

Record of Proceedings: June 9, 2020
West Chester Township Board of Trustees – Work Session
Re: Future Funding Strategies for Police, Fire, and EMS

Convene: Chairperson Becker convened the meeting at 4:45 p.m.

Roll Call: Mrs. Becker, Mr. Wong, and Mr. Welch responded.

Pledge of Allegiance: Repeated by those present.

(FISCAL OFFICER’S NOTE: Much of the following minutes have been excerpted from a prepared outline compiled for the Future Funding Strategies for Police, Fire, and EMS Work Session. A PowerPoint slide program supplemented the narrative and is available upon request.)

Assistant Township Administrator Lisa Brown:

Mr. Burks said the purpose for the workshop was to discuss the results of staff’s research into funding options for police and fire levies. He said Assistant Township Administrator Lisa Brown and Finance Director Ken Keim would be presenting that evening. Thereupon he introduced Mrs. Brown who began the presentation:

Mrs. Brown began by saying their research for the Work Session began in February and was in no way a reflection of recent national events pertaining to police services. As a Township, our funding opportunities are limited. We have no sales tax or income tax to rely upon; and we’ve experienced the depletion of state funding over the years. But our taxpayers have voted to support public safety services dedicated to community.

West Chester’s philosophy regarding levies and spending has been consistent.

- When we have to go to voters we pursue continuing levies with a commitment to extend levy life beyond “typical” duration of 5 or 6 years.
- We budget for all of our departments based on need – not available resources. This allows us to build up carryover and sustain services despite increasing costs for these services.
- When appropriate, we use TIF resources to fund large capital expenses, allowing business investment to pay for services and infrastructure that protect residential taxpayers as much, if not more, than the business community. Operating expenses such as salaries and equipment cannot be funded with TIF dollars.

Our public safety departments are funded with designated voter-approved levies. West Chester’s 911 Communications Center is also funded with these existing levies. Police and fire share the costs of the Communications Center. West Chester’s Fire Levy is 6 mils and is 14 years old. On average, it generates about \$11.1 million each year. Recent expenditures for the department have been between \$12 million and \$14 million with carryover funds making up the difference. The Township’s Emergency Medical Service, part of the Fire Department, has another funding source through collection of fees for service from non-residents, but relies on the Fire levy for most of its staffing. The Police Levy is 7 mils and is 10 years old, generating annually an average of about \$12.9 million. Recent expenditures have been between \$13 million and \$14.8 million, again relying on carryover from previous years to cover the annual costs of services.

Here you see the breakdown of expenses in the Fire Department's 2020 budget. The total department budget for 2020 is about \$16.8 million. The largest portion of the department's expenses go to personnel (76%) because public safety departments are staffed 24 hours a day/ 365 days a year.

For their money, taxpayers have 111 trained fire personnel ready to respond to the more than 7,000 calls for service received each year. Staff includes 63 full-time career firefighters, 9 command staff officers, 34 part time firefighters, 3 support staff and 2 fire inspectors. The Fire Department also performs 4000 inspections each year, a nearly 88% since 2006 when the last fire levy was on the ballot. (Fire Inspections 2006 (2147) 2019 (4033) 87.84% increase)

The Police Department 2020 budget totaling about \$18.3 million. Again, personnel make up the largest part of the budget at 78% because of the nature of the service they provide to the community. The department has 101 employees with a budget for 90 sworn officers. The levy also funds 3 police technicians, 5 records clerks and 3 support staff. They respond to nearly 50,000 calls for service and every year reach nearly 30,000 people through education programs. West Chester stretches the taxpayer dollar and providing the best services possible within budget constraints. We demonstrate this by operating with existing levies that are 10 and 14 years old. West Chester's population has grown 17 percent since 2006, when the fire levy was last approved. In the same time period the Township employee count has shrunk, decreasing from 5.6 employees per 1,000 in population to 4.2 employees per 1,000 in population.

These levies that have been on the books for 14 and 10 years are not keeping up with the increasing costs of providing current services due to levy effective rates limiting revenue collections; and carryovers are depleted.

Finance Director Ken Keim:

In the early years of a levy, 2006 in this case, the levy generates more money than is needed to cover expenditures at that time. Things cost less and the department is able to put money aside for leaner times. As the years pass, the cost of doing business increases, but the levy doesn't keep up with the rate of inflation. On average the Fire levy collects a little more than \$11 million each year and in the first years of the levy expenditures were below that amount. \$11 million was enough and allows us to build carryover. The Fire Department controlled costs over the years by reducing their fleet, implementing an EMS billing program, eliminating a training coordinator position and by not building a 6th fire station.

