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The Evaluation of the Feasibility of Privatizing Fire Services in Clark County, WA

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Certification Statement

I hereby certify that this paper constitutes my own product, that where the language of others is set forth, quotation marks so indicate, and that appropriate credit is given where I have used the language, ideas, expressions, or writings of another.

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Abstract

Clark County, Washington fire departments have seen a dramatic decrease in revenue due to the economic downturn that began in 2008. In response, the governing bodies of the counties fire agencies have consolidated and explored the option of forming a Regional Fire Authority. The problem is fire departments in Clark County, Washington have not considered privatizing fire services as a solution to the decreased revenues seen in the last four years. The purpose of this research is to identify the feasibility of privatizing fire services in Clark County, Washington as a solution to the decreased revenues seen in the last four years. The descriptive method of research was utilized in conducting this research while answering three research questions (a) what local, county, and/or state laws are in place that would or would not allow for the privatizing of fire services in Clark County, Washington, (b) what regulations are in place for private providers of fire services, and (c) what cost savings could be found by privatizing fire services in Clark County, Washington? In conducting this research an interview was held with the Washington State Fire Commissioners Association to identify any private fire agencies in Washington State. Next, Washington State laws were reviewed and a survey was conducted with the governing bodies in Clark County to identify local and state laws. Then, interviews were conducted with three private fire agencies in Oregon and Washington. Finally, financial information was compared from two of the private fire agencies to Clark County agencies. Results showed that a private contract could be established between public fire departments and a private contractor, while abiding by strict regulations in place by the contract and federal governing bodies. The cost savings was found to be minimal, if any, and would require an in depth cost-benefit analysis.

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Introduction

Clark County Washington, located in the southwest corner of the state, is made up of six separate fire districts and two municipal fire departments. A board of commissioners or city council oversees and governs each individual district. The current recession and downturn in public revenues has public service providers exploring new ways of doing business while still providing the same level of service. Some have opted to consolidate or merge, as was the case in Clark County Fire Districts 11 and 12 in 2008 (Gage, 2008). Others have performed feasibility studies that explored the option of a partial or whole consolidation (Emergency Services Consulting International [ESCI], 2011). One option that has not yet been examined in Clark County, Washington is the use of public/private partnerships or privatization of fire services.

The problem is fire departments in Clark County Washington have not considered privatizing fire services as a solution to the decreased revenues seen in the last four years. There are potential benefits from privatization as Olympia, Washington Fire Department stated in their 2009 Master Plan (Olympia Fire Department, 2009). Potential benefits include cost savings, increased incentives for efficiency, and reducing the scale of government.

The purpose of this research is to identify the feasibility of privatizing fire services in Clark County, Washington as a solution to the decreased revenues seen in the last four years. Feasibility studies have been done on consolidation and the formation of a Regional Fire Authority, however, none of them have considered privatization. In researching the feasibility of privatization, fire agencies in Clark County, Washington will have an additional option for funding fire services.

The three research questions used for this Applied Research Project were, (a) what local, county, and/or state laws are in place that would or would not allow for the privatizing of fire

services in Clark County, Washington, (b) what regulations are in place for private providers of fire services, and (c) what cost savings could be found by privatizing fire services in Clark County, Washington? The descriptive method of research was utilized in conducting this research.

Tax revenues and operating costs for the fire agencies in Clark County were compared to the revenues and operating costs of three different private fire departments. Additionally, state and local laws were researched for legality of privatizing fire services. Finally, a survey was distributed to the governing bodies of fire agencies in Clark County to identify knowledge of any state laws or local ordinances that would affect privatization of fire services.

Background and Significance

Clark County, Washington, named for Captain William Clark of the Lewis and Clark Expedition, is located in the most southwest portion of Washington State. Bordered by the Columbia River and Oregon to the south and west, the Cascade Mountains to the east and The Lewis River to the North, Clark County is home to over 400,000 residents (Clark County, Washington, 2012). There are large urban areas, small cities, and a vast rural area. Yacolt, with a population of barely over 1,500 is the smallest city, while Vancouver has well over 160,000 residents making up the largest. Unincorporated Clark County and its 7 incorporated cities offer a very diverse living style.

Within its borders, Clark County has six fire districts and two municipal fire departments. The remaining cities have contracted with one of the neighboring fire districts for service. Three to five fire commissioners govern the fire districts, while the fire departments are over seen by their respective city councils.

Transporting emergency medical services (EMS) in Clark County are broken down into three EMS Districts. A public provider service in EMS District #1 and #3, while the rest of the county is in EMS district #2 and under a private contract with American Medical Response (AMR).

Since 2008, fire agencies in Clark County have seen a reduction in revenue due to the economic recession (ESCI, 2011). The overall assessed value of Clark County Fire District 3 (CCFD3), in 2008, was \$2,602,669,021 compared to 1,862,215,425 in 2012 (Washington State Department of Revenue, 2012). This reduction results in a decreased tax revenue of \$328,902. In 2011, the City of Vancouver closed one of its stations and didn't fill 16 positions vacated because of retirement in the same year (City of Vancouver, 2011). The station was eventually reopened with the assistance of a SAFER grant, but there are no funding sources identified after the grant period expires. In November of 2011, a Regional Fire Authority Feasibility study was conducted by Emergency Services Consulting International that examined the possibility of regionalizing fire services in Clark County (ESCI, 2011). All but three fire districts participated in the study that found forming a Regional Fire Authority was deemed not feasible due to many economic constraints, mainly increased personnel costs and decreased tax revenues (ESCI, 2011).

The projected fund balance for Clark County Fire and Rescue in 2014, a fire district that serves three cities and a portion of unincorporated Clark County, is a negative \$1,458,383. This combines with a debt balance of \$5,660,525 as of 2010 (ESCI, 2011).

