



Downriver Community Conference Fire & EMS Consolidation Feasibility Study

**Phase I Communities of: Allen Park, Lincoln Park, Melvindale,
Southgate, Wyandotte**

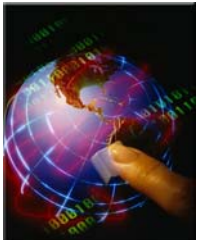
December 2006

plante

moran

Table of Contents

I. Executive Summary	2
a. Project Objectives and Approach	2
b. Findings and Conclusions	4
II. Findings and Recommendations	6
a. Governance	6
b. Financing	13
c. Operations	19
d. Cost Model	25
e. Implementation Planning	30
III. Appendix	31
a. Draft Articles of Incorporation	32



Executive Summary

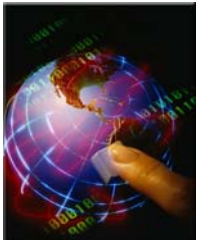
Project Objectives and Approach

The Downriver Community Conference (DCC) Mutual Aid Committee, with the support and assistance of the Wayne County Department of Homeland Security and Emergency Management, retained Plante & Moran to assist in examining the feasibility of regionalized public safety services. This report summarizes the results of examining the Fire & EMS component with corresponding recommendations.

The purpose of this effort was to advance the earlier (1996) work of the Committee to examine the feasibility of consolidated services across the entire DCC membership area. The specific objectives included:

- Evaluating the feasibility of a regional Fire Authority
- Modeling an “ideal” fire and rescue system, scalable for county wide application
- Developing a fundamental business case for collaboration

Plante & Moran conducted several focus group type meetings to collect initial observations of key stakeholders. A series of meetings were conducted with various project subcommittees to identify and resolve issues pertaining to regionalization. Project participants included representatives of elected officials, city management, township officials, labor, fire chiefs, full time and paid on call departments. The range of issues and perspectives, with such a large and diverse group, made that committee structure unworkable. The DCC mutual aid committee concluded to limit efforts to create a Fire and Rescue Authority to a smaller and more homogenous group of communities.



A group of 5 communities volunteered to continue the feasibility analysis, these included Allen Park, Lincoln Park, Melvindale, Southgate, and Wyandotte.

Executive Summary

Project Objectives and Approach

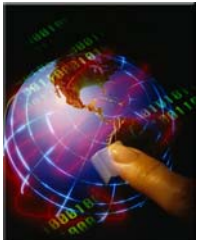
Representatives of each city including the:

- Mayor
- City Manager
- Fire Chief
- Fire Union President,

and others participated in a study committee. Members of the Study Committee participated on one or more subcommittees – Governance, Finance and Operations. Plante and Moran facilitated discussion with the appropriate groups participating in the study, addressing the following key topics:

- Base service demand
- Station, apparatus and equipment deployment
- Rank and management structure
- Support functions, including Accounting/Payroll, Information Technology, Human Resources, etc.
- Governance options
- Financial model
- Transition/implementation plan

Meetings were held from January 2006 to December 2006, with draft report preparation taking place during Fall 2006.



Executive Summary

Findings and Conclusions

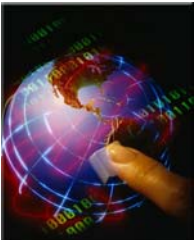
Given the current state of the Michigan municipal finance model, many communities are experiencing persistent budget deficits. These deficits are causing cities to reduce service levels across all city services, including public safety. Many officials, including those from the participating communities, are concerned that continued financial deficits may compromise the quality and effectiveness of essential services.

The initial results of the examination of a regional fire authority, include:

- Current fire service levels continue to decline with budget reductions, total cost over next 5 years \$87.5 million.
- “Ideal” service level (NFPA 1710/ ISO) model would cost about 25% less, or \$66.7 million over 5 years.
- Transition plan (6 station model), cost neutral – low risk to try.
- Long term success depends on attracting more neighbors into Regional Authority. Total costs for all DCC members approximately \$55 million, with \$11 million annual savings potential (20% longer term saving expected).

Thus, the Committee has concluded that a regional fire authority may be able to overcome community and staff concerns regarding loss of control and job security by offering:

- Lowered and more controllable cost structure over the long term due to economies of scale
- Improved service delivery, as NFPA and other standards are met
- Enhanced job security and career opportunities through improved financial stability
- Optimized service delivery model, scalable across the County, offering similar benefits over time to less developed communities



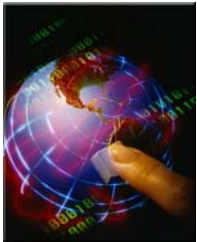
Executive Summary

Findings and Conclusions

The Study Committee has developed articles of incorporation, and recommends moving forward to finalize implementation details. Specific implementation details include development of:

- Tentative Labor Agreements
- Management Structure and Position Details
- Asset Transfer Agreement
- Central Dispatch
- Final Articles of Incorporation and Governance model

The Committee recognizes that while numerous fire and rescue authorities may exist within Michigan and nationally, few have been formed by the merger of established operations in an urbanized area. As such, the Committee favors a slow and deliberative approach.



