 EUG: $462,631**

**TABLE 3**

**(FY12 – Projected Savings)[[3]](#footnote-3)**

|  |  |  |  |
| --- | --- | --- | --- |
| **FISCAL YEAR 2013**  **FIRE DEPARTMENT EXPENSE REDUCTIONS** | | | |
| **Agency** | **Position** | **Savings** | **Functional Consolidation (FC), Staff Reduction (SR),**  **Budget Reduction (BR)** |
| **Springfield** | **Fire Chief** | **$157,952** | **FC** |
| **Springfield** | **Senior Management Analyst** | **106,182** | **SR FY12** |
| **Springfield** | **Program Technician** | **46,789** | **SR FY12** |
| **Springfield** | **Program Technician** | **55,896** | **SR FY12** |
| **Springfield** | **Clerk 2** | **46,789** | **SR FY12** |
| **Springfield** | **Deputy Chief EMS** | **160,000** | **SR** |
| **Eugene** | **Fire Marshal** | **128,081** | **FC** |
| **Eugene** | **Training Chief** | **128,081** | **FC** |
| **Eugene** | **Admin Specialist, Sr.** | **69,644** | **FC** |
| **Eugene** | **Deputy Chief** | **136,825** | **FC** |
| **Eugene** | **USAR Team** | **125,566** | **BR** |
| **Eugene** | **Water Rescue Team OT** | **7,834** | **BR** |
| **Total** | | **$1,169,639** |  |
| **Functional Consolidation** | | **$620,583** |  |
| **Staff/Budget Reduction** | | **$549,056** |  |

**Total: $1,169,639 SFLS: $573,608 EUG: $596,031**

Total projected savings for the two cities over three fiscal years

**TABLE 4**

**(Year-To-Date Savings)**

|  |  |
| --- | --- |
| **FISCAL YEAR 2011, 2012, 2013**  **COMBINED SAVINGS BY CITY** | |
| **Springfield** | **Eugene** |
| **$1,274,258** | **$1,378,709** |

**Total Springfield and Eugene combined savings: $2,652,967**

**COST TO RESTORE SEPARATE FIRE DPEARTMENTS:**

Table 5 identifies positions, by city, that have been eliminated over the past three years and would need to be restored to minimally operate as separate fire departments. These additions do not restore both departments to pre-functional consolidation levels or capacity. The add-backs have been adjusted for inflation to FY13 dollars.

**TABLE 5**

**(Costs Inflated to FY13 levels)**

|  |  |  |  |
| --- | --- | --- | --- |
| **MINIMAL POSITIONS THAT MUST BE RESTORED**  **SHOULD DEPARTMENTS SEPARATE** | | | |
| **Springfield** | | **Eugene** | |
| **Fire Chief** | **$179,209** | **Fire Marshal** | **$146,141** |
| **Deputy Chief** | **166,564** | **Training Chief** | **152,747** |
| **Program Technician** | **65,000** | **Admin Specialist, Sr.** | **73,869** |
| **Program Technician** | **65,000** | **USAR Team** | **125,566** |
|  |  |  |  |
| **Total** | **$475,773** | **Total** | **$498,323** |

**COST DIFFERENTIAL BETWEEN IAFF CONTRACTS:**

Staff also analyzed the cost differential between the two IAFF contracts. The analysis focused on calculating the overall cost of applying the current Eugene IAFF contract to the Springfield IAFF positions with the exception of the Springfield retirement article, which allows for the IAFF members to pay the employee pick-up portion of PERS. As part of the analysis, the cost of the employee PERS pick-up was applied to the Eugene IAFF members. The results projected a 3.25% cost increase over the FY11 contract for Springfield and a 1.28% cost increase over the FY12 contract for Eugene[[4]](#footnote-4). For Springfield, cost increases are due to differences in base wages, Kelly Days, and Medic Unit pay; Springfield’s cost decreases are attributed to reducing or eliminating costs for emergency medical technician certificate pay, adjusted pay rate for overtime, education pay, and 40-hr incentive pay.

