

**April 8, 2011**

**To: Chief Joseph Miller, Fire Commissioners  
North Bay Fire District**  
**From: ISP Project Committee**  
**Re: North Bay Fire District Financial Challenges**

**On February 8, 2011, Chief Joseph Miller of the North Bay Fire District requested ISP to conduct an independent analysis of its budget with the goal of reducing its recurring/long term expenditures. Additionally, we were asked to develop a survey that could be used to canvas residents regarding the level of service they desire and their willingness to support a millage increase for that service if required (Appendix A).**

**Enclosed is our report, which is based upon our review of the district's financial situation and interviews with fire commissioners, members of the administrative staff, and fire fighters. We are recommending a phased response to your budgetary challenges, beginning with an immediate reduction in personnel and operating costs, followed by the consideration of additional cost-cutting measures, and then, if budgetary problems remain, taking steps to survey residents regarding a millage increase. We believe that a good-faith effort to reduce expenses prior to contemplating a millage increase is a wiser course of action than imposing such an increase at the present time.**

**Finally, our recommendation is to postpone a survey of residents until a comprehensive effort is made to create a balance budget through the various cost-cutting measures we have recommended, as well as others you might consider. If and when you decide to conduct the survey, we are prepared to help you in that effort.**

**Meanwhile, we wish you the very best in addressing the financial challenges you face in the days ahead.**

**ISP Project Committee:**

**Richard Harp**

**Phil Hoge**

**Pat Hollarn**

**Charles Morris, Chair**

**Report on the North Bay Fire District's Financial Challenges**  
**Institute for Senior Professionals (ISP)**  
**April, 2011**

The North Bay Fire District has faced a financial crisis for the past several years. In spite of some efforts to reduce costs, revenues have fallen short of expenditures for the third straight year, only to be covered by reserve funds that were earmarked for capital improvements and replacement of the spare pumper truck. Those funds are now virtually depleted. Thus it is clear that much deeper cuts or a millage increase will be necessary to maintain a balanced budget in the foreseeable future. While an exact figure is difficult to ascertain, we believe that the annual shortfall will be at least 300K and perhaps larger, depending upon increased operating costs, changes in property values, and decisions regarding the timing of station renovations and the possible replacement of the spare pumper truck.

After individual meetings with Chief Miller, the Assistant Chiefs, the Office Administrator, the Firefighters, and the Commissioners, we have identified a number of potential ways to significantly reduce the annual budget, some in the immediate future and others over the course of the next few years. We believe that our suggestions represent a reasonable set of steps to see if the district can make ends meet within the current millage level. Given the anti-tax climate that exists both locally and nationally, we believe a millage increase at this time may meet with considerable community backlash and be counterproductive in the long run. On the other hand, if a good faith and reasoned effort to reduce the budget fails to fully solve the problem, and the public is made aware of that effort, a millage increase at some point in the future may meet with less resistance. Moreover, the longer a decision regarding a millage increase can be delayed, the higher the likelihood our economy and property values will recover, thus creating the possibility that the district can operate without raising the rate in the future or at least reducing the size of that increase.

Given that personnel costs account for more than 80 percent of the annual budget, we further believe that any significant reduction in the annual budget must include a reduction in personnel, both in the size of the administrative staff and the number of firefighters per shift. Reductions of this kind are almost always controversial and personally difficult. If implemented, we would hope that every effort would be made to achieve those reductions through attrition and retirements if at all possible.

Our proposal stems from an analysis of the current operating budget, comparisons with other fire districts, conversations with administrative staff, firefighters, and the fire commissioners. Based upon these various sources of information, we are proposing a "phased" implementation of several budgetary measures which we believe can put the district on a sound financial footing for the future.

## **Phase I. Reductions in Personnel**

We recommend that the following personnel changes be implemented in the next fiscal year:

1. **Administrative Staff.** Our discussions with various employees, as well as comparisons with other more or less comparable fire districts, lead us to the conclusion that the Nbfd is extremely "top heavy." By any measure, having one Chief and 3 Assistant Chiefs for a single station exceeds what is typically seen in other districts. At the very least, we believe that at least one assistant chief position can be eliminated with minimal effect on the everyday operations of the district. This action will require some re-organization of the responsibilities of other administrative staff and perhaps the shift captains.