Findings and Recommendations

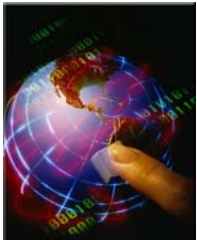
Governance – Legal Options

There exist two main legal options for providing regional fire service, as follows:

- Public Act 7 of 1967 (Urban Cooperation Act)
- Public Act 57 of 1988 (Emergency Services Act)

The Urban Cooperation Act allows for each public agency that has the power to exercise specific power separately, to also exercise that power together. This joint exercise of power must be executed through a contract between the units of government. Other features of this governance option includes:

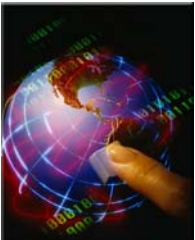
- Parties may agree to revenue sharing, given the following:
 - Specific property description on which taxes will be shared
 - Duration of the contract agreement
 - Formula for calculating revenue sharing
 - Method/schedule of distribution of revenues
- This option must be approved by the majority of the legislative body of each governmental unit
- Must hold at least one public hearing prior to approving
- Agreement is subject to referendum by the voters
 - Petition signed by 8% of electors voting in last general election
 - Within 45 days of meeting at which agreement was approved



Findings and Recommendations

Governance – Urban Cooperation Act

- Participating governmental units may create a separate entity to administer the agreement
 - Each party appoints a “member” removable by the appointing party
 - Creating an “Authority”, “Board”, “Commission”, etc. is defined by the contract
- The administrative body has the following powers/constraints:
 - May not levy taxes
 - May issue bonds under very limited circumstances
 - May not obligate participating governments (indebt) unless expressly authorized by them
 - Upon dissolution, property and debts of entity become property and debts of participating governments
- Employee rights under the Urban Cooperation Act include:
 - Employees shall be transferred and appointed to the new political subdivision as employees subject to all rights and benefits.
 - Employees shall be given seniority credits and sick leave, vacation, insurance, and pension credits in accordance with the records or labor agreements from the acquired system.
 - Members and beneficiaries of any pension, retirement or benefit system established by the acquired system shall continue to have rights, privileges, benefits, obligations and status with respect to such established system.
 - The political subdivision that receives the transferred employees assume the obligation of any transportation system acquired by it with regard to wages, salaries, hours, working conditions, sick leave, health and welfare, and pension or retirement provisions for employees.

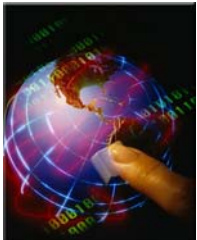


Findings and Recommendations

Governance – Emergency Services Act

The Emergency Services Act (P.A. 57) allows for counties, cities, villages and townships to form a joint emergency services authority, which includes providing joint fire service. This Authority is a body corporate with the power to enter contracts and levy taxes. Other features of this governance option includes:

- Parties must adopt Articles of Incorporation, including:
 - Name and purpose of incorporating municipalities
 - Power, duties and limits of authority
 - Method for selecting governing body, officers and employees
- Each municipality must adopt articles of incorporation by a majority vote of each legislative body
- Authority’s jurisdiction is the total jurisdiction of adopting municipalities
- Registered electors in a jurisdiction (5% or more) may petition to cause a vote to occur on the question of joining such an authority
- New municipalities may join an existing authority by adopting articles of incorporation
- Municipality may withdraw from authority by Board resolution
 - Still liable for share of debt while part of authority
 - Residents will still be subject to authority tax if it exists
- Authority tax levy cannot exceed 20 mills for a certain period (number of years)
- Must file a copy of Authority Board resolution to hold election with clerk of each participating municipality not less than 60 days prior to election
- Cannot have more than one tax election per year

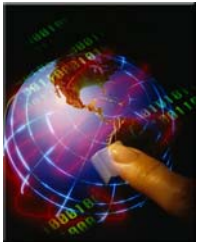


Findings and Recommendations

Governance – Emergency Services Act

Emergency Services Act (Continued):

- If a special election, cost must be paid by the authority
- Individual municipalities may levy their own tax and appropriate, grant, or contribute the proceeds of the tax to the authority for the purposes of this act. The tax must be within charter, statutory, and constitutional limitations.
- Employee rights under the Emergency Services Act include:
 - Authority is bound by existing labor agreements from incorporating municipalities for the remainder of the term of the labor agreement.
 - Employees transferred shall be given comparable positions, maintain seniority and all benefit rights.
 - The members and beneficiaries of any pension or retirement system or other benefits established by a municipal emergency service which is transferred to an authority shall have the same rights, privileges, benefits, obligations, and status with respect to the comparable systems established by the authority.
 - Employees may be laid off, but must be placed on laid off status and rehired if similar job becomes available within 3 years.
 - Authority shall determine the number of positions necessary and is not required to maintain unnecessary positions.



Findings and Recommendations

Governance – Advantages and Disadvantages

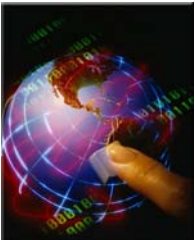
Urban Cooperation Act

Advantages

- Easy to establish
- Easier to dissolve, if required (could also be a disadvantage)
- May create separate legal or administrative entity to execute the agreement

Disadvantages

- Does not have the ability to levy taxes independently
- Funding tied to individual City budgets
- Fire service still competes for funding with other municipal services
- Defined appointment procedure for governance – one “member” per participating community



Findings and Recommendations

Governance – Advantages and Disadvantages

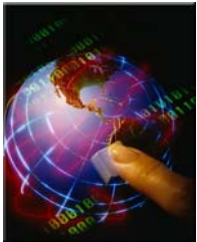
Emergency Services Act

Advantages

- Able to remove the fire service from the “books” of the municipality, creating additional millage capacity if needed in the future
- Fire service can have a dedicated revenue source through an authority millage or individual city millages
- Can levy taxes with a vote of the people (up to 20 mills for a specified number of years)
- Able to define governance representation and process through the Articles of Incorporation, in accordance with the expectations of the participating communities

Disadvantages

- Takes longer to establish
- More difficult to dissolve, if required (could also be an advantage)
- Levy of one millage across entire jurisdiction (with voter approval) may result in additional millage requirements for one or more participating communities
- If a decision is made to levy individual city millages (with voter approval) to maintain a consistent cost of service in the short term, concern may arise if the millage does not pass in all desired communities

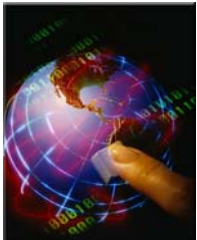


Findings and Recommendations

Governance – Recommendations

Following are the recommendations of the governance subcommittee:

- Establish an authority under the Emergency Services Act (Public Act 57 of 1988)
- Create a governance structure, as follows:
 - The Board of Trustees will be made up of five members
 - The Mayor, or designee, of each participating community shall serve on the Board of Trustees
 - ▶ Allen Park
 - ▶ Lincoln Park
 - ▶ Melvindale
 - ▶ Southgate
 - ▶ Wyandotte
 - Members of the Board will serve without compensation
 - Duties of the Board and Officers will be prescribed in the Authority articles of incorporation.