Expenditures not reviewed in this analysis include additional costs for field training paramedics, special team assignments, and serving as a college intern preceptor; time accrual differences and retirement payouts; citywide overhead; long-term impacts on PERS; health care costs; or one-time costs associated with system programming changes. (see Attachment A)

It should be noted that both cities are sharing in an actuarial study to evaluate health care costs and weighing the benefits of moving to a shared, self-funded, healthcare pool for all city employees. There is the potential for significant savings in this area. (see Attachment B)

**LABOR MARKET:**

One question raised about merging fire departments is what effect this would have on the labor market and comparable jurisdictions? My experience has been that a municipal fire department’s comparable jurisdictions generally include cities that have a population base of between 50% and 150% percent of population of the target jurisdiction served. The two cities’ HR managers concur with this assumption. In the case of the Eugene and Springfield merger initiative, the Eugene Fire and EMS Department’s market of comparable jurisdictions traditionally has included: Salem (157,460); Gresham (105,594); Hillsboro (91,611); and Beaverton (89,803)[[5]](#footnote-5). It could also be argued that Bend (83,125) and Medford (77,485) could also be included

The City of Springfield has contended that the Springfield market should include: Eugene (157,845), due to proximity; Bend (83,125); Medford (77,485); Corvallis (55,370); Albany (49,530). The Union contends that Hillsboro (91,611) and Beaverton (89,803) should be included. Since there has been no recent arbitration to establish market, no set criterion exists. However, given that Eugene is the second largest city in the State, and that Portland is statutorily excluded from comparison, our market under a merged organization would most likely remain similar to Eugene’s current market[[6]](#footnote-6). In other words, there is no new layer of comparable jurisdictions between Eugene and Portland. At the same time, even though the traditional Eugene market includes some larger jurisdictions than the market identified by the City of Springfield, the cost differential between the two contracts remains remarkably small.

In addition, it should be noted that the statutory criterion sets comparability based on “comparable communities” as opposed to comparable employers. Subsequently, there have been several arbitrations in which very small jurisdictions have been compared to Tualatin Valley Fire and Rescue District because the district serves a number of small municipalities[[7]](#footnote-7).

**GOVERNANCE MODEL:**

Springfield and Eugene presently have an Intergovernmental Agreement (IGA) that allows for sharing some positions, but generally, the cities continue to operate the two fire departments as separate organizations. The cities can expand the IGA so that the two departments, although remaining legally separate, function more like one department.

Under this proposed governance structure, the IGA would continue to provide that a single fire chief reports to both city managers. Each city manager would continue to receive policy direction in the same way as he currently does from the city council.

Although the reporting relationship keeps the departments separate, at an organizational level, the proposed governance model proposes that the two departments begin functioning as much as possible as a single department. The two departments could be known publicly as a single metropolitan fire department. Administrative staff would be consolidated as much as possible at a single location. Firefighters would be able to operate out of any of the areas protected by the 16 fire stations, and work would be initiated to either merge, or normalize, labor agreements to achieve parity and the ability to cross utilize personnel.

Currently, each department relies on a set of policies (including human resources, purchasing, fleet, etc.) applicable to that department’s city. Consequently, fire department staff must be familiar with and apply two different sets of policies. Under this proposed governance model, the metropolitan fire department would have a single set of policies that apply throughout the department. The city managers and fire chief would agree on whether a particular policy (for example, HR or purchasing) for the department would be Springfield’s policy or Eugene’s policy. The goal would be to use the policies from each city that work best for the combined department, with a secondary goal that the administrative burden on each city’s other administrative employees does not increase.

The proposed governance model includes one major exception to the “single set of policies” objective. That exception is budget policy. To ensure that each City Council and city manager retain exclusive control over the extent of funding provided by that city to the fire service, each city’s budget policies would continue to apply.

**NEXT STEPS:**

The ultimate goal of the fire service merger initiative is to create one organization. This step of implementing a governance model is the next step in the process and is needed to simplify administering and supporting the organization. Next steps will be to try and merge or at least normalize the two fire contracts with IAFF Local 851 (Eugene) and Local 1395 (Springfield). We will also initiate conversations with AFSCME and SEIU regarding our service work force. In addition, we will continue to work towards integrating our two departments’ information technologies systems where possible, and work to standardize the way in which we deliver support services to the two organizations.

