



## HOW METRO FIRE'S REVENUE DECLINES HAVE BEEN ADDRESSED

As a result of the economic recession and collapse of the housing market, the Sacramento Metropolitan Fire District (Metro Fire) has experienced a cumulative property tax loss of more than \$93 million since 2008. In the past fiscal year alone, the property tax revenue loss was \$24 million and property tax accounted for just 68% of all revenue compared to 84% in 2008.

To confront this reality, the Metro Fire Board of Directors embarked on a three-pronged strategy to reduce expenses, while striving to protect its core services. By 2012, these actions had reduced single-year expenditures by \$31 million.

### 1. Reduced Compensation + Layoffs

*Labor costs, which represent the most significant portion of the District's operating budget, have been reduced by approximately \$10.5 million annually. In the aggregate, concessions negotiated with employees will reduce long-term labor costs to the district by \$192 million:*

- Layoffs of 26 administrative and support personnel
- Pay cuts to 41 positions due to rank reductions
- Five-year salary freeze at 2008 levels, including previously negotiated cost-of-living increases
- Two-tier pension formula (3% @ 55 for new employees vs. 3% @ 50)\*
- Requirement that employees contribute 12% of their salaries for PERS benefits
- Health care cost sharing at 8% of premium and prefunding retiree medical plan
- A 20-year vesting period for retirement health benefits
- 20% reduction in Fire Chief's compensation
- Reduction in the payment of professional and education incentives and a cap on paid days off
- 50% reduction in senior staff sick leave accruals for three years

*\*Due to the subsequent enactment of the California Public Employees' Pension Reform Act of 2013, the maximum formula for safety employees hired after 1/1/13 is 2.7% @ 57.*

### 2. Increased Operational Efficiencies

*Metro Fire has made several operational changes, intended to deliver fire protection and emergency medical services as efficiently as possible to the public:*

- Redesigned Emergency Medical Service division to employ Strategic Service Delivery Model
- Assigned Advanced Life Support assigned to every engine
- Supported legislation to allow for Medi-Cal cost recovery from federal government
- Reassigned staff in administrative positions back to fire line
- Reduced supply costs

### 3. Reduced Services

*Using statistical modeling, the service cuts made were calibrated to minimize impacts on the public. However, the District's response time has worsened each year since 2008.*

- Closure of six engine companies (three of which have resulted in the closure of stations)
- Closure of one battalion