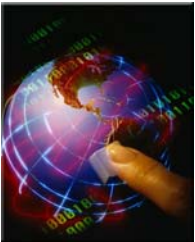
Findings and Recommendations

Financing Options

Financing the provision of regional fire services can be accomplished in a variety of ways, but given the preference to establish a separate Emergency Services Authority, we will focus on discussion of the key financing alternatives related to this option specifically. Many of the financing options presented here also apply to the Urban Cooperation Act governance structure, so we will note that where applicable.

Option 1: Authority Jurisdiction-Wide Millage

- Applies to all participating communities
- One millage rate across all communities
- Requires a vote of the people and must be designated for a specific time period (number of years)
- Can be calculated to cover the costs of all joint fire operations to establish a dedicated funding source
- Can be combined with other city funding sources to reduce the millage amount, but this does not create a dedicated funding source for the fire service
- One millage rate across the region may be considered a “fair” formula for the provision of joint fire service
- By definition, one millage rate may result in some discrepancies between current costs and millage contribution
- Best option for creating a truly dedicated funding source for the provision of joint fire services over the long-term

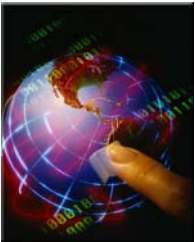


Findings and Recommendations

Financing Options

Option 2: Individual City Dedicated Fire Millages (Applies to Urban Cooperation Act)

- The law allows for participating communities to levy a tax and appropriate the tax proceeds to the authority
- Requires a vote of the people in each community to pass the tax levy
- Establishes dedicated funding sources (one from each community) for the provision of joint fire services
- Can be combined with other city funding sources to reduce the millage amount, but this does not create a dedicated funding source for the fire service
- Separate millage rates by city resolve the current cost vs. millage contribution discrepancies noted in Option 1
- Concern arises if the millage does not pass in all participating communities. Options include:
 - Allowing the community to enter the authority as a “member” with a contract for revenue contribution
 - Allowing the community to enter the authority as strictly a “contract” community
 - Not allowing the community to enter the authority at all
- The tax must be within the charter, statutory and constitutional limitations of each community
- A viable option for creating dedicated funding sources for the provision of joint fire services in the short-term to get the authority operational. Can revisit an authority-wide millage in the future when operating as one department.

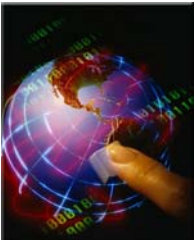


Findings and Recommendations

Financing Options

Option 3: Blended Funding Model

- Can fund the joint fire service through a combination approach
- Possible options include:
 - Lower authority-wide millage (to increase probability of passing by vote) and individual city contribution
 - Lower individual city fire millages (to increase probability of passing by vote) and individual city contribution
- Does not establish “dedicated” funding sources for the provision of joint fire services
- This option resolves the current cost vs. millage contribution discrepancies noted in Option 1
- Concern still arises if the millage does not pass in all participating communities. Options include:
 - Allowing the community to enter the authority as a “member” with a contract for revenue contribution
 - Allowing the community to enter the authority as strictly a “contract” community
 - Not allowing the community to enter the authority at all
- The individual city fire millages must be within the charter, statutory and constitutional limitations of each community
- Recommend the establishment of contracts with each community for strict definition of revenue contributions
- A viable, but not preferred option because it does not create a dedicated and stable funding source(s) for the provision of joint fire services over the long-term

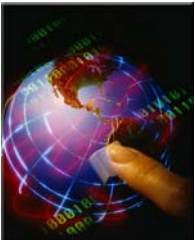


Findings and Recommendations

Financing Options

Option 4: General Funding Model (Applies to Urban Cooperation Act)

- Can fund the joint fire service through individual city contributions
- Does not establish “dedicated” funding sources for the provision of joint fire services
- This option resolves the current cost vs. millage contribution discrepancies noted in Option 1
- Recommend the establishment of contracts with each community for strict definition of revenue contributions over the life of the authority
- The least preferred option because it does not address the need for dedicated, stable funding source(s) for the provision of joint fire services over the long-term, however simple to administer and may be effective as a short term start-up approach

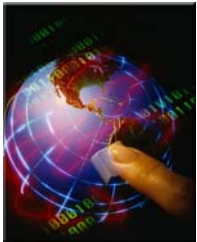


Findings and Recommendations

Financing Options - Recommendations

- Transfer of Liabilities
 - The individual participating municipality will be responsible for any and all liabilities incurred prior to the date of incorporation including, but not limited to, employee pension obligations, retiree pension and medical benefit obligations, any debt for equipment or facilities. The Authority shall be responsible for any and all of these obligations incurred following the appropriate effective execution date (i.e. incorporation date, asset transfer date, employee transfer date, etc.).
- Transfer of Assets
 - The participating municipalities shall agree upon a transfer price (e.g. book value) for all fire service assets including buildings, vehicles and related equipment, and an effective date of transfer to the Authority. The Authority shall compensate the participating municipalities and take title to the assets upon the effective date.
- Funding Independence
 - It is anticipated in the articles of incorporation that the Authority will create a permanent funding mechanism to replace the initial cost apportionment formula described herein. The permanent funding mechanism will be established within 5 years of incorporation.
 - This permanent funding mechanism may include any of the options presented in this section and/or other methods deemed appropriate by the participating municipalities. In the event that a permanent funding mechanism cannot be executed within 5 years, the following funding formula shall become effective:
 - ▶ The net costs of the Authority (including amounts sufficient to fund capital outlay requirements, pension and retiree medical obligations and an amount sufficient to cover working capital requirements) shall be apportioned to participating municipalities as follows:

- 50% Taxable Value
- 50% Run Volume or Population
- 100% Net Authority Costs



Findings and Recommendations

Operations Model

- Hypothesis

At the core of this project lies the hypothesis that some economies of scale do exist within the fire service and that by collaborating municipalities can deliver fire protection and emergency medical services at a lower cost. Numerous examples exist across rural portions of Michigan whereby communities collectively purchase equipment. However, in the more urbanized areas, fire services are provided on a municipal basis. While essentially all fire departments engage in some form of mutual aid as a back up, the principle service coverage area is the municipal boundary in most cases.

- Model Parameters

The communities engaged in this analysis are predominantly built out suburbs with an average population density of about 5,000 people per square mile. Each operate an independent Fire Department, and purchase major apparatus and build stations without regard to the operations of neighboring communities (with some exceptions). The objective of this analysis was to design a scalable model to provide the same (or better) services at a lower cost.

This analysis focused upon the major assets of the fire service including apparatus (fire and rescue vehicles), stations and staffing. This analysis assumes that the vehicles and stations will be appropriately equipped by management.

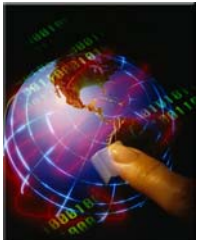
The design is based up on parameters and principles published by:

- ISO

Since 1971, ISO has been the premier source of information about property and liability risk. ISO's statistical, actuarial, and underwriting information is a vital resource to insurers, government regulators, and other companies and organizations. And ISO's standardized policy language is the foundation of which many insurers build their coverage programs.

- National Fire Protection Association (NFPA)

The mission of the international nonprofit NFPA is to reduce the worldwide burden of fire and other hazards on the quality of life by providing and advocating consensus codes and standards, research, training, and education.



Findings and Recommendations

Operations Model

NFPA membership totals more than 79,000 individuals from around the world and more than 80 national trade and professional organizations.

Established in 1896, NFPA serves as the world’s leading advocate of fire prevention and is an authoritative source on public safety. In fact, NFPA’s 300 codes and standards influence every building, process, service, design, and installation in the United States, as well as many of those used in other countries. NFPA’s focus on true consensus has helped the association’s code-development process earn accreditation from the American National Standards Institute (ANSI).

Both organizations promulgate a long and complex set of standards and guidelines. A goal of this analysis is to allow the “model” fire organization to meet those standards and guidelines. Most communities involved in this study do not meet all of the standards and guidelines.

The principle standards used in the design of the “model” system include:

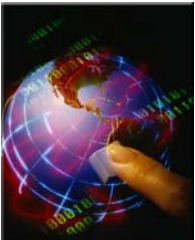
- ISO station location criteria of 1.5 mile coverage radius for fire stations (covering approximately 7.1 square miles)
- ISO ladder – service company coverage radius of 2.5 miles (covering approximately 19.6 square miles)
- NFPA 1710 – response time requirements of first response for a fire call within 4 minutes, with 4 personnel. 15 personnel are required on scene within 8 minutes for a full alarm fire. This is required 90% of the time.

While the “model” system design does not guarantee all ISO and NFPA standards are met, it is intended to be compliant with the standards, allowing the model fire organization to meet the standards, if desired.

- Ideal Department

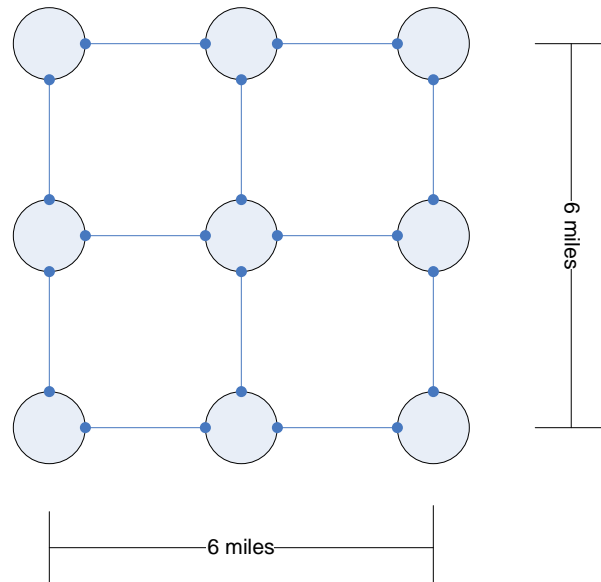
Currently, fire stations are located based upon minimizing response times within the municipal boundaries. As previously, identified the ideal ISO coverage area is approximately 7.1 square miles per station. Under the current configuration, there is significant overlap in coverage areas. The current average coverage per station of the communities is 4.7 square miles, or about 2/3 the ideal coverage ratio.

The ISO standard of 1.5 miles fits nicely (and was likely based upon) into the traditional 6 mile by 6 mile township dimensions. Extending the ISO requirements, the “ideal” coverage for fire stations would be as shown below.

