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A Test of Fire: Rural/Metro and the Future of Fire Services in Scottsdale

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EXECUTIVE SUMMARY

In a special election set for May 20, 2003, Scottsdale voters will determine whether the city should create a publicly run, municipal fire department or continue its contract with Rural/Metro Corporation, the private company that has provided Scottsdale's fire services since 1951.

Critics of Rural/Metro argue that the company has not provided adequately for the safety of either Scottsdale residents or its fire crews. Critics argue further that a municipal fire department could provide fire services for less money than Rural/Metro, could enroll in the Automatic Aid system used by 19 other valley cities, and make firefighters eligible for state and federal pension systems. In response, Rural/Metro argues that voters are being misled about its performance and the purported advantages of a city fire department.

In reviewing the facts of the controversy, this report finds that Rural/Metro has provided high-quality fire services equal to or better than Scottsdale's service expectations. There is no reason to believe a city department could do the job more effectively or less expensively. Combined first-year operating and transition costs for a city department are estimated to exceed those of Rural/Metro by \$2 million to \$7 million.

By voting for a city department, Scottsdale would risk creating a permanent government monopoly not subject to periodic review, as is Rural/Metro. Creating a city department would preclude Scottsdale from establishing a competitive bidding process.

This report urges Scottsdale voters to retain the services of Rural/Metro for the present. Likewise, Scottsdale's mayor and city council should make careful decisions about adopting any service changes from the recommendations of the Scottsdale Fire and Emergency Medical Services Committee. The City of Scottsdale should also establish a competitive bidding process to determine which entity can provide the desired fire services at the lowest cost. The bidding should be open to backers of a city department, Rural/Metro, and other qualified private fire companies.

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The Source of the Controversy: The Maximus Report

Maximus, Inc., provides program and information management services, evaluation research, and consulting services to all levels of government. In March 2002, Maximus released a detailed report on Rural/Metro Corporation's provision of fire services in Scottsdale. The report, which the Scottsdale City Council had commissioned as part of a periodic review of Rural/Metro's performance, is titled "Analysis of Fire Services: City of Scottsdale, Arizona."¹

In general, the Maximus report gives a very favorable assessment of Rural/Metro's fire services in Scottsdale, as seen in the following excerpts:

- "The City of Scottsdale and Rural/Metro provide high levels of service throughout the City."²
- "The project team's review of the fire service provided by Rural/Metro in the City of Scottsdale has revealed many features and aspects of the fire service, its systems and structures, which are highly effective and unique."³
- "Current service delivery by Rural/Metro meets or exceeds most of the best management practices identified by the project team. This

indicates that the City is receiving a generally high level of service."⁴

In his testimony before the Scottsdale City Council, the chief author of the Maximus report, Richard Brady, described Rural/Metro's service as "effective, efficient, and high-quality."⁵

The Maximus report, which expressly addresses the question of whether Scottsdale would be better off with a municipal fire department, concludes, "Maximus does not recommend that the City of Scottsdale move to take over the delivery of fire services from Rural/Metro at this time."⁶ Brady based this conclusion on three findings:

- Rural/Metro provides a generally high level of service.
- Rural/Metro could fix any shortcomings in its service, rendering the creation of a city fire department unnecessary.
- Including transition costs, the first year of city service would cost between \$3 million and \$7 million more than Rural/Metro's service (though costs would be expected to equalize over time). In his testimony before the Scottsdale City Council, Brady reinforced this point: "You don't just flick on a switch and all of a sudden have a municipal fire department. It will cost an awful lot of money, with I'm not sure demonstrated results."⁷

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In summary, though Maximus identifies opportunities for improvement in Rural/Metro's service, especially in the area of training, its assessment is very positive overall. At the time Maximus released the report, an East Valley Tribune headline read, "Rural/Metro's Scottsdale Service Lauded." Marc Eisen, emergency services director for the City of Scottsdale, responded: "I didn't see any surprises here. We thought we were getting good service, and the consultants have told us we are."⁸

Despite the favorable audit of Rural/Metro's performance, critics of the company used the report to fuel the drive for a city department. They seized on two findings to argue that Rural/Metro does not provide the city with adequate service:

- A computer simulation run by Maximus showed that Rural/Metro could reach only 52 percent of the city in four minutes or less.⁹
- Rural/Metro's fire trucks normally arrive at a fire scene with only three (and occasionally two) firefighters on board.¹⁰

Critics argued that the inability to respond to half the city in four minutes or less, and the staffing of trucks with three firefighters while other valley cities use at least four, pose a direct threat to firefighter and citizen safety. Rich Woerth, a Tempe fire captain, said this was grounds for a change to a municipal fire department: "What we want to do is for the safety of Scottsdale. We want to get adequate staffing that we have in