If you have any questions, please contact me.

cc: Jon Ruiz, Eugene City Manager

file

**Attachment A**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Applying Eugene's 851 Contract to Springfield's 1395 Employees** | | | | | |  |  |
|  |  |  |  |  |  |  |  |
| **Title** | ***FTE*** | ***Eugene FY12 Base  Wages*** | ***Eugene Wages adjusted for PERS3*** | ***Eugene EMT Cert Pay for FY12 adjusted  for PERS3*** | ***Total Wages w/SPFD Fringe3*** | ***Springfield  Current Health  Plan*** | ***Total*** |
| Firefighter/Paramedic | 45 | $65,643 | ***$69,582*** | $4,871 | $4,105,523 | $912,096 | **$5,017,619** |
| Engineer/Basic | 14 | 69,135 | ***73,283*** | 4,871 | 1,340,776 | 283,763 | **1,624,539** |
| Captain/Paramedic | 14 | 78,238 | ***82,932*** | 4,871 | 1,506,313 | 283,763 | **1,790,076** |
| Captain/Intermediate | 1 | 78,238 | ***82,932*** | 2,087 | 104,183 | 20,269 | **124,452** |
| Engineer/Basic | 1 | 69,135 | ***73,283*** | - | 89,801 | 20,269 | **110,070** |
| Deputy Fire Marshal1 | 4 | 79,789 | ***84,576*** | 1,218 | 420,528 | 81,075 | **501,603** |
| Training Captain | 1 | 83,824 | ***88,853*** | 4,871 | 114,850 | 20,269 | **135,118** |
| Training Engineer | 1 | 74,485 | ***78,954*** | 4,871 | 102,719 | 20,269 | **122,988** |
| Emergency Medic Service Officer2 | 1 | 79,789 | ***84,576*** | 4,871 | 109,608 | 20,269 | **129,877** |
| ***Other Eugene items not in current Springfield contract:*** |  |  |  |  |  |  |  |
| FLSA Overtime Rate |  |  | ***-*** | - | 1,386,187 | - | **1,386,187** |
| Kelly Days4 |  |  | ***-*** | - | 291,997 | - | **291,997** |
| Medic Unit Pay5 |  |  | ***-*** | - | 245,756 | - | **245,756** |
| ***Total*** | **82** |  |  |  | **$9,818,241** | **$1,662,042** | **$11,480,283** |
|  |  |  |  |  |  |  |  |
|  |  |  | ***Springfield cost of contract*** | | **9,509,613** | **1,662,042** | **11,171,655** |
|  |  |  |  |  |  |  |  |
|  |  |  | ***Total Difference*** | | ***$308,628*** | ***$0*** | ***$308,628*** |
|  |  |  | ***Percent Change*** | | ***3.25%*** |  |  |
| **Notes:** |  |  |  |  |  |  |  |
| *1Only 1 DFM has a paramedic certificate. Amount is 1/4 so the other calculations work correctly* | | | | | | |  |
| *2Eugene's EMS Training Coordinator position for comparison* | | | |  |  |  |  |
| *3Using Eugene Wages inflated by 6% for EE PERS pick-up and Springfield Fringe Rate of .2254* | | | | | |  |  |
| 4 Kelly day assumes reduction in annual hours worked resulting in increased OT pay, reduction of 5th person off slot, and change in FLSA period | | | | | | |  |
| 5 Medic Unit Pay (3 units, 24/365, plus 120 extras hours for late call or other OT) | | | | | |  |  |