Police expenditures have also increased over the years since their 2010 levy passage. The difference here is that the Police levy was approved in 2010 and the recession significantly affected revenue collections from the very beginning.

Police took drastic steps early in levy life to cut expenditures – forgoing vehicle replacement purchases, not filling positions and making wage concessions. These types of dramatic cuts, however, cannot go on forever without great impact on services. Moving forward from 2017, the Police Department had to add back to their expenditures, making up for going years without replacing vehicles and equipment. In 2017, we also went from 3 to 9 SRO's.

One of the factors at play here is the Effective Rate. In Ohio, voters are protected from unvoted tax increases through legislation approved in the 1970s. The effective rate results in levies generating the same revenues and taxpayers paying about the same amount in total, regardless of assessed valuations.

Building carryover has always been an important part of West Chester's budget strategy. As the cost of provided services continues to increase, however, the existing levy collection cannot keep up with the increased costs – so the carryovers are depleted.

Applying predicted budgets to future years, it could be expected that police and fire funds would no longer have the resources needed to support existing services as soon as 2021.

Mr. Keim said we have to look at next steps, applying projected budgets with increases in the general costs of doing business. This chart shows effects of carryover when applying new millage on top of the existing in each of these funds. There is always risk in these projections. When faced with this difficult decision, staff looked at the departments' budget histories and projected future budgets out five years. It would not be acceptable from the Township's overall strategy to go back to voters less than five years after a levy request. With a modest 3.5% increase in expenditures each year, the departments could each sustain operations for five years with 2 mill levies.

Therefore, this is staff's recommendation to the Board at this time. Please keep in mind that this is not to increase services, add staff, or anything else. This levy ask would simply maintain existing service in the two departments, plus the 911 Communications Center, as they are. The impact of two 2-mil levies on West Chester property owners, with an average home value in West Chester, equals the cost of a monthly large pizza.

Mr. Keim concluded his presentation by saying annual collections cannot make up for the increased cost of the most basic services. Carryover can no longer sustain the services offered. Without consideration of new levies, significant cuts and changes to operations will be necessary.

It is not lost on us that this is not an ideal time to ask our voters for more. Our economy is struggling, families are struggling as a result of COVID-19 and there is uncertainty. However, failing to try will most certainly result in dramatic cuts to the services that our residents currently enjoy.

At Mrs. Becker's request, Police Chief Herzog and Fire Chief Prinz then addressed the Board regarding the cuts and budgetary work they've been doing the last few years.

Police Chief Joel Herzog:

Chief Herzog began by noting the levy was passed in 2010, and soon afterward it became apparent the economy was such that the levy wasn't collecting as much as projected. He noted the reduction in personnel through attrition that resulted. He also noted the retire/rehire savings, grants that have been pursued, as well as re-organization, consolidations and deferred purchases that followed. Chief Herzog then responded to Trustee questions about School Resource Officers and alternatives if a levy failed.

Fire Chief Rick Prinz:

Chief Prinz said the Fire Department levy was last approved in 2006 while the economy was the healthy. However, they realized savings by not building and staffing the sixth fire station servicing the northwest region of the Township. He said the need did not and does not exist. Other savings were identified, including EMS billing, as well as fitness initiatives for the firefighters. In response to Trustee questions, Chief Prinz said the department has 43 part-time firefighters, though they would like 49, noting the difficulty realized administratively by constantly losing part-timers to full-time positions elsewhere. He reviewed their call volume.

In response to Mr. Welch's question about the Butler County Auditor's request for a freeze on property tax valuations, Mr. Keim said it's one of the unknowns if it will be adopted. He added that the proposed new fire station that wasn't constructed wasn't going to be constructed unless it was later demonstrated the need existed. In response to Mrs. Becker's request that the Board be advised as to the decision-making process by the Board going forward, Mrs. Brown responded: Mrs. Brown identified the time-line saying the Board would need to address a Resolution at the next Trustee meeting, June 23rd, as well as subsequent steps.

Mr. Welch expressed his thoughts, concluding they could "leave it up to the people" to address a levy. Mr. Wong said we need to keep the township running and, as a quality of life matter, that costs money. Mrs. Becker said they need to keep the residents safe, and the township is being run in a fiscally conservative manner. She said staff has made their case, and the Board needs to ask residents if they would approve a levy. Mrs. Becker said residents could submit their concerns so they could be addressed.

Adjournment

MOTION made at 5:45 p.m. by Mr. Welch, seconded by Mr. Wong, to adjourn the June 9, 2020 Work Session. Discussion: none. **Motion carried unanimously.**

Respectfully Submitted,



Bruce Jones, Fiscal Officer

Approved,



Ann Becker, Chairperson