In Clark County, fire agencies have consolidated in attempt to be more efficient in their delivery of emergency services (Gage, 2008). They have researched the option of a Regional Fire

Authority to merge all county fire resources (ESCI, 2011). The option of privatizing some or all fire services has not yet been explored.

The following research meets The National Fire Academy's Executive Fire Officer Program and The Executive Leadership course by planning and budgeting for a fire district in order to be prepared to provide service to their constituents. In addition, this research addresses The United States Fire Administration Goals and Objectives by improving the fire and emergency services' capability for response to and recovery from all hazards along with improving local planning and preparedness (United States Fire Administration [USFA], 2010).

Literature Review

The purpose of this literature review was to determine what information and research had been conducted on privatization of fire services in the United States and abroad. The first goal was to identify the different types of private fire services and how they operate. The second priority was to determine how these agencies are allowed to operate and what regulations they are required to follow. Finally, information on the cost of providing fire services by a private contractor was reviewed.

Literature was reviewed from the Learning Resource Center and the National Fire Academy in the form of Applied Research Projects (ARP) and journals. The Applied Research Projects that addressed privatization of public fire services were few and out dated, so therefore were not used in this Literature Review. Numerous journals, trade magazines and books were reviewed to find the most accurate and up to date information available. The Regional Fire Authority Feasibility Study conducted in Clark County, WA and the assessed values and tax revenue provided by the State of Washington was utilized to provide a current financial situation of the fire service organization in Clark County (ESCI, 2011; Washington State Department of

Revenue, 2012).

After the Great Fire in London in 1666, a market for fire insurance emerged (Murray and Melchiorre, 2011). According to Murray et al. (2011), these fire insurance companies developed the first known private fire brigades that protected the insurance companies' properties. Over time, the fire brigades were utilized to protect the uninsured properties in an attempt to protect the neighboring insured properties. This practice of free riding, eventually bankrupted the insurance companies and in 1866 the municipal government started providing universal fire protection.

According to Funt (2009), there has been a dramatic increase in private contractors providing fire suppression services in the United States, especially the Western United States. He cites a company, Golden Valley Fire Suppression, based in California, as offering private fire protection to any residence that's willing to pay a \$30,000 a year fee. This form of private fire services is considered a subscription fire department (Varone, 2007). The subscribers pay the fee for the private fire protection on top of the publically funded municipal or county fire departments. Varone (2007) states that there must be a legal basis, as in a state statute, that would allow a subscription department to charge a fee.

A for-profit corporation provides fire protection services based on a service contract with a community or local government (Varone, 2007). These corporations must bid on providing the services based on a Request for Proposals (RFP) issued by the community or government entity that wishes to have fire protection. Rural/Metro Corporation is a for-profit corporation and is the largest private provider of fire service in the United States (Rural/Metro Fire Department, 2012). Even though these fire departments employ firefighters that perform similar duties as the municipal firefighters they are still considered private sector employees and are held to a variety

of different laws (Varone, 2007). Varone (2007), states “This distinction triggers different treatment under a variety of laws, including OSHA; tort claims acts and immunity statutes; the Fair Labor Standards Act; and public accountability laws.” Even though Rural/Metro Corporation is the largest provider of private fire services they are redirecting their focus away from private contracts with government entities and local communities, and towards ambulance and fire protection for private companies (Olympia Fire Department, 2009).

Industrial fire departments are owned and operated by the company they protect and are considered a cost of doing business (Varone, 2007). These departments serve private companies that lack sufficient government funded fire protection and can range in size from hundreds to just a couple employees. The Boeing Fire Department is one of the world’s largest providers of private fire service in the industrial area (Boeing, 2012). Boeing is a full service fire department dedicated to the operations of the Boeing Corporation. Headquartered in Seattle, Washington, they support operations from as far as Glasgow, Montana to the Midway Islands.

Another form of private fire services is the public/private partnership or a PPP (Roberts, 2012). This form of privatization involves a relationship of at least one government unit and a private firm to undertake a major civic redevelopment project. Roberts (2012) continues in the article stating that this type of relationship is beneficial for the initial development of infrastructure, as in fire stations, but not on going programs. This relationship proved to be beneficial in a land swap between the CVS Pharmacies and St. Tammy Fire District No.1 in Slidell, Louisiana.

Within the Federal government all the powers that are not delegated by the Constitution to the United States are set by the respective states (Varone, 2007).

Varone (2007), explains:

The authority to exercise police powers related to fire protection comes primarily from the state and, to a lesser extent, from local laws. States differ in how they delegate responsibility for fire protection. State law may assign certain fire-related responsibilities to a state agency, to county government, or to local municipalities, or the law may be silent on the matter. (p. 73)

Private fire providers are required per *The Occupational Safety and Health Administration (OSHA) Part Number 1910, Standard Number 1910.156* (1980) to have an organizational statement. This statement is to describe the nature of the fire department, the organizational structure, the type and frequency of training, the expected number of members, and the functions that the department is to perform. Included in this OSHA standard were the rules and regulations regarding training and education for private fire departments. These requirements were to meet the similar training and education provided by Maryland Fire and Rescue Institute; Iowa Fire Service Extension; West Virginia Fire Service Extensions; Georgia Fire Academy; New York State Department, or Washington State's Fire Service Training Commission for Vocational Education. The State of California has almost identical wording regarding private fire departments (State of California Department of Industrial Relations, Subchapter 7, Group 2, Article 10.1).

In a study on the development of municipal fire departments Anderson (2007), discovered that there were three basic factors that inhibited the private provision of any good or service. These three factors were (a) government economic activity or intervention in the area of the specific good or service or related goods or services, (b) insufficient definition and protection of property rights (insufficient legal framework), and (c) the influence of tradition, or the absence

of economic rationalism (Anderson, 2007).

