

October 4, 2005

Richard Huebler  
Mayor  
City of Allen Park  
16850 Southfield Rd.  
Allen Park, MI 48101-2599

Re: DCC Mutual Aid Fire Consolidation Committee

Dear Mayor Huebler,

We appreciated the opportunity to meet with you and the Committee to discuss the Downriver Community Conference's (DCC's) interest in revisiting a regional public safety service and are pleased to have been selected to present our approach. You indicated that the 19 DCC member communities are to be considered in the analysis, but that the Metro Airport Fire Service will be excluded due to its unique and specialized nature. We understand that the DCC communities, and their stakeholders, seek an objective consultant to assist in developing an implementation plan for regional fire service, including updating the economic model, reviewing potential governance options, and developing a feasible operational model.

**Objective** - The communities which comprise the DCC are seeking an implementation planning effort for regional public safety services. This effort is expected to consider Police, Fire, and Emergency Medical Services. Further, the study must lay out a regional model for cooperation to respond to the full range of events as considered in County-wide emergency management initiatives, including CBRNE and other WMD responses. The results of the study must be transferable to all of Wayne County, including the western Wayne communities, Detroit and the eastern cities.

Phase I is intended to consider Fire Service regionalization as a first step. The DCC Mutual Aid Committee first considered the idea of regional fire services in 1996. The Committee is prepared to take the first step in considering regional public safety services by examining the fire service.

This proposal outlines our approach to the Phase I – Fire Regionalization Plan.

### **Phase I – Fire Regionalization Plan**

The first phase is intended to identify and examine options for Fire Service consolidation. The end result of Phase I will include a report which is generalizable to all Wayne County communities. Subsequent phases will consider Police and Emergency Medical Services.

We will work closely with DCC Mutual Aid, DCC legal counsel and other experts to examine the major feasible governance structures available to Michigan municipalities. We anticipate identifying 2-3 major options, discussing the principal advantages and disadvantages of each option, and presenting the results to the appropriate audiences.

The goal of Phase I will be to assist the DCC Mutual Aid communities in selecting the most appropriate option and in preparing a comprehensive implementation plan. The major plan elements will include:

A) Selection of a governance plan.

We will work closely with DCC Mutual Aid, DCC legal counsel and pertinent stakeholder groups to select the most appropriate governance structure. The result will include a model structure based upon reasonable assumptions to consider governance, legal structure, revenue sources, representation, and will serve as a basis for the operating model.

B) Development of an operational model.

We will prepare an overall operational model that considers the key aspects of a regional fire service operation. We envision a highly collaborative process whereby we work with stakeholder to define the desired state of consolidated operations based upon a set of agreed upon assumptions. Items to be addressed include operations, physical assets, and human resources.

C) Preparation of a financial model.

We will prepare a financial model that will provide prospective financial statements under a limited number of operating scenarios. The model will consider the historic and expected costs of current decentralized operations with those of the regional model, and display the impact to each community. The model will consider operating expenditures, as well as, capital outlays associated with a regional fire service (e.g. potential changes to facilities and major equipment).

D) Documentation of an implementation plan.

As a result of the governance and operations planning efforts, we will develop an overall implementation plan for the DCC to follow in establishing consolidated fire operations. The plan will include major assumptions, risk factors, project workplan, and projected timeline. The intent of this deliverable is to provide the DCC with a clear roadmap for the establishment of consolidated Downriver fire service.

E) Creation of a presentation package.

To complete the project, Plante & Moran will create presentation materials to assist the DCC in communicating the overall implementation plan to member communities. The package will be intended to provide the information (i.e. Governance plan, operational model, financial projection, implementation timeline, and major issues/assumptions) in clear and concise format for optimal discussion purposes.

**Approach** – We will partner with various experts as needed throughout this project (subject to DCC approval) to ensure maximum project success. We anticipate partnering with Dr. Lynn Harvey, MSU extension services. Dr. Harvey is an expert in fire consolidation matters and has assisted numerous Michigan municipalities in preparing interlocal agreements. We will also partner with the firm of Systems Medical Services (SMS) to provide the DCC with a highly experienced and specialized team. SMS provides deep technical expertise with Downriver fire department operations to supplement our Downriver financial expertise and considerable public safety operational experience. Our approach will be comprehensive in nature to achieve the objectives outlined previously. Attachment 1 includes an outline of our proposed project approach. As part of this process we will compile, in accordance with standards established by the American Institute of Certified Public Accountant's (AICPA), from information management provides, the projected statements of income and summaries of significant projection assumptions and accounting policies of the consolidated fire entity. We will not express any form of assurance on the achievability of the projection or the reasonableness of the underlying assumptions.

**Confidentiality** – We agree to treat all information obtained in the course of our engagement, other than public information, in strict confidence.

**Limitation of Scope** – A compilation of a financial projection involves assembling the projection based on management's assumptions and performing certain other procedures with respect to the projection without evaluating the support for, or expressing an opinion or any form of assurance on, the underlying assumptions.

In order for us to complete this engagement, management must provide assumptions that are appropriate for the projection. If the assumptions provided are inappropriate and have not been revised to our satisfaction, we will be unable to complete the engagement and, accordingly, we will not submit the projection or issue a report on it.

At the conclusion of our analysis and periodically as we progress, we will review the results of our work with you and provide you with any observations regarding the financial model that we believe warrant your attention. We will also provide you with copies of analyses or other materials that we develop in the course of this engagement upon your request. At the conclusion of our procedures we will provide you with a written report. We will have no responsibility to update our report for any events or circumstances that occur or become known subsequent to the date of that report.