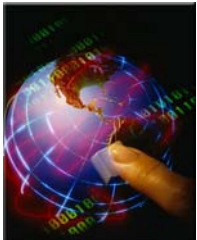


Findings and Recommendations

Operations Model



Nine stations would be equally spaced across the 6 square miles. This pattern is scalable by extending the same pattern to additional areas beyond the 6 mile by 6 mile grid. In fact, the economies of scale become greatest when an entire region participates. When this occurs, the communities in each grid receive fire protection and emergency services from 9 stations, but are only responsible for the cost of 4 stations (the stations on the perimeter are shared with the adjacent grid(s)).



Findings and Recommendations

Operations Model

The staffing and number of apparatus required at the station are and subject to demands for service and the NFPA 1710 standard. For the volumes historically reported by these communities we believe the following resources are required:

Each Station (9 per grid)

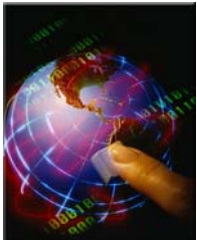
- 1 Pumper with 4 personnel (24x7)
- 2 Rescue units with 2 personnel each (24x7)

Corner Stations (4 per grid)

- 1 Ladder/ Aerial with 2 personnel assigned (24x7)

We believe this level of resource allocation will meet the NFPA 1710 response time requirements and will comply with the intent of the ISO standards. The following limitations and considerations apply:

1. The above grid represents “ideal” conditions. Application of this concept will require variations to accommodate geography, type of land use, road way obstructions and traffic patterns, etc.
2. Variations in demand will exist between neighborhoods and by hour of the day. Accommodations may be necessary for these factors.
3. Fire station location optimization will require acquisition and disposal of property and construction of new facilities.



Findings and Recommendations

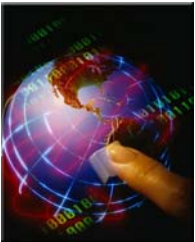
Operations Model

Results

The results of the model clearly indicate the potential for long term savings. Currently, residents of the study communities pay an average of \$109.00 per person for fire and emergency medical services. The long term goal, through regional cooperation, is to provide a better level of service (NFPA 1710 compliant) for a cost of about \$88.00 per person. This represents a 20% savings dropping the total service cost from \$15.1 million to a projected \$12.2 million annually.

This level of savings depends on additional communities joining the regional fire authority. An initial transitional model was also developed by the committee, recognizing that the “ideal” model may require several years to fully implement. The initial transitional model features 6 stations.

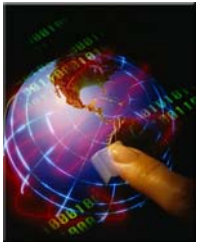
A statistical summary of the Current operation, the Initial Transition plan, and the ideal model is presented on the following page.



Findings and Recommendations

Operations Model

	<u>Current 5 Community</u>	<u>Transitional 6 Station Model</u>	<u>ISO/ NFPA “Ideal” Model</u>
• Population served	138,300	138,300	175,300
• Square miles of coverage	28.4	28.4	36
• Number of stations	6	6	9
• Total personnel	135	135	375
• Available Pumper Apparatus	10	5	9
• Available Rescue Units	9	7	18
• Available Ladder Units	4	2	4
• ISO Compliant	YES	YES	YES
• NFPA 1710 Compliant	NO	NO	YES
• Net Annual Cost	\$15.1 mm	\$14.0 mm	\$12.2 mm
• Cost per person (Net)	\$109	\$101	\$88

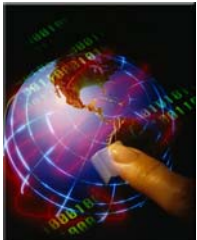


Findings and Recommendations

Cost Model

On the following pages is the financial feasibility cost model for this fire consolidation project. The information is presented in the following order.

- Key Assumptions
- Current Staff and Equipment
- 6 Station Transition Model Assumptions
- 5 Year Cost Comparison

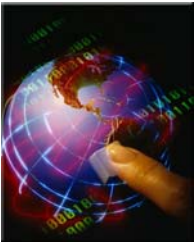


Findings and Recommendations

Cost Model – Key Assumptions

Following are the key assumptions used in our analysis:

- Escalation factors are projected as follows:
 - 8.0% for personnel costs, including salaries, overtime and fringe benefits
 - 3.0% for most other items, including taxable value
- Year 1 based upon 2006/2007 budget/projections, provided to us by the individual communities.
- Depreciation expense is constant, estimating an annual operating expense
- Assets amortized as follows (average annual operating expense):
 - Rescue Unit: \$150,000 over 7 years
 - Pumper Truck: \$365,000 over 15 years
 - Ladder Truck: \$1,200,000 over 25 years
 - Buildings: \$5,000,000 over 40 years
- \$500,000 estimated cost add back for administrative overhead chargeback from one of the communities



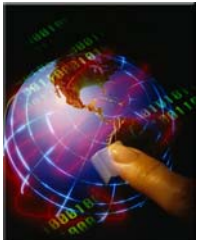
Findings and Recommendations

Cost Model – Current Model

Key assumptions (Continued):

- Current Equipment Levels, as follows:

COMMUNITY	Rescue Units	Pumper Trucks	Ladder Trucks	Buildings	Staffing
Allen Park	3	2	1	1	30
Lincoln Park	2	2	1	1	33
Melvindale	1	2	0	1	15
Southgate	1	2	1	1	27
Wyandotte	2	2	1	2	30
TOTAL	9	10	4	6	135



Findings and Recommendations

Cost Model – Key Assumptions

Key assumptions (Continued):

- Initial 6 Station Transition Model Equipment Levels, as follows:

	Rescue Units	Pumper Trucks	Ladder Trucks	Buildings	Staffing
AUTHORITY	7	5	2	6	135