The cost associated with a private fire service is dependent on the type of service offered. In the case of the for-profit corporation Rural/Metro, their subscription plans are voluntary and are based on an annual fee charged to the home or property owner (Poole, 2012). This voluntary subscription fee, according to Poole (2012), is 25-50% lower per capita cost in the Arizona market than that of similar municipal fire services. Poole (2012) states that Rural/Metro still responds to calls for aid to homes or property that have not subscribed but they pay a substantially higher per hour rate for the response.

Emergency response for non-subscribers in a private fire department doesn't always occur. In 2010, a home in South Fulton, Tennessee, was left to burn to the ground while the private fire service providers watched (Wojcik, 2010). Wojcik (2010) reported that the home owner had forgotten to pay his \$75 annual subscription fee for fire protection and that when the private fire department arrived they only monitored the fire so it would not spread to the neighboring homes that were paid subscribers.

Similar to the for-profit corporation charging an annual fee, the volunteer fire department in Anderson County, Tennessee, proposed a fee based service that was based on the square footage of a home (Fowler, 2012). In Anderson County they proposed an eight-cent per square foot charge for fire protection. This voluntary annual fee, for 75% of the homes, ranged between \$100 and \$250. The non-subscribers would be charge \$1,900 for the first hour of fire response and \$150 for emergency medical service calls.

The Southside Fire Department (SSFD) in Chatham County, Georgia, also operates as a private fire department offering fire, EMS and security services based on an annual fee (Southside Fire Department [SSFD], 2012). The SSFD has been operating since 1961 and is

solely supported by an annual fee charged to both private and commercial residents. The fee structure is based on the county assessed value of the structure. In 2012, the fee for a home assessed at \$200,000 (the average assessed value for that area) was \$241 (SSFD, 2012).

In the process of conducting this literature review it was found that there are numerous types of private fire departments in the United States. For-profit companies can be found in small rural communities, as well as, the urban areas of Georgia. Most of the companies found had a subscription fee for service based on the size of the home or the assessed value, while some were just a flat annual fee. The laws pertaining to these private fire service providers were based mostly on state and local laws backed by similar rules written by the Occupational Safety and Health Administration (OSHA) and the Department of Labor and Industry.

Procedures

A phone interview was conducted with the Washington State Fire Commissioners Association (WSFCA) office to determine if there were any fire departments in Washington State that were currently utilizing a private provider for fire services. Also, the WSFCA office was asked about any pertinent laws, statutes, and/or regulations in place for private providers of fire services in Washington State. Next, state laws were reviewed to identify any laws or statutes that would prevent or allow a fire district or departments to privatize its fire services. A survey was developed and distributed to all the governing bodies of fire departments and districts in Clark County to assist in identifying any legal and political barriers to privatizing fire services for their agencies. The two known private fire agencies in Washington State were contacted to determine what rules, regulations, and laws they were required to follow. These two private agencies in Washington State and an additional private agency in Oregon were contacted to determine their costs of providing services, call volume and revenue for their jurisdiction. This

data was then compared to Clark County agencies, utilizing tax revenues, call volume and operating expenses.

An interview was conducted with Roger Farris, Executive Secretary for The Washington State Fire Commissioners Association (WFCA). Mr. Farris oversees the daily activities for the WFCA office located in Olympia, WA. He is in daily communications with both fire commissioners across the State of Washington and the political representatives for the fire service at the state capital in Olympia. The purpose of the interview was two fold. First, Mr. Farris was asked about any laws or regulations on allowing or limiting private fire services in the State of Washington along with what regulations they must abide by. Finally, he was asked about any private fire services currently operating in Washington State.

Following the interview, a search was completed of the Washington Administrative Code (WAC) and The Revised Code of Washington (RCW). The Washington State web site was utilized in this search and a thorough review of Title 52, the RCW section that pertains to fire districts, was completed. To assure all laws, regulations and/or charters pertaining to private contractors for the fire service were found a survey was developed for distribution to the governing bodies of the fire agencies in Clark County. An on-line survey vendor, Survey Monkey, was utilized to distribute the survey to all of the fire commissioners and city council members in Clark County. A total of 14 fire commissioners and 15 city council members received the survey.

Based on the phone interview conducted with Mr. Farris of WFCA office the two known private fire agencies, Port of Moses Lake and Boeing Aviation, were contacted. A phone interview was conducted with Senior Fire Captain for the Grant County Airport, Ben Ormond. This department is operated under a Support Services Agreement with Rural/Metro Corporation.

Captain Ormond has been an employee of Rural Metro for three and half years and has been in the fire service for the past 25 years. He is responsible for all fire related activities at the airport.

Moses Lake is located in the central part of Washington State, 70 miles west of Spokane, Washington. The Port of Moses Lake operates the Grant County International Airport. The fire department covers an area of over 45,000 acres with a wide range of structures, businesses and aviation suppliers (Port of Moses Lake, 2012).

Next, a phone interview, utilizing the same questions asked of Captain Ormond, was conducted with Chief Mike Mauvais, the Enterprise Chief for Boeing Aviation and the Puget Sound region. Chief Mauvais has overseen the department for 24 years and has been involved in the fire service for 24 years.

The Boeing Fire Department has five fire stations located in the Puget Sound area of Washington State. They have 137 employees that provide fire protection, emergency medical services, Haz-mat response, and fire inspections to over 45 million square feet of floor space with 59,000 employees. (Boeing, 2012)

The interviews conducted with these two departments were to determine two things. First, to determine if there are any state laws, federal regulations, rules or governances that private fire contractors must abide by. Secondly, determine the costs of operation for their respective locations.

