



# Fire & EMS 2024 SERVICES

## History

Prior to 1995, the Pewaukee Volunteer Fire Department provided fire and rescue services to the Village and the Town of Pewaukee (now the City of Pewaukee). The Village and City of Pewaukee (City) operated a joint fire department between 1995 and 2004. In operating the joint department, each community separately owned buildings and equipment utilized by the joint department in providing services.

In 2004, the Village decided to divest itself of its buildings and equipment devoted to the joint department and contracted with the City for fire and rescue services. The compensation formula under the Agreement was based upon an annual estimate of anticipated fire and EMS runs or calls, using actual calls for service over the previous two-year period.

In 2017, the Village requested that the City renegotiate the terms for compensation, basing compensation for services on a flat fee. This new agreement between the City and the Village became effective on April 1, 2017, with an initial annualized compensation of \$1,361,112 commencing January 1, 2018, increasing annually at a rate of up to 3%. The City and Village entered into an extension of the agreement on January 1, 2023. The current agreement terminates on December 31, 2023.

# Fire and EMS Services in Wisconsin

Across the state of Wisconsin, Fire & Rescue departments have experienced a number of challenges which have driven-up the costs to provide these services. Some of the key pressures include:

- A shortage of well-trained and qualified labor which inflates labor costs. To maintain a top-tier level of service, the City must compete with other local departments for staff
- Employee benefit costs, primarily health insurance, are increasing at double-digit rates. Similar to wages, competitive employee benefit packages are key to attracting and retaining qualified staff
- The costs of medications, which need to be stocked on emergency vehicles, have increased rapidly, and these medications require replacement based on their expiration dates
- The costs of equipment, including gear, engines, ladder trucks, ambulances, etc. have also increased dramatically

## Current State

In 2023, to address the rapidly rising costs of providing Fire & EMS services, the City asked the Village to become a full cost-sharing partner in funding the City's Fire & EMS Department, based on the usage of services by the Village from the prior year. This change dramatically increased the Village's cost for Fire and EMS services, from \$1,600,000 in 2023 to over \$2,200,000 for 2024 (a 33% increase).

The Wisconsin legislature property tax funding formula ties allowable increases in the property tax levy to "net new construction". For a mature, fully-developed municipality like the Village of Pewaukee, the opportunity for new construction is very limited. As such, the Village is not able to fund the additional \$600,000+ needed to address the increased cost of Fire and EMS services.

Additionally, approximately one-third of the properties in the Village are tax-exempt. That means the Village provides municipal services to these properties, but the Village does not receive property tax funds to help pay for them. As a result, the remaining two-thirds of the taxable properties must bear the cost of these municipal services.

## Fire & EMS Fee

To assure that Village residents and businesses continue to receive the highest quality Fire and EMS services without creating an undue burden on the property tax payers, the Village created an alternative funding method, instituting a fee to pay for Fire and EMS services rather than relying on property tax funds. This type of fee is used in many other Wisconsin municipalities and is allowed under State law.

To implement the Fire and EMS fee, the Village must remove the 2013 levy related to Fire Protection services from its property tax levy. This means that the Village tax rate for taxable properties will decrease.

## Equitability

All properties in the Village will be subject to the Fire and EMS fee, including tax exempt properties. Recognizing that Fire and EMS needs vary from property to property, the Village engaged Baker Tilly to review past service usage and develop an equitable cost structure based on property classification.

## Property Categories

Baker Tilly reviewed the list of all parcels in the Village and assigned each a category based on zoning and land use. Baker Tilly placed the Village's property parcels into the following classes:

### **Residential**

- Single-family/duplex: Single-family homes and duplexes were combined in the analysis, because land use reports and incident reports each use "1- and 2-family homes" as a descriptor
- Multi-family: Multi-family properties include apartments and condominium complexes
- Senior living/Care home: Senior living/Care home properties include care facilities and residential developments which are marketed and/or limited to residents 55 years of age or older

### **Non-Residential**

- Commercial: Properties zoned as commercial, such as retail stores
- Industrial: Properties zoned as industrial such as manufacturing
- Institutional: Properties zoned institutional include educational, religious, and government facilities.