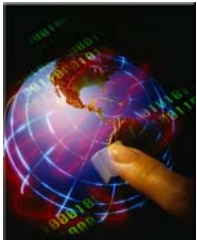
- Asset buy-out would result in a 20-year note taken out by the authority at a 5% interest rate
- Community asset buy-out amounts are based upon estimated book values
- Asset buy-outs are estimated at the following, per the information provided by the individual communities:
 - Allen Park \$ 185,700
 - Lincoln Park \$ 290,000
 - Melvindale \$ 487,000
 - Southgate \$ 870,000
 - Wyandotte \$2,294,400
 - Total \$4,127,100



Findings and Recommendations

Cost Model – 5 Year Cost Comparison (\$000,000)

	<u>Current Model</u>	<u>Transition Plan</u> ⁽¹⁾	<u>Long Term Ideal</u> ⁽¹⁾
Allen Park	\$20.2	\$18.5	\$16.2
Lincoln Park	\$21.3	\$19.5	\$17.0
Melvindale	\$7.9	\$6.8	\$5.9
Southgate	\$19.4	\$17.1	\$14.8
Wyandotte	<u>\$18.7</u>	<u>\$15.0</u>	<u>\$12.8</u>
Total	\$87.5	\$76.9	\$66.7
Cost per person	\$633	\$556	\$482



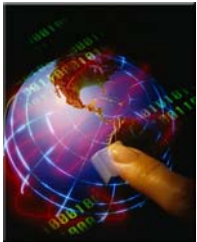
(1) Costs reflect asset transfer

Findings and Recommendations

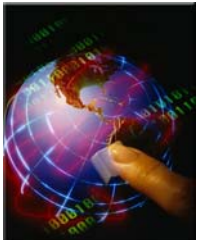
Implementation Plan

The Study Committee favors a deliberative approach to implementation. Major steps will include:

- A. Develop Tentative Labor Agreements – work with IAFF locals to develop a united labor agreement. Develop similar structure for non-union employees.
- B. Develop an Organizational Structure – work with the Fire Chiefs to prepare a unified organization chart and position roster. Develop preliminary job descriptions where appropriate.
- C. Conclude an Asset Transfer – work with City management to develop a purchase price and schedule for fire and rescue assets.
- D. Implement Central Dispatch – continue to standardize on the OSSI records system and establish a common dispatch center. Also develop a plan for supporting services such as accounting, payroll, IT, HR, etc.
- E. Prepare a Communication Plan – develop a plan to inform all stakeholders and constituents.
- F. Finalize Financial Forecast – prepare the appropriate forecasts to validate anticipated costs based on labor agreement and asset transfer.



Appendix



Draft Articles of Incorporation

ARTICLES OF INCORPORATION
OF THE
DOWNRIVER FIRE AUTHORITY
Revised 11-14-06

THESE ARTICLES OF INCORPORATION are adopted by the Cities of Allen Park, Lincoln Park, Melvindale, Southgate and Wyandotte (“Cities”), Michigan Municipal corporations, for the purpose of creating, establishing and incorporating an authority under and pursuant to the provisions of Act 57 of the Public Acts of Michigan, 1988, as amended (“Act 57”).

ARTICLE I
NAME AND PURPOSE:

The name of the entity created hereby shall be the "Downriver Fire Authority," (hereinafter, the "Authority"). The purpose of this entity is to enhance public safety by consolidating the fire and rescue resources of the Cities as set out herein in accordance with the authorization contained in Act 57.

ARTICLE II
POWERS

This Authority shall be a body corporate with power to sue or to be sued in any court of competent jurisdiction in the State of Michigan. Its jurisdiction shall include all of the total territory embraced within the corporate boundaries of its incorporating municipalities. The Authority shall possess all of the powers now or hereafter granted by Act 57, or by any other applicable statute of the State of Michigan and by these Articles, and those incident thereto. In addition, it shall possess all powers necessary to carry out its purposes and those incident thereto. The enumeration of any powers herein shall not be construed as a limitation upon its general powers unless the context shall clearly indicate otherwise. The Authority may adopt a corporate seal, and use it by causing it or a facsimile thereof to be affixed, impressed, or reproduced in any other manner.



Draft Articles of Incorporation

ARTICLE III LEVEL OF FIRE AND RESCUE SERVICE

The District shall provide fire and rescue services as follows:

- a) Fire suppression, fire safety inspections and fire prevention education;
- b) Advanced Life Support Emergency Medical Services.
- c) The fire and rescue equipment listed in Appendix B.

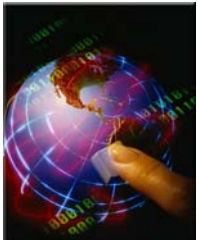
The level of fire services rendered by the Authority to each municipality shall be essentially the same, so that the residents and businesses of each municipality, taken as a whole, receive services on the same basis regardless of their residency.

ARTICLE IV EFFECTIVE DATE, TERM AND FISCAL YEAR

The effective date of these articles shall be January 1, 2008. The Authority shall continue in existence perpetually or until dissolved pursuant to Article XIV hereof. The fiscal year shall begin on July 1 of each year and end on June 30 of the following year.

ARTICLE V ORGANIZATION:

The Authority shall be directed and governed by a five-member Board of Trustees (hereinafter “Board”). Each of the five Cities shall be entitled to one representative on the Board, which shall be the Mayor or a person designated by the Mayor. In the event of the death or disability of one of the Mayors, the Mayor Pro Tem or acting Mayor of the applicable municipality shall serve in the place and stead of the disabled or deceased Mayor.



Draft Articles of Incorporation

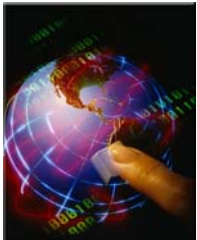
Within thirty (30) days after the effective date of the incorporation of the Authority, the initial Board shall hold an organizational meeting to elect from among themselves a Chairperson, a Vice Chairperson, a Secretary and a Treasurer. The Board may also select such assistants and support personnel as they may need to carry out their duties. These officers shall hold office until the first Monday of December of the year of incorporation, at which time shall be held the first annual meeting of the Authority. Thereafter the annual meeting of the Authority shall occur on the first Monday of December of each year, unless the Board sets a different time.