For the Port of Moses Lake the service agreement with Rural/Metro determines the cost associated with providing the service. This revenue for Rural/metro was divided by the number of employees to determine cost per employee and also the call volume to determine revenue per call.

Boeing Aviation is an in industrial fire department that provides service to its employees

and structures. Boeing considers this a cost of doing business and as such was not willing to share its fire department budget, or cost of providing the service. They did provide call volume and employees, but without the cost of operations these figures would not be useful in this research.

In an attempt to gather more data, the private fire department located in Josephine County, OR was contacted to obtain their cost of operations, employees and call volume. This is the only known private provider of fire services in the State of Oregon. Steve Nelson, who has been the Operations Chief for 10 years at the Rural/Metro fire department, was unable to give me detailed information about budgets due to its proprietary nature. The Josephine County Assessors Office was accessed via the Internet. To determine the assessed value of the properties covered by Rural/Metro, the assessed value of the public fire protection districts and the city of Grants Pass were subtracted from the overall county value and the remainder was the assessed value of the Rural/Metro's coverage area. This assessed value was then used with the subscription fee charged by Rural/Metro to determine overall revenue generated. This revenue was then divided by the number of employees and call volume to determine revenue per call and cost per employee

In order to have an accurate comparison, the total tax received by each department in Clark County was utilized based on records obtained from the Washington State Department of Revenue. The total tax received was divided by the total call volume to determine a cost per call. Also, a comparison of the cost per full time employee was completed. This was obtained by dividing the total tax revenue received by the total number of full time employees. These calculations were then compared to the private fire service providers allowing for an accurate evaluation.

For the purpose of this research, the data gathered for number of responses, laws, and cost of operation was based solely on the interviews conducted with the private providers and could not be completely verified due to proprietary information restrictions in place by the private contractors. The service agreements and contracts were verified with the authoring agency.

Limitations noted for this research are the amount of data gathered from the private contractors and the interpretation of the survey questions proposed to the governing bodies for the Clark County fire agencies. The private contractors were very reluctant to provide detailed information regarding their company and its financial operations, citing, in most cases, their financial information as proprietary and is not available to the public. Verified data was limited to the service agreements and contracts signed by the private service providers. The responses to the survey distributed to the governing bodies of the fire agencies in Clark County, WA required some interpretation due to vague answers to some of the questions.

Results

In the interview conducted with Roger Farris, Executive Secretary for The Washington State Fire Commissioners Association (WFCA), no laws or rules were identified that would prevent a fire department from privatizing in Washington State. However he did provide Revised Code of Washington (RCW) 52.12.031 as a law that does allow fire protection districts in Washington State to set up private contracts for service. A transcript of this interview can be found in Appendix A.

The RCW 52.12.031 (2) *Specific powers – Acquisition or lease of property or equipment – Contracts – Association of districts – Group life insurance – Building inspections – Fire investigations* was accessed via the Washington State web site and sub section two stated:

Contract with any governmental entity under chapter 39.34 RCW or private person or entity to consolidate, provide, or cooperate for fire prevention, fire suppression, investigation, and emergency medical purposes. In so contracting, the district or governmental entity is deemed for all purposes to be acting within its governmental capacity. This contracting authority includes the furnishing of fire prevention, fire suppression, investigation, emergency medical service, facilities, and equipment to or by the district, governmental entity, or private person or entity.

The RCW 39.34 *Contracts to perform governmental activities which each contracting agency is authorized to perform* mentioned in RCW 52.12.031 (2) was reviewed. This RCW allows current fire protection districts to contract with other fire protection districts.

In a complete review of Title 52, the RCW related to fire protection districts, no other laws or regulations pertaining to privatizing or contracting for fire services were found

Of the 29 surveys distributed to fire commissioners and city council members a total five were returned, two from fire districts and three from city council members. The responses to the surveys can be found in Appendix B. Question three of the survey pertained to any knowledge of state statute, laws or local ordinances that would prevent privatization of fire services, received mixed responses. One of the two fire district commissioners stated no laws were known while the other commissioner commented there were known laws, but provided no follow up or proof. Of the three city council members, representing the two municipal fire districts, two of them new of no laws, while one cited [The City of] Camas provides ALS transport and there are restrictions on conversion. The conversion law stated by the Camas council member was researched via the City of Camas charter and related city laws. No support for this statement was

found by this author.

In summery, research question one pertaining to laws allowing or prohibiting privatization of fire services, it was found in RCW 52.12.031 (2) clearly allows for a publicly operated fire departments or districts to contract with a private provider for emergency and non-emergency services. These services can also be contracted with other publically operated fire departments per RCW 39.34. There appears to be some miss conception or lack of knowledge on the laws amongst the governing bodies of both the fire district and municipal departments in Clark County, as the responses stated in the survey are in conflict.

The phone interview conducted with Senior Captain Ben Ormond, of Rural/Metro, the private provider for the Port of Moses Lake, reveled two federal laws, one federal agency and the service agreement signed by both Rural/Metro and the Port as laws pertaining to private fire departments. The responses to this interview can be found in Appendix C.

Title 14 of the Code of Federal Regulations (CFR) Part 139 is the first federal law provided by Captain Ormond. This regulation gives the details and rules that airports must abide by, including Aircraft Rescue and Fire Fighting (ARFF). This rule pertains to both public and private fire service providers on an airport. The second federal regulation is Title 29 CFR Part 1910.156, Occupational Safety and Health Administration's regulations on private fire brigades. As stated in the regulation;

Application. The requirements of this section apply to fire brigades, industrial fire departments, and private or contractual type fire departments. Personal protective equipment requirements apply only to members of fire brigades performing interior structural fir fighting. The requirements of this section do not apply to airport crash rescue or forest fighting operations.