# Usage

Baker Tilly then reviewed the service calls from 2020 to 2022 to assess usage by each property category, and applied the needed cost recovery based on that usage:

<b>Cost Recovery</b>	
Estimated 2024 budget for Fire/EMS:	\$ 2,219,639
(Less EMS reimbursements):	\$ (302,716)
(Less fire inspection charges):	\$ (77,300)
(Less fire insurance taxes):	\$ (42,500)
Cost recovery target:	\$ 1,797,123
<b>Allocated Costs Based on Usage</b>	
Single-family/duplex: 24.3%	\$436,554
Multi-family residential: 24.8%	\$446,581
Senior Living/Care Home: 32.3%	\$580,016
Commercial: 12.5%	\$225,219
Industrial: 1.5%	\$26,224
Institutional: 4.6%	\$52,529
<b>Total</b>	<b>\$1,797,123</b>

# Fee Calculation

Based on usage data, the following fees for specific property types were calculated:

## Residential Fees

For the purposes of calculating a public safety fee, Baker Tilly started with single-family homes and duplexes. The list of parcels from the Village showed 1,809 dwelling units classified as single-family/duplex properties. Dividing the allocated costs between all units comes to \$241 per unit. NOTE: We defined this amount as an “Emergency Service Equivalent” (ESE), which was used for calculating charges for other property types. Single-family properties will be charged one (1.0) ESE or \$241. We anticipate that most households will see a *reduction* in total cost when comparing the former tax-based system with the new fee-based system. For example, when comparing a home with an equalized value of \$400,000, using estimates only, we see:

	Fee-Based System	Property Tax Based System
Tax:	\$1,354.85	\$1,744.53
Fire/EMS Fee:	\$241.00	NA
<b>Total:</b>	<b>\$1,595.85</b>	<b>\$1,744.53</b>

... an estimated savings of \$148.68

There were 1,796 dwelling units in the multi-family property category. Due to the higher rate of incidents for the class, 1.0 ESEs were assigned to multi-family units. Example: A multi-family property with four units: 4 x 1. ESEs = 4 x \$241 = \$964

In the Senior Living category, which has a much higher rate of incidents, an ESE factor of 4.75 was assigned. Example: A senior living property with 50 units: 50 x 4.75 ESEs = 238 x \$241 = \$57,358

**Non-Residential Fees**

For non-residential property classes, where dwelling units are not applicable, we base each property’s ESE on its building square footage. The table below shows the anticipated cost recovery compared to allocated costs for each non-residential property type.

Classification	Parcels	Sq. Ft.	ESE Factor	# ESE	Charge Total
Commercial	155	1,864,236	2,200	924	\$218,988
Industrial	54	1,235,203	16,000	109	\$25,833
Institutional	40	1,413,313	4,500	331	\$78,447

Using this distribution, the formula to determine the Fire & EMS fee for each property is: Square footage / ESE Factor x ESE Fee = Total Fee

Examples:

**Commercial Building**

50,000 square feet / 2,200 ESE factor = 23 ESEs x \$241/ESE Fee = \$5,543

**Industrial Building**

50,000 square feet / 16,000 ESE factor = 3 ESEs x \$241/ESE Fee = \$723

**Institutional Building**

50,000 square feet / 4,500 ESE factor = 11 ESEs x \$241/ESE Fee = \$2,651

Under this funding approach, the cost of these essential services is shared by all properties that make use of Fire & EMS, rather than just the two-thirds of Village properties that are taxable, and the system is further allocated based on use. The Village believes this provides a more equitable funding method than the property tax-based system.

The Fire & EMS fee will be displayed on your property tax bill as a separate line item.