ARTICLE VI COMPENSATION OF TRUSTEES

Members of the Board shall serve without compensation.

ARTICLE VII MEETINGS:

Meetings of the Board shall be held as required and at least quarterly at such time and place as shall be prescribed by resolution of the Board. Each member of the Board shall have one vote. Special meetings of the Board may be called by the Chairperson or any three members thereof, by serving written notice of the time, place and purpose thereof, upon each member of the Board, personally, or by leaving it at his or her place of residence at least twenty-four (24) hours prior to the time of such meeting, or by depositing the same in a United States Post Office or mail box within the limits of the Authority, at least seventy-two (72) hours prior to the time of such meeting enclosed in a sealed envelope properly addressed to such member at his or her home or office address with postage fully prepaid. Any meeting of the Board shall be held, and any notice therefore shall be given in accordance with the provisions of Act 267, Public Acts of Michigan, 1976 as amended. Any member may waive notice of any special meeting either before or after the holding thereof. At least a majority of the members of the Board shall be required for a quorum. A vote of the majority of the members of the Board who are present at any meeting at which a quorum is present and who are authorized to vote on such matters shall be sufficient for passage.



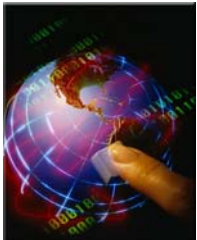
Draft Articles of Incorporation

ARTICLE VIII DUTIES OF OFFICERS AND BOARD

The Chairperson of the Board shall be the presiding officer thereof. Except as herein otherwise provided, the Chairperson shall not have any executive or administrative functions other than as a member of the Board. In the absence or disability of the Chairperson, the Vice Chairperson shall perform the duties of the chairperson. The Secretary shall be the recording officer of the Board. The Treasurer shall be the custodian of the funds of the Authority and shall give to it a bond conditioned upon the faithful performance of the duties of his or her office. All moneys shall be deposited in a bank or banks, to be designated by the Board, and two persons, which persons shall be the Treasurer and one other member of the Board, shall sign all checks or other forms of withdrawal. All authorized signatories shall give a bond conditioned upon the faithful performance of the prescribed duties. The Authority shall pay the cost of such bonds. The officers of the board shall have such other powers and duties as the Board and Act 57 may confer upon them.

The Board shall prepare a proposed annual operating and capital budget reflecting projected revenues and projected expenditures of the Authority for the next fiscal year beginning July 1. The Board shall adopt the proposed budget by a majority vote of the members of the Board in such a manner as to assure submission of the adopted tentative budget to the Cities by no later than March 1 of each year. After the submission of the proposed budget to the governing body of each of the Cities, the Board shall give final approval to the Authority budget for the next fiscal year.

The accounting and budgeting practices of the Authority shall conform with standard accounting practices, the Uniform Budgeting and Accounting Act, Act 2, Public Acts of Michigan, 1968, as amended, and all other applicable provisions of law. Not later than March 1 of each year, commencing in the first year of incorporation, the Authority shall prepare and submit to each of the Cities a five-year capital improvement plan for the five-year period commencing with the July 1 immediately succeeding such March 1.



Draft Articles of Incorporation

ARTICLE IX FUNDING:

Funding for the operation of the Authority shall be in accordance with Appendix “C” attached hereto.

ARTICLE X ADMITTING ADDITIONAL MEMBERS:

Additional members may be admitted to the Authority by majority vote of the Board upon whatever terms and conditions may be set by the Board.

ARTICLE XI COOPERATIVE AGREEMENTS

The Authority may enter into agreements with any municipality, pursuant to the Urban Cooperation Act, Act 7, Public Acts of Michigan, 1967, as amended, and Act 33, Public Acts of Michigan, 1951, as amended, for purposes of, among other things, providing emergency services to such other municipalities and their residents and raising funds to pay for such services.

ARTICLE XII BUILDINGS AND EQUIPMENT

The Authority may acquire, construct, purchase, improve, enlarge or extend buildings for the provision of emergency services, and the necessary sites therefore, together with appurtenant properties and facilities necessary or convenient for the effective use thereof, and furnish and equip the same.

ARTICLE XIII WITHDRAWAL BY A MEMBER:

Any of the Cities may withdraw from the Authority by resolution of the City Council approving the withdrawal, a certified copy of which resolution shall be provided to the Board at least 12



Draft Articles of Incorporation

months prior to the beginning of a new fiscal year for the Authority. Such new fiscal year shall serve as the effective date for the withdrawal.

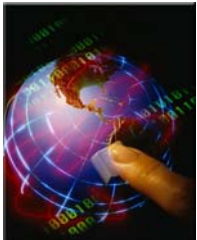
A City that withdraws from the Authority shall continue to be subject to any tax levied in its jurisdiction under Section 12 of Act 57 for the duration of the period of that tax as determined pursuant to Section 12(3) of Act 57.

A City that withdraws from the Authority shall remain liable for a proportion of the debts and liabilities of the Authority incurred while that City was a part of the Authority. The proportion of the Authority’s debts for which a City remains liable as a result of its withdrawal from the Authority shall be determined by dividing the state equalized value of the real property in the municipality by the state equalized value of all real property in the Authority on the effective date of the withdrawal.

Any property owned by the Authority, which is in the possession of the withdrawing municipality or in the possession of personnel who will no longer remain with the Authority as a result of the City’s withdrawal from the Authority, shall be returned to the Authority before the effective date of the withdrawal. The withdrawing municipality shall not be entitled to the return of any credit for any property or money it transferred to or paid to the Authority prior.