**Attachment B**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Applying Eugene's 851 Contract to Springfield's 1395 Employees with Eugene Health Costs** | | | | | | | |
|  |  |  |  |  |  |  |  |
| **Title** | ***FTE*** | ***Eugene FY12 Base  Wages*** | ***Eugene Wages adjusted for PERS3*** | ***Eugene EMT Cert Pay for FY12 adjusted  for PERS3*** | ***Total Wages w/SPFD Fringe3*** | ***Springfield  Current Health  Plan*** | ***Total*** |
| Firefighter/Paramedic | 45 | $65,643 | ***$69,582*** | $4,871 | $4,105,523 | $912,096 | **$4,736,783** |
| Engineer/Basic | 14 | 69,135 | ***73,283*** | 4,871 | 1,340,776 | 283,763 | **1,537,168** |
| Captain/Paramedic | 14 | 78,238 | ***82,932*** | 4,871 | 1,506,313 | 283,763 | **1,702,705** |
| Captain/Intermediate | 1 | 78,238 | ***82,932*** | 2,087 | 104,183 | 20,269 | **118,211** |
| Engineer/Basic | 1 | 69,135 | ***73,283*** | - | 89,801 | 20,269 | **103,829** |
| Deputy Fire Marshal1 | 4 | 79,789 | ***84,576*** | 1,218 | 420,528 | 81,075 | **476,640** |
| Training Captain | 1 | 83,824 | ***88,853*** | 4,871 | 114,850 | 20,269 | **128,878** |
| Training Engineer | 1 | 74,485 | ***78,954*** | 4,871 | 102,719 | 20,269 | **116,747** |
| Emergency Medic Service Officer2 | 1 | 79,789 | ***84,576*** | 4,871 | 109,608 | 20,269 | **123,636** |
| ***Other Eugene items not in current Springfield contract:*** |  |  |  |  |  |  |  |
| FLSA Overtime Rate |  |  | ***-*** | - | 1,386,187 | - | **1,386,187** |
| Kelly Days4 |  |  | ***-*** | - | 291,997 | - | **291,997** |
| Medic Unit Pay5 |  |  | ***-*** | - | 245,756 | - | **245,756** |
| ***Total*** | **82** |  |  |  | **$9,818,241** | **$1,662,042** | **$10,968,537** |
|  |  |  |  |  |  |  |  |
|  | |  | **Springfield cost of contract** | | **9,509,613** | **1,662,042** | **11,171,655** |
|  |  |  |  |  |  |  |  |
|  |  |  | ***Total Difference*** | | ***$308,628*** | ***-0-*** | ***$308,628*** |
|  |  |  | ***Applying Est Savings of Offering Eugene’s Health Plan to Spld’s IAFF Members*** | | ***$308,628*** | ***-$270,000*** | ***$38,628*** |
|  |  |  | ***Applying Eugene’s Current Health Rate Per FTE*** | | ***$308,628*** | ***-$511,746*** | ***-$203,118*** |
| **Notes:** |  |  |  |  |  |  |  |
| *1Only 1 DFM has a paramedic certificate. Amount is 1/4 so the other calculations work correctly* | | | | | | |  |
| *2Eugene's EMS Training Coordinator position for comparison* | | | |  |  |  |  |
| *3Using Eugene Wages inflated by 6% for EE PERS pick-up and Springfield Fringe Rate of .2254* | | | | | |  |  |
| 4 Kelly day assumes reduction in annual hours worked resulting in increased OT pay, reduction of 5th person off slot, and change in FLSA period | | | | | | |  |
| 5 Medic Unit Pay (3 units, 24/365, plus 120 extras hours for late call or other OT) | | | | | |  |  |

1. FY13 projected savings do not include proposed Eugene fire company closure. [↑](#footnote-ref-1)
2. Savings presented for FY12 build on savings achieved in FY11. [↑](#footnote-ref-2)
3. Savings presented for FY13 build on savings achieved in FY11 and FY12. [↑](#footnote-ref-3)
4. Springfield 3.25% cost gap does not take into account any wage increase in contract for FY12 which is open and under negotiation. [↑](#footnote-ref-4)
5. Population estimates provided by Portland State University, College of Urban and Public Affairs Population Research Center for 2010. [↑](#footnote-ref-5)
6. ORS 243.746 [↑](#footnote-ref-6)
7. Brown, Arbitrator Nancy, May 11, 2000, IAFF Local 3564 and the City of Grants Pass, OR; Lankford, Arbitrator Howell, October 25, 1999, IAFF Local 2406 and the City of North Bend, OR. [↑](#footnote-ref-7)