2. **Administrative Costs.** We further believe that additional savings in the administrative area can be achieved through the elimination of two of the current four vehicles assigned to each chief. While admittedly anecdotal, those of us who are residents of the district frequently hear cynical comments about the "four new trucks sitting outside the station," which reinforces the all-too-common perception of administrative "bloat." It seems to us that a separate truck for each chief is excessive.

3. **Firefighter Positions.** With the introduction of Advanced Life Support, the Commissioners approved adding a fifth firefighter to each of the three shifts. Due to a resignation and illness, two of the shifts are currently operating effectively with four firefighters. Given the fact that 10 of the current 13 firefighters are paramedics (thanks to encouragement and financial support from the administration), with at least 3 paramedics on every shift, there does not appear to have been any significant problems with what is currently a temporary move back to four firefighters per shift. Thus we believe that the district can function effectively with four fighters per shift.

Our estimate is that the above changes will produce savings of about \$250,000 to \$300,000 and hopefully permit a balanced budget for the coming fiscal year.

## **Phase II. Potential Changes Which Require Further Study**

While implementation of the above changes will likely permit a balanced budget for the near future, we believe that potential additional savings are both possible and even necessary for the district to develop a stable and healthy financial situation for the next several years. Currently firefighter salaries are frozen, issues of salary compression need to be addressed, and capital improvements and equipment needs cannot be delayed indefinitely. Thus we believe that the long-term financial vitality of the district will require additional cuts that will permit the

needed re-allocation of limited resources to other more essential needs. Here are a few recommendations that we urge you to consider:

1. **Further Administrative Reductions.** Since we are aware of more or less comparable districts that appear to function effectively with one chief and one assistant chief, we recommend that a thorough review be conducted to consider ways to eliminate a second assistant chief position. One possibility might be to outsource the teaching function currently performed by one of the assistant chiefs. Other options are available for receiving this training and could very likely lead to significant savings. We urge the commissioners and chief to work directly with the EMT's and paramedics to explore this possibility.

2. **Benefits Package.** We recommend that the Commissioners undertake a thorough review of the current benefits package available to all employees of the district. Many organizations have been able to reduce health care costs by a collective effort which significantly increases the number of insured persons within the health plan. Quite frankly, we are surprised there hasn't been an initiative of this kind among the Okaloosa County fire districts or perhaps even all of Northwest Florida. Thus we encourage the Commissioners to explore this option as one way to reduce future health care costs. We further recommend that others aspects of the current health care and retirement plans be reviewed, including deductions, dependent benefits, sick leave "payback," and pension contributions. While not making any specific recommendations in these areas, we believe that the costs associated with these programs must be part of any effort to control costs.

3. **Impact Fees.** We have learned that other districts in Okaloosa County have assessed impact fees to developers when new construction adds to the costs and responsibilities of the fire district. While not likely to generate significant sums of money, these fees seem appropriate and would provide a moderate degree of budget relief.

4. **Needs Assessment.** During our conversations, we heard numerous comments regarding the types and number of fire engines in the station. "Do we really need a ladder truck?" "How many trucks does a six-square-mile district need, given the size of our building and the fact that more than 85 percent of our runs are medically-related?" We don't know the answer to these questions, but we think they deserve some serious discussion. Of course, we also recognize that you must consider the effect of all of these potential changes on ISO ratings of the fire district.

### **Phase III. A Millage Increase?**

As mentioned early, we do not believe that a millage increase at the present time is advisable. However, once Phases I and II have been completed, and if significant budgetary problems remain, we believe the Commissioners will have to revisit the prospect of raising the millage in order to fund the effective operation of the fire district. Throughout our conversations we have heard a clear consensus

that the Advanced Life Support (ALS) program should be maintained. And we agree. While ALS care is required infrequently, it is a fact that the county's limited Emergency Medical Service (EMS) may not always respond quickly enough to life-threatening events. For an annual cost of less than \$10 per resident, ALS-certified paramedics provide a rapid-response capability that strikes us as essential in any community, and especially in our community which has a significant percentage of older citizens. (The attached chart describes the differences between Basic Life Support and Advanced Life Support programs.)