The federal agency provided by Captain Omond is the United States Department of Labor – Bureau of Labor Statistics. He cited no specific rules or regulations that were in place by this federal agency that were specific to private fire service providers.

The final document Captain Omond produced, pertaining to rules and regulations for a private fire service provider, was the service agreement between the Port of Moses Lake and Rural/Metro Corporation. In that contract, under Section 2 – Scope of Services and Requirements to be Performed by Contractor, it states:

Provide trained personnel who (i) shall meet the requirements under FAR 139 entitled and the National Fire Protection Association (NFPA) recommended Practices and Standards, all regulations and FAA Advisory Circulars as the now exist or may be hereinafter amended, are made part of this agreement, and (ii) who are trained by the CONTRACTOR commensurate with the requirements of this Agreement, through out this Agreement.

Also stated in the agreement under Section 4 – Contractor Responsibilities:

The CONTRACTOR shall perform under this Agreement in accordance with the highest standards and shall observe and comply with any and all requirements of the duly constituted public authorities and with all federal, state or local statutes, ordinances, regulations and standards including, but not limited to rules and regulations promulgated from time to time by the PORT applicable to CONTRACTOR and the operation of the airport.

The NFPA recommended Standards and Practices were accessed via the NFPA web site and reviewed. Theses standards and practices encompass all the codes and standards that have been approved by NFPA, therefore this agreement holds the contractor, Rural/Metro, to these

standards in all these activities as they relate to fire service protection.

In summary, research question number two pertaining to regulations for private fire providers, there are federal regulations that, give in detail, the rules that private fire departments must follow as in Title 29 CFR Part 1910.156 from OSHA. There are also stipulations that are written into contracts for service that require the provider to follow NFPA Standards and Practices as was seen in the service agreement between Rural/Metro and The Port of Moses Lake.

The cost of providing fire protection in both public and private sectors varied. The public provider fire districts in Washington State receive a set amount of revenue based on the levy rate for the area served. While the fire departments receive their revenue from their respective cities general fund. The private contractor generates revenue from volunteer subscriptions services, service contracts or it's built into the cost of doing business.

For Clark County Washington fire districts, the levy rate per \$1,000 assessed varies from a max of \$1.50 per \$1000 to a low of \$.76 per \$1,000. As shown in Table 1 the revenue generated from these taxes varies from a low of \$239,107 to a high of \$9,828,346. Of the municipal fire departments, the City of Vancouver, who has the largest call volume and the greatest number of employees, had an annual budget in 2011 of \$33,899,000.

These base figures divided by the call volume and by the number of full time employees gave a way to compare the agencies. Clark County Fire District 10 (CCFD10) has the lowest levy rate of \$.76 per \$1,000 and two full time employees giving them a cost per employee of \$119,553, while Clark County Fire and Rescue (CCFR), having the highest rate at \$1.50 and 49 employees has a cost per employee of \$95,657. When comparing cost per call, CCFR has a cost of \$1,323 per call and CCFD10 averages \$851 per call. The remainder of the Clark County fire

agencies calculations can be found in Table 2.

In comparison, Rural/Metro, the contract agency for the Port of Moses Lake, has a set amount of revenue as stated in the Support Service Agreement. For 2011, they received \$344,344 to provide service to the Port's airport. In that same year they responded to 36 calls for service with six full time employees. Their cost per employee was \$57,390 and revenue per call was \$9,565. These figures are highlighted in Table 3.

The private fire department located in Josephine County, Oregon which is also operated by Rural/Metro, provides service based on a volunteer subscription program in which they claim to have 60% participation from the community. Their subscription is based on the assessed value of the property and is currently set at \$1.98 per \$1,000 assessed. With an approximate 60% market penetration, their revenue is \$3,920,400 annually. They have a total of 15 employees that ran 2100 calls in 2011. As seen in Table 3, this translates into a cost per employee of \$261,360 and revenue per call of \$1,866.

In answering the third research question regarding cost savings with privatizing fire services in Clark County, Washington it was found there is a distinct variance. With an average cost per employee of \$153,472 for the public provider compared to \$159,375 for the private provider the difference is negligible. But when comparing the call volume with revenue, the private provider is receiving an average \$5,715 per call while the public provider in Clark County sees an average of \$1,712 per call. These distinct differences could provide evidence that privatizing fire services in Clark County would not show savings strictly based on revenue per call.

Discussion

Clark County, Washington, is seeing the effects of the economic downturn that began in 2008 with decreased property values leading to reduced tax revenue (ESCI, 2011). Less tax revenue combined with increased call volume has placed urgency in the fire agencies of Clark County to find alternative funding options. Poole (2012) stated that there was 25-50% lower cost per capita in the Arizona market when Rural/Metro started its subscription based fire service. This Applied Research Project is the first step of many to determine if privatizing fire services in Clark County is a feasible option.

The law in Washington State is very clearly allows for contracts with private fire service providers as shown in Revised Code of Washington (RCW) 52.12.031(2). But as stated by Varone (2007) private fire department employees are treated differently than municipal employees performing the same duties. There are different laws that apply to private firefighters in regards to tort claims, Occupational Safety and Health Administration (OSHA) standards, accountability laws and numerous others (Varone, 2007).

There were no laws found that prohibited or allowed the formation of a subscription based fire service provider as seen in many communities across the country. As Varone (2007) explains there must be a legal basis, as in a state statute, that would allow a subscription fee base fire department. With no legal statement found in Washington State this form of privatizing is questionable. If the subscription based fire service is found legal, caution must be taken. Safe guards must be written into any agreement with a private provider that is subscription based to avoid the tragedy that occurred in South Fulton, Tennessee. Wojcik (2010) reported on a fire that occurred at a residence in South Fulton that burned to the ground and killed the families pets

while the subscription fire department stood by to protect the neighboring properties that had paid the annual \$75 subscription fee.