ARTICLE XIV DISSOLUTION OF AUTHORITY

The Authority may be dissolved by the concurring resolution of the governing body of each of the Cities. Prior to the dissolution of the Authority any outstanding indebtedness of the Authority shall be paid. Any assets of the Authority remaining after the payment of any such outstanding indebtedness shall be distributed to the Cities based upon each City’s most recent financing contribution to the Authority, calculated pursuant to the cost-weighted formula provided in Appendix “D”.



Draft Articles of Incorporation

Notwithstanding the foregoing, the Authority shall not be dissolved if such dissolution could or would operate as an impairment in any respect of any of its contractual obligations; provided, however, that the Authority may be dissolved where the outstanding indebtedness of the Authority exceeds the assets of the Authority, if the net indebtedness is assumed and paid by the Cities as calculated by the formula provided in Appendix “D”.

ARTICLE XV

PRESERVATIONS OF EMPLOYEE BENEFITS:

Subject to the terms and conditions provided in Section 10 of Act 57, the Authority may employ such personnel and employees as it may consider desirable and may retain from time to time the services of attorneys, accountants and other consultants as the Authority considers necessary to carry out the purpose of the Authority.

To the extent which is feasible the employees of each of the Cities whose duties are transferred to the Authority shall be given comparable positions of employment with the emergency service established by the Authority, and shall maintain their seniority status and all benefit rights of the position held with the City emergency service before such transfer, subject to the exceptions and provisions of Section 10 of Act 57. The Authority shall have all of the powers provided by Section 10 of Act 57, and be subject to all of the provisions, restrictions and limitations therein with respect to employment.

ARTICLE XVI

ARBITRATION OF DISPUTES:

Any dispute among the Cities which cannot be resolved by negotiation, shall be submitted to Binding Arbitration before an arbitrator agreed to by all parties involved in the dispute. In the event that an arbitrator cannot be agreed to, the parties shall request that the American Arbitration Association choose an arbitrator whose selection may not be challenged.



Draft Articles of Incorporation

ARTICLE XVII NOTICE

All notices to the Cities shall be delivered by first-class or certified mail to the respective Mayors and to the City Clerks of each of the Cities.

ARTICLE XVIII AUDIT

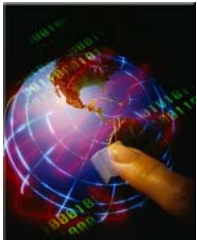
The Board shall cause an annual audit to be made of the books, records and financial transactions of the Authority by a certified public accountant. Three copies of the audit report prepared by the certified public accountant shall be furnished to each of the Cities. The books and records of the Authority shall be open for inspection by the Cities at all reasonable times.

ARTICLE XIX FEDERAL OR STATE GRANTS IN AID

The Authority shall have the power to apply for and accept grants, loans or contributions from the United States of America or any agency or instrumentality thereof, the State of Michigan or other public or private agencies, and to do any and all things necessary or desirable to secure such financial or other aid or cooperation in carrying out any of the purposes of the Authority.

ARTICLE XX INVESTMENT

The Treasurer of the Authority when authorized by resolution of the Board may invest general funds of the Authority. Such investment by the Treasurer shall be made in compliance with the laws of the State of Michigan.



Draft Articles of Incorporation

ARTICLE XXI EXEMPTION FROM TAXATION

The property of the Authority shall be exempt from all taxation and assessment and no writ of attachment or writ of execution shall be levied upon the property of the Authority.

ARTICLE XXII PUBLICATION

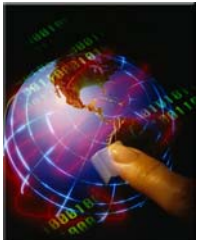
These Articles shall be published once in the News Herald Newspapers, which newspaper circulates within the territory of the Authority. One printed copy of such Articles, certified as a true copy thereof, with the dates and places of publication, shall be filed with the Secretary of State within thirty (30) days after the execution thereof has been completed. The Clerk of the City of _____ is hereby designated as the person to cause these Articles to be published, certified and filed as aforesaid.

ARTICLE XXIII EFFECTIVE DATE

The Authority shall become effective upon the filing of certified copies of these Articles with the Secretary of State as provided hereinabove.

ARTICLE XXIV AMENDMENTS

These Articles may be amended at any time so as to permit any city, village or township to become a member of the Authority, if such amended Articles are adopted by the legislative body of such



Draft Articles of Incorporation

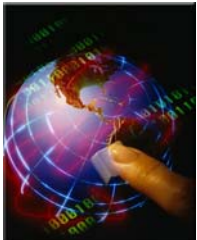
city, village or township proposing to become a member, and if such amendment is adopted by the legislative body of each incorporating municipality of which the Authority is composed. Other amendments may be made to these Articles at any time if adopted by the legislative body of each incorporating municipality of which the Authority is composed. Any such amendment shall be endorsed, published and certified and printed copies thereof filed in the same manner as the original Articles, except that the recording officer of the Authority shall certify the filed and printed copies.

ARTICLE XXV MISCELLANEOUS PROVISIONS

These Articles may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

The captions in these Articles are for convenience only and shall not be considered as part of these Articles or in any way limiting or amplifying the terms and provisions hereof. The Cities have adopted these Articles herein, and in witness whereof, the Mayors and City Clerks of the Cities have endorsed thereon the statement of such adoption.

Signed and sealed by the following units of government on the dates set out below:



For more information contact:

Adam Rujan
Government Technology and Operations Consulting
(248) 223-3328
Adam.Rujan@plantemoran.com

Christine Andrysiak
Government Technology and Operations Consulting
(248) 223-3330
Christine.Andrysiak@plantemoran.com