Should additional revenue become necessary, the good faith effort put forth above will surely provide a more positive context for implementing a millage increase. We also believe that two years from now would be a more opportune time to conduct the survey which you have requested. One would hope that the anticipated improved economic climate a few years from now would also affect the community's receptiveness toward a millage increase.

We look forward to meeting with you in the near future to discuss our report and, if requested, continue our efforts to help you address the district's financial situation.

**Footnote:** Our committee wishes to express its thanks to members of the fire department who met with us throughout the project. We were especially impressed with the highly competent and dedicated firefighters who offered many helpful suggestions for addressing the district's financial and service needs. While fully aware that some firefighter positions were "on the chopping block," as they put it, they exhibited an unwavering commitment to the fire department and the community which they serve. We truly hope that their voices will be heard in future efforts to address the budgetary issues facing the district.

**ISP Project Committee:**

Richard Harp

Phil Hoge

Pat Hollarn

Charles Morris, Chair

## **Appendix A: Proposal**



# North Bay Fire Control District

1024 White Point Road

Niceville, Florida 32578-4218

Phone (850) 897-3689 or FAX (850) 897-6051

Fire Chief Joseph A. Miller

February 8, 2011

Northwest Florida State College  
Attn: Charles Morris, Chairman  
Institute for Senior Professionals  
1510 Glenlake Circle  
Niceville, Florida 32578

Dear Mr Morris,

1. Since the voters of the North Bay Fire Control District approved a maximum millage rate of up to 3.75 to support the implementation of Advanced Life Support (ALS) Paramedics, for the Fire District in a public referendum in November 2004, the Fire District's Operating Budget has increased from \$1.149M in FY2004 to \$2.117M for FY2011. To sustain operations and the implementation of a certified ALS program, the annual millage rate has increased from 1.68 in FY2008 to 2.25 for FY2011. Due to a reduced tax base for the past three years, expenditures have exceeded revenue since FY2008 with reserves being used to make up the deficit. The reserves were designed to provide for capital improvements in both equipment and facilities. For FY2011, the millage rate was increased by .2, and the reserves were virtually eliminated to sustain current operations and to address building improvements necessary to continue safe operations. The result is that I may be required to ask the North Bay Fire Control District Board of Fire Commissioners to approve another increase in the tax rate for FY2012. Options include the following:

- a. An increase in the millage may be required to continue the fund current operations in FY2012 without adding any reserves or very little reserves for capital improvements.
- b. An additional .3 millage rate could be needed to provide for \$250,000.00 in reserve funds for FY2012. Few options are available to reduce costs immediately and can only provide minimal budget savings:
  - 1) Reduce the number of Firefighters available for each shift. Current manning is approved for five (5) Firefighters per shift with three (3) shifts. We currently have one (1) shift with five (5) Firefighters, and two (2) with four (4) Firefighters.
  - 2) Eliminate one (1) of the Senior Staff positions. We currently have four (4) Senior Officers.

- 3) Eliminate the ALS Incentive for our Firefighters and eliminate the ALS service presently provided to the community. Again, this will only provide minimal savings.
- c. Other long term options for future budget reductions provide larger budget savings:
  - 1) Forgo future capital improvements to the facility in the near term.
  - 2) Delay replacement of the spare fire truck that is currently programmed for replacement in 2013.
  - 3) Eliminate one (1) of our fire trucks. We currently have three (3) fire trucks, one (1) ladder, one (1) pumper, and one (1) spare fire engine. Reduction of the spare fire engine could affect our current Insurance Service Office (ISO) rating, resulting in an increase in property insurance costs to the homeowners and businesses in the Fire District.

2. As the result of our budget issues, I would like to request the Institute for Senior Professionals to conduct an independent analysis of our current budget to assist us in reducing our recurring/long term expenditures. Additionally, I would request you develop a survey that could be used to canvas our residents regarding the level of service desired and their willingness to support an increase millage for that service if required. Each of these items would be very helpful as the Board of Fire Commissioners and I develop a revised 10-Year Plan for the Department and the Fire District.

3. Ideally, it would be beneficial if the results of our study were available not later than June 2011, since I must present my draft budget to the Board of Fire Commissioners by late June 2011, and we must present a preliminary Ad Valorem rate to the public in July/August 2011 timeframe. Additionally, this date would allow us time to conduct a survey of our constituents prior to our annual budget review for the public in September 2011. I am sure you will need to set up a meeting with me to discuss this request and to discuss the operations of the Fire District.