As found in the research, Rural/Metro, a subscription based provider in Josephine County, Oregon, is required to respond to all calls for service regardless if the property owner has paid the annual subscription. In these cases, an amount is charged per hour of service, this charge was not provided by Rural/Metro stating its proprietary information and is based on the circumstances of the call for service. In Anderson County, Tennessee this fee for non-subscribers is \$1,900 for the first hour of fire response and \$150 for emergency medical calls (Fowler, 2012).

The governing bodies of the fire departments and fire district in Clark County appear to have little knowledge on the rules and laws for or against the privatizing of fire services. One council member from the City of Camas stated in their survey that there is a restriction regarding transport of patients, while another stated that there were none. The surveys received from the fire commissioners also had contradicting statements. One commissioner stated there were laws that prevented fire services in Clark County from privatizing while yet another stated there were none.

Another form of private fire protection is the for-profit corporation or contract driven fire service. Rural/Metro, The largest provider of private fire protection in the United States, holds the contract for service at the Port of Moses Lake in Washington State (Rural/Metro Fire Department, 2012). The service agreement that Rural/Metro must adhere to allows the Port of Moses Lake to dictate, in part, the rules and regulations they must abide by (“Aircraft Rescue,” 2012). The service agreement that is in place clearly states that the employees must adhere to all the current National Fire Protection Associations (NFPA) Standards and Practices (“Aircraft Rescue,” 2012). This clear directive in the service agreement can assure the Port that the

contractor will follow the most current acceptable practices in the fire service or be at risk of breach of contract. The service agreement also contains clear and to the point language regarding federal, state and local statues, ordinances, and regulations as stated in Section 4 – Contractor Responsibilities (“Aircraft Rescue,” 2012) This blanket statement of the service agreement address the concerns cited by Varone (2007) regarding different laws for private firefighters.

Besides the service agreement, Captain Ormond provided Title 14 of the Code of Federal Regulations (CFR) Part 139 and Title 29 CFR Part 1910.156 as regulations and standards that they must follow as private contractors of fire protection services (personal communication November 12th, 2012). These regulations are specific to both the private fire brigade and the operation of an airport. These federal regulations along with the Occupational Safety and Health Administrations (OSHA) Part 1910, Standard Number 1910.156 (1980) clearly provide evidence that there are federal regulations specific to private sector fire departments.

Theses federal regulations, OSHA rules, and NFPA standards pertaining to fire departments are all on the national level, while Varone (2007) contends that the majority of the authority for governing fire protection comes primarily form the state and some from local laws. As was found in the research there are few laws specific to Washington State regarding private fire service providers while the local governing bodies appear to have little or no knowledge regarding privatization of fire services. This lack of legal framework could be considered a positive for a fire department or a district considering privatization because they could structure the contract or service agreement to fit their specific needs. It could also be a deterrent to a private contractor as was discovered by Anderson (2007) who produced the three basic factors that inhibited private provision of a good or service. One of these factors was insufficient definition and legal framework.

Private industrial fire departments are formed out of necessity and are considered a cost of doing business (Varone, 2007). The Boeing Corporation provides fire protection and emergency medical services for its employees and structures; this is part of their operation (Boeing, 2012). The similar could be said for a county fire district or city fire department, public safety is a primary responsibility of the local government. As was stated by one city council member, from the City of Camas, in response to the survey question, what barriers do you see in privatizing fire services in your district? The council member stated, "Public perception, its one of the core services, life and property safety. Responses from the fire commissioners in Clark County to the same question included phrases like, public perception and public outcry. These responses could be interpreted as the public expects the fire service to be part of the community, part of the service provided by the government or as an industrial fire department sees it, the cost of doing business.

The cost of providing service for private fire departments varies. The volunteer fire department in Anderson County, Tennessee charges based on the square footage of the home and is completely voluntary (Fowler, 2012). While the Southside Fire Department in Chatham County, Georgia charges based on the assessed value of the property (SSFD, 2012). Both of these departments are still required to respond within their geographic area but charge a high rate per hour for non-subscribers. These types of payment for fire services could be construed as an insurance policy and therefore would require an opinion from Washington States Attorney General or Insurance Commission, as suggested by Varone (2007) these subscription based services need a legal basis to operate.

For the homes in Anderson County the average size is 2,000 square feet, with a fee of \$.08 per square foot that would cost on average \$160 a year (Fowler, 2012), while the \$200,000

home in Chatham County, Georgia would cost \$241 annually (SSFD, 2012). In the research, a home in Josephine County, Oregon would pay a voluntary subscription of \$1.98 per \$1,000 assessed value; this translates into a cost of \$396 annually for home valued at \$200,000. Due to proprietary concerns there is no real way to compare the private agencies found in the literature review with the private agencies studied in the research. This author believes the differences are based on numerous factors; economy, income levels, geographic service areas that are rural, suburban, or urban are a few. It is also the opinion of this author that any private fire department is going to structure their company based on the highest profit for the lowest price if they wish to stay in business.

In comparing the public agencies of Clark County with the private agencies in other jurisdiction there are some distinct differences. Rural/Metro, in Josephine County, has 15 full time employees that respond to approximately 2100 calls for service a year, is similar in size and call volume as Clark County Fire District 3 (CCFD3) that has 21 full time employees and an annual call volume of 1,319 for 2011. The assessed value of CCFD3 was 1.9 billion in 2011, collecting 2.8 million in revenue with a \$1.50 per \$1,000 levy, while Rural/Metro was collecting on 1.8 billion assessed value (60% market penetration of a 3 billion dollar assessed response area), collecting 3.9 million on a \$1.98 per \$1,000 volunteer subscription. Based on these numbers the cost per employee for Rural/Metro was over \$261,000 while CCFD3 was \$135,185. This distinct difference would be a large barrier for CCFD3 and a complete cost analysis of operations would need to be completed prior to any consideration of privatization.