The work we will perform will not constitute an examination or audit of any DCC financial statements or any other items, including DCC's internal controls. In addition, our engagement is not designed and cannot be relied upon to disclose errors, fraud or illegal acts that may exist. However, we will inform you of any such matters that come to our attention.

Professional standards require that we create and retain certain workpapers for engagements of this nature. All workpapers created in the course of this engagement are the property of Plante & Moran, PLLC. We will maintain the confidentiality of all such workpapers. Both DCC and Plante & Moran, PLLC acknowledge, however, that we may be required to make our workpapers available to regulatory authorities or by court order or subpoena. We agree to inform you if such a request is made and agree to cooperate with you should you attempt, at your cost, to limit such access. Upon your written request, we may allow others to view any workpapers remaining in our possession if there is a specific business purpose for such a review. We reserve the right to destroy any workpapers created in the course of this engagement in accordance with our record destruction policies.

The following additional information is provided in Attachments as follows:

Attachment 1 – Workplan and Timeline

We appreciate the opportunity to be of service to you. If you have any questions please call me at 248-223-3328.

Very truly yours,

**PLANTE & MORAN, PLLC**



Adam Rujan

## Attachment 1 – Workplan and Timeline

We anticipate this project will require approximately 90 days to complete Part A and 180 days for Part B, subject to the cooperation and availability of involved parties. The methodology and approach for this planning effort will include:

### Part A – Available Options

1. Develop Project Plan
  - a. Develop project charter
  - b. Define project roles and responsibilities
  - c. Establish target project milestones
2. Update Baseline Data (reference 1996 study)
  - a. Asset Inventory
    - i. Facilities – Location, size, bays, age, significant items
    - ii. Vehicles – Type, age, description, expected life
    - iii. Other Major equipment – treatment to be determined
  - b. Staffing Data
    - i. Organization charts
    - ii. Staffing rosters with qualifications and seniority
    - iii. Current labor agreements and pay rates
  - c. Financial Data
    - i. Prior three years actual, current and next year expense detail.
    - ii. Capital outlay projections, if available.
    - iii. Existing pension, healthcare liability.
    - iv. Historic (3 year) revenue streams (e.g. fees, fines, medical reimbursement, etc.) and budgeted current and next year.
    - v. Value of fire assets, if available.
    - vi. Taxable value for each community.
  - d. Area Mapping
    - i. Compile a GIS based map showing current facilities and coverage areas.
    - ii. Model response times from stations.
    - iii. Overlay SEMCOG, or local growth data for any underdeveloped areas.
    - iv. Identify service gaps/consolidation opportunities.
3. Research Existing Models
  - a. NFPA
  - b. Governance/legal structure
  - c. Local benchmarks (e.g. CLEMIS, other DCC, etc.)
  - d. Ontario benchmarks – Toronto, Hamilton, etc.

#### 4. Perform Stakeholder Interviews

Solicit expected major advantages, disadvantages and other considerations from a sample of key stakeholders.

- a. Fire Chiefs/other Officers
- b. IAFF representatives
- c. Firefighters/paramedics/civilian staff groups
- d. Local elected officials
- e. City administration
- f. Police Chiefs/representatives
- g. County Emergency Management Officials

We anticipate a total of eight focus group type meetings to solicit input.

#### 5. Develop Governance Models/Options

- a. Governance options available to the DCC
- b. Local charter restrictions
- c. Preferred legal structure
- d. Projected revenue sources
- e. Asset transfer issues
- f. Legal considerations/required contracts
- g. General management oversight
- h. Advantages and disadvantages of each option

Plante & Moran is not licensed to practice law in the State of Michigan. We expect that any necessary legal research and/or opinions will be provided by appropriate legal counsel.

#### 6. Develop Interim Report

Plante & Moran will prepare a preliminary of Part A findings to include:

- a. Rationale/context for change
- b. Best practice research
- c. Governance options
- d. Advantages and disadvantages of each option.

The report will be presented to the appropriate audiences and made available in hard copy and electronic formats.

## Part B – Implementation Planning

1. Establish Operational Model
  - a. Formalize Operations Committee that is available to meet approximately four times over the course of the project, including the following representatives:
    - i. Fire Administration (6-8)
    - ii. City Administration (2-4)
    - iii. County Emergency Management (1)
  - b. Address the following items as part of this workgroup:
    - i. Call volumes and call types
    - ii. Staffing requirements
    - iii. Organization structure
    - iv. Asset utilization
    - v. Future facilities/major equipment and vehicles
    - vi. Communications/systems
    - vii. Vehicle maintenance/repair
    - viii. Staff training facilities
    - ix. Service levels/expectations
2. Create Financial Model
  - a. Model current cost streams for each community over 20 years.
  - b. Model consolidated system revenue and expense streams over 20 years.
  - c. Develop a capital replacement plan for facilities and equipment, and provide recommendations for an appropriate sinking fund.
  - d. Prepare prospective financial statements and graphical displays, suitable for presentation to City Councils.
3. Develop Implementation Plan
  - a. Create overall implementation timeline.
  - b. Identify key project activities and suggested sequence.
  - c. Address an overall transition strategy
  - d. Highlight key assumptions and risks
  - e. Plan an effective communications strategy
4. Document Presentation Package
  - a. Develop a final presentation package, including the following components:
    - v. Major issues/assumptions
    - vi. Governance plan
    - vii. Operational model
    - viii. Financial projection
    - ix. Implementation plan
  - b. Deliver a specified number of “master” presentation packages to be duplicated by the DCC as part of the overall communications strategy

5. Presentation of Project Results

- a. Presentation to DCC Mutual Aid representatives
- b. Presentation to DCC Board
- c. Provide additional presentations to appropriate audiences, within the constraints of the project budget