4. I am available to provide any additional information you may require. You may contact me at (850) 897-3689. Thank you for your consideration of this matter. I look forward to your decision.

Respectfully submitted,

Joseph A. Miller  
Fire Chief  
North Bay Fire Control District



## **Appendix B: BLS vs. ALS**

# A Comparison of Basic Life Support & Advanced Life Support

Medical Care	Basic Life Support (Requires EMT)	Advanced Life Support (Requires Paramedic)
<b>Airway Treatment</b>	<ul style="list-style-type: none"> <li>• Oxygen</li> <li>• Nasal cannulas &amp; oxygen masks</li> <li>• Bag value masks</li> </ul>	<ul style="list-style-type: none"> <li>• Oxygen</li> <li>• Nasal cannulas &amp; oxygen masks</li> <li>• Bag value masks</li> <li>• Pulse oximeter</li> <li>• Laryngoscopes for intubation (tube down throat)</li> <li>• Cricothyrotomy (surgical hole in trachea/windpipe)</li> <li>• CPAP masks (for CHF patients, forces fluid out of lungs)</li> <li>• Chest decompression kits (placing hole in chest to relieve collapsed lung)</li> <li>• Numerous medications (albuterol, alupent, atrovent, hurricane spray, ternutaline, versed)</li> </ul>
<b>Trauma Care</b>	<ul style="list-style-type: none"> <li>• Splints &amp; bandages</li> <li>• Cervical collars and backboards</li> <li>• Burn sheets</li> </ul>	<ul style="list-style-type: none"> <li>• Splints &amp; bandages</li> <li>• Cervical collars and backboards</li> <li>• Burn sheets</li> <li>• MAST pants</li> <li>• Intravenous (IV) fluids to treat shock</li> <li>• Medication (dexamethasone for head injuries)</li> </ul>
<b>Cardiac Care</b>	<ul style="list-style-type: none"> <li>• AED (defibrillation)</li> </ul>	<ul style="list-style-type: none"> <li>• 12 lead EKG monitor (identify heart attacks and transmit to hospital)</li> <li>• Synchronized cardioversion (slow rapid heart rates)</li> <li>• Pacemaker (speeds up heart rates)</li> <li>• Manual defibrillator (restart heart)</li> <li>• Numerous medications (adenosine, amiodarone, aspirin, atropine, calcium chloride, dopamine, epinephrine, lasix, lidocaine, magnesium sulfate, morphine, nitro-paste, nitroglycerine, sodium bicarbonate, verapamil, zofran)</li> </ul>
<b>Diabetic Treatment</b>	<ul style="list-style-type: none"> <li>• Oral glucose (conscious patients only)</li> </ul>	<ul style="list-style-type: none"> <li>• Glucometer</li> <li>• Oral Glucose (conscious patients)</li> <li>• Intravenous (IV) fluids</li> <li>• Medications (dextrose 50% for unconscious patients &amp; glucagon)</li> </ul>
<b>Seizure Treatment</b>	<ul style="list-style-type: none"> <li>• Supportive care only</li> </ul>	<ul style="list-style-type: none"> <li>• Intravenous (IV) fluids</li> <li>• Medications (ativan and valium to stop seizures)</li> </ul>
<b>Allergic Reactions</b>	<ul style="list-style-type: none"> <li>• Epi pen (intramuscular injection)</li> </ul>	<ul style="list-style-type: none"> <li>• Intravenous (IV) fluids</li> <li>• Epinephrine (subcutaneous or IV for severe reactions)</li> <li>• Benadryl (given in IV to slow reaction)</li> </ul>
<b>Specialty Equipment</b>	<ul style="list-style-type: none"> <li>• OB kits</li> </ul>	<ul style="list-style-type: none"> <li>• OB kits</li> <li>• Intraosseous drills (ability to drill into bone marrow to administer medications)</li> <li>• Children's Tylenol</li> <li>• Narcan (for narcotic overdoses)</li> <li>• Pain medications (morphine, dilaudid, valium, versed)</li> </ul>