In comparing all the public agencies in Clark County with the two private agencies researched it was found that the average cost per employee were similar while the cost/revenue per call benefited the private agency by \$5,000 per call (Table). The private agencies benefit

from a low call volume and from collecting from non-subscribers. Like Anderson County, Tennessee, Rural/Metro charges a very high per hourly fee to Josephine County residents that don't subscribe to the service (Fowler, 2012). It could be concluded that if Rural/Metro, of Josephine County, has a 60% compliance with the voluntary subscription and they run 2100 calls per year, that 840 of the calls, or 40%, are non-subscribers. These non-subscribers would add a significant amount of revenue for the private provider.

From this Applied Research Project it was found that an agency in Clark County, Washington could privatize with a private entity for fire protection services, while some forms of privatization could be considered illegal, the contractual form of privatization is clearly allowed. The regulations and standards must be clearly stated in any contract for services to protect the property owners and government entities issuing the contract. The items that can be required are, but not limited to, National Fire Protection Association Standards and Practices, Occupational Safety and Health Administration Regulations, Fair Labor and Standards Acts, the Codes of Federal Regulations, Washington Administrative Codes, Revised Code of Washington and any other state or local ordinances that are adopted. The ability to stipulate the standards that a private contractor must follow is a reassuring aspect for an organization considering a private provider. Based on the data obtained in both the literature review and the research a complete and thorough cost benefit analysis would need to be completed prior to considering contracting with a private service.

Recommendations

Based on the data collected in this research and comparing it to the purpose of this ARP, the following are the recommendations of this author:

Immediate (1-6months):

- Contact the Washington State Attorney General and/or the Washington State Insurance commission to check on legality of a subscription based, private fire service provider.
- Meet with and discuss findings with local fire chiefs and governing bodies of fire agencies.

Short Term (6-12 months)

- Develop talking points based on findings of the research, the meeting with the local fire agencies, and information obtained from Washington State Attorney General and Insurance Commissioners to be utilized in educating the public on privatization of fire services.

Long Term (1-5years)

- Complete a comprehensive cost/benefit analysis of the Clark County fire agencies, utilizing the past three years of actual expenses and determine if a subscription based private fire department could affordably provide the same service at a lesser cost.
- Utilizing the findings of the cost/benefit analysis. Develop a contract price that would need to be paid to a private contractor.
- Assist agencies in Clark County that wish to update their strategic plans and incorporate the possibility of privatizing part or all of their fire services.

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Appendix A

Interview with Roger Farris

Executive Secretary for Washington State Fire Commissioners Association

1. How long have you been with the WSFCA?

28 years

2. What is your role with the WSFCA office?

I am the essentially the middleman between the fire commissioners in Washington State and the legislative process. We also oversee the health insurance programs and provide advice to the state retirement board.

3. Do you know of any laws that would allow or prevent a fire district in the State of Washington to privatize their services?

Yes, per revised Code of Washington (RCW) 52.12.031 fire districts can contract with private providers for fire suppression, fire prevention, public education, and emergency medical services. I know of no laws that would prevent them from doing it (privatizing).

4. Do you know of any districts that have done this?

No

5. Do you know of any departments in Washington State that are privately provided?

Port of Moses Lake and Boeing Aviation are the only ones that I can think of, other than the military installations.

Appendix B

Survey Questions and Responses

Clark County Fire Commissioners and City Council members

Respondent #1

1. City or District you represent

Camas

2. Position you hold in your city or district?

Council-member

3. Do you know of any statutes, laws, or ordinances that would prevent your fire district to privatize any or all of the services your district provides?

Yes.

If yes, please explain.

As Camas provides ALS transport there are restrictions on conversion.

4. Do you currently have any contracts with privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression services, ect?

No

If yes, please explain.

5. Has your fire district considered privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression service, et?

No

6. What barriers do you see in privatizing fire services for your district?

Public perception, it is one of the core services LIFE and Property Safety, sensitive to price-shopping.

7. What benefits do you see in considering privatizing fire services for your district?

Possible cost savings IF overcome the "baggage".

Respondent #2

1. City or District you represent

Vancouver

2. Position you hold in your city or district?

Council Member

3. Do you know of any statutes, laws, or ordinances that would prevent your fire district to privatize any or all of the services your district provides?

No

If yes, please explain.

4. Do you currently have any contracts with privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression services, ect?

Yes

If yes, please explain.

EMS

5. Has your fire district considered privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression service, et?

No

6. What barriers do you see in privatizing fire services for your district?

Quality

7. What benefits do you see in considering privatizing fire services for your district?

Might save some money.

Respondent #3

1. City or District you represent

Clark 6

2. Position you hold in your city or district?

Fire Commissioner

3. Do you know of any statutes, laws, or ordinances that would prevent your fire district to privatize any or all of the services your district provides?

No

If yes, please explain.

4. Do you currently have any contracts with privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression services, ect?

Yes

If yes, please explain.

No contract, but we use vendors for most of vehicle maintenance. Hose and ladder testing is provided by private vendor.

5. Has your fire district considered privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression service, et?

No

6. What barriers do you see in privatizing fire services for your district?

Public perception, Labor Unions

7. What benefits do you see in considering privatizing fire services for your district?

Labor cost savings, more flexibility in schedules, able to respond to fiscal limitations faster.

Respondent #4

1. City or District you represent

Clark County Fire District 6

2. Position you hold in your city or district?

Fire Commissioner

3. Do you know of any statutes, laws, or ordinances that would prevent your fire district to privatize any or all of the services your district provides?

