

Fire Cost Sharing

An equitable and stable model

Historically we have split fire costs by
call volume, however ...

Inequitable

- Call volume is a poor proxy for the actual cost of service
- Regardless of call volume, the fire company still needs a building, apparatus, equipment, training, insurance, etc.
- Municipalities with higher call volumes pay more than they “cost” to serve
- Municipalities with lower call volumes pay less than they “cost” to serve
- How do we build a model that reflects costs fairly between municipalities?

Unstable

- Call volumes fluctuate from year to year making it difficult for municipalities to forecast and budget responsibly
- Financial and regulatory hurdles make it difficult (impossible?) to stabilize the rate within the fire budget via reserves and/or surplus/deficit accounting
- How do we build a model that helps smooth out fluctuations?

Investigation

Budget

- Budget costs fall into one of two categories
- Variable costs: ~15% of the budget
 - Driven by calls for service
 - Equipment, fuel, vehicle repair, turnout gear, gear repair, etc.
- Fixed costs: ~85% of the budget
 - Not driven by calls for service
 - Apparatus, building, insurance, training, etc.

Research

Metric	Notes	Source(s)
Call Volume	Where we are now	Harvey 1995, Steele 2002, Hussey 2008
Call Time	Better proxy for usage than call volume	Harvey 1995
Service Area (sq mi)	Poor proxy; a sq mi of lake front, village center, and farm land are not the same	
Assessed Value	Town and City of Ithaca apportion fire protection costs by assessed value	Harvey 1995, Steele 2002, Hussey 2008
Population	Difficult to calculate; district and municipality borders do not align	Harvey 1995, Steele 2002, Hussey 2008
Structural Units	Poor proxy; a home, a shed, a barn, and a lake house are not the same	Steele 2002

Discussion

Discussion

- Apportion fixed costs for fire protection service
 - Population? Structural units? Assessed value (with or without exemptions)?
- Apportion variable costs for fire protection service
 - Call volume? Call hours?
- Timelines
 - When should we start transitioning? Phase in over how many years?