Yes

If yes, please explain.

4. Do you currently have any contracts with privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression services, ect?

Yes

If yes, please explain.

Vehicle maintenance

5. Has your fire district considered privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression service, et?

Yes, Vehicle maintenance only

6. What barriers do you see in privatizing fire services for your district?

Public outcry

7. What benefits do you see in considering privatizing fire services for your district?

None at this unless it is considerably less expensive

Respondent #5

1. City or District you represent

Camas

2. Position you hold in your city or district?

Council member

3. Do you know of any statutes, laws, or ordinances that would prevent your fire district to privatize any or all of the services your district provides?

No

If yes, please explain.

4. Do you currently have any contracts with privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression services, ect?

No

If yes, please explain.

5. Has your fire district considered privatizing fire prevention, public education, vehicle maintenance, station maintenance, fire suppression service, et?

No

6. What barriers do you see in privatizing fire services for your district?

We are a fully contained self service (so to speak)

7. What benefits do you see in considering privatizing fire services for your district?

I don't. I see the benefits of inter local agreements with adjoining cities and maybe a Fire Authority in the future if the people so choose.

Appendix C

Phone interview questions and responses from private fire agencies

Agency: *Rural/Metro, contract provider for Port of Moses Lake, Washington*

Person Interviewed: *Ben Ormond, Senior Fire Captain*

1. How long have you been with the department

3 years, 5 months

2. How long have you been in the fire service?

25 years

3. What was your call volume in 2011?

36

4. What was your budget for 2011?

\$344,344.00, per service agreement

5. How many employees do you have?

6

6. How are the services you provide paid for?

Support Services Agreement

7. Are you held to the NFPA and/or IFSAC standards?

As required by services agreement

8. Are there any rules, regulations, state laws and/or federal laws that you must follow because you are a private fire service provider?

Yes,

14 CFR Part 139

29 CFR 1910.156

U.S. Department of labor – Bureau of Labor Statistics

Others as required by service agreement

Agency: *Boeing Corporation*

Person Interviewed: *Mike Mauvais, Boeing Enterprise Fire Chief*

1. How long have you been with the department

24 years

2. How long have you been in the fire service?

24 years

3. What was your call volume in 2011?

Cannot disclose

4. What was your budget for 2011?

Proprietary Information, cannot disclose

5. How many employees do you have?

137

6. How are the services you provide paid for?

Part of the overall corporate budget

7. Are you held to the NFPA and/or IFSAC standards?

Would not disclose

8. Are there any rules, regulations, state laws and/or federal laws that you must follow because you are a private fire service provider?

The normal laws that any employer must follow

Agency: *Rural/Metro, Subscription provider in Josephine County, Oregon*

Person Interviewed: *Steve Nelson, Operations Chief*

1. How long have you been with the department

10 years

2. How long have you been in the fire service?

15 years

3. What was your call volume in 2011?

About 2100

4. What was your budget for 2011?

Proprietary Information, cannot disclose

5. How many employees do you have?

15

6. How are the services you provide paid for?

Voluntary subscription fee of \$1.98 per \$1,000 assessed value.

7. Are you held to the NFPA and/or IFSAC standards?

unknown

8. Are there any rules, regulations, state laws and/or federal laws that you must follow because you are a private fire service provider?

Not that I'm aware of.

Table 1

Fire department tax revenue for 2011

| Fire Department | Levy rate | 2011 Tax revenue |
|-------------------|--------------|------------------|
| CCFD 3 | \$1.50 | \$2,838,885.00 |
| CCFD 6 | \$1.31 | \$9,828,346.00 |
| CCFD 10 | \$0.76 | \$560,299.00 |
| CCFD 13 | \$0.89 | \$239,107.00 |
| CCFR | \$1.50 | \$4,687,206.00 |
| City of Vancouver | General Fund | \$33,899,000.00 |
| City of Camas | General Fund | \$5,780,530.00 |
| ECFR | \$1.50 | \$1,684,349.00 |

Table 2

Public fire department cost per person, cost per call

| Public Fire Department | Full time Employees | 2011 Tax Revenue | 2011 Call Volume | Cost Per Person | Cost Per Call |
|------------------------|------------------------|------------------|------------------|-----------------|---------------|
| CCFD 3 | 21 | \$2,838,885.00 | 1319 | \$135,185.00 | \$2,152.30 |
| CCFD 6 | 60 | \$9,828,346.00 | 5868 | \$163,805.77 | \$1,674.91 |
| CCFD 10 | 2 | \$560,299.00 | 658 | \$280,149.50 | \$851.52 |
| CCFD 13 | 2 | \$239,107.00 | 392 | \$119,553.50 | \$609.97 |
| CCFR | 49 | \$4,687,206.00 | 3541 | \$95,657.27 | \$1,323.70 |
| City of Vancouver | 200 | \$33,899,000.00 | 22484 | \$169,495.00 | \$1,507.69 |
| City of Camas | 41 | \$5,780,530.00 | 1569 | \$140,988.54 | \$3,684.21 |
| ECFR | 13.7 | \$1,684,349.00 | 888 | \$122,945.18 | \$1,896.79 |

Table 3

Private fire department cost per person, cost per call

| Private Fire Department | Full Time Employees | 2011 Tax Revenue | 2011 Call Volume | Cost Per Person | Cost Per Call |
|--------------------------------|---------------------|------------------|------------------|-----------------|---------------|
| Rural/Metro Port of Moses Lake | 6 | \$344,344.00 | 36 | \$57,390.67 | \$9,565.11 |
| Rural/Metro Josephine Co., OR | 15 | \$3,920,400.00 | 2100 | \$261,360.00 | \$1,866.86 |