(surrounding) cities."¹¹ Steve Spring-born, a firefighter with Rural/Metro and president of the Scottsdale firefighters' union, said, "We're talking about lives and we're talking safety, and we can't do with less."¹²

If additional resources are required, why not simply provide them to Rural/Metro and have the company adopt necessary changes? Ruthanne Gilbert, a spokeswoman for Rural/Metro, said the company is open to this option: "Our goal is to provide the service that the citizens of Scottsdale want. Tell us what you want. We will be happy to do it. Whatever the citizens want, we want to give them that. We still think we provide the best service."¹³

Rich Woerth, the Tempe fire captain, responded, "We can do so much more for the same price." In other words, Woerth claimed that a city department could stretch dollars further, remedying existing service deficiencies without breaking the city's bank.¹⁴ How would this be possible? "I don't have to factor in a profit margin," said Bob Edwards, who opponents of Rural/Metro hired to estimate the costs of a city-run department.¹⁵

Soon after release of the Maximus report, Rural/Metro's critics formed the Committee to Protect Scottsdale and Our Firefighters. The committee launched a petition drive that ultimately succeeded in putting on the May 2003 ballot the question of a municipal fire department. The committee is now working toward passage of the measure, arguing that a city department would

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achieve the following:

- Devotion to a service mission rather than a profit mission
- Faster fire response times
- Increased fire incident staffing
- Participation in a valley-wide automatic aid system
- Establishment of defined-benefit firefighter pensions and death/disability benefits
- Lower costs

To stipulate that a municipal fire department can devote greater resources to actual firefighting than a for-profit company is conjecture at best.

The Arguments: A Public Fire Service or a Private One?

This section presents and assesses the main arguments in support of and in opposition to creation of a municipal fire department in Scottsdale.¹⁶

Should the Mission of Fire Protection Be Service or Profit?

Advocates of a municipal fire department argue that Rural/Metro Corporation, as a for-profit company, must serve two masters in its provision of fire services: shareholders on the one hand, and stakeholders in its fire services on the other. A municipal department, it is argued, could devote itself to serving the needs of the community and its firefighters. Accordingly, a municipal department is believed to have lower costs.

The profit vs. service argument is typical anti-privatization rhetoric, with little to no theoretical or empirical

support.¹⁷ First, government services involve costs that private-sector services do not, such as the costs associated with these items: the civil service and union protections of public employees, the laborious processes for procurement and hiring, the overhead associated with thick layers of middle management, and the premium charged by political overseers who seek public support through pork-barrel spending.

Those costs may well add up to more, perhaps much more, than what a private agency devotes to profit and corporate taxes. Were this not the case, private bidders would never beat out government agencies to provide services at the federal, state, and local levels, yet they do so regularly, in this country and many others. To stipulate that a municipal fire department can devote greater resources to actual firefighting than can a for-profit company is conjecture at best.

Second, profits serve an indispensable social function, by allowing entrepreneurs to allocate resources efficiently and to maximize productivity within the constraints imposed on them by market conditions. In the words of Austrian economist Ludwig von Mises:

The specific entrepreneurial function consists in determining the employment of the factors of production. The entrepreneur is the man who dedicates them to special purposes. In doing so he is driven solely by the selfish interest in making profits and acquiring wealth. But he cannot evade the law

of the market. He can succeed only by best serving the consumers. His profit depends on the approval of his conduct by the consumers.¹⁸

Without the possibility of profits, the sustained, efficient management of an enterprise is highly unlikely.

Finally, contrary to the claims of critics, elements of a service mission are incorporated in the Rural/Metro contract. After all, Rural/Metro does not choose the goals it pursues and the performance benchmarks it must meet. The City of Scottsdale chooses those goals and benchmarks.

Another anti-privatization argument holds that fire services are different from other market-provided services because they involve the health and safety of both firefighters and the members of the community they serve. If a private waste management company cuts corners to boost profits, it is argued, perhaps refuse stays on streets a day or two longer than desirable. But if a private fire company cuts corners, property can be lost, and in extreme cases firefighters and community members can be injured or die. According to this argument, only a government-run fire department can ensure that all available resources are devoted to firefighting rather than to profits.

However, employees of many industries face hazards equal to or greater than those faced by firefighters (timber cutting, commercial fishing, commercial air travel, mining,

construction, etc.), and the products and services of many industries have an impact on consumer health and safety equal to or greater than fire services (hospital and pharmaceutical industries, ambulance services, health insurance provision, weapons manufacturing, etc.). Companies in those industries do exactly what critics of privatization say cannot be done: earn a reasonable profit and protect the interests of their employees and consumers.

Absent a monopoly, a company that disregards the health and safety of its employees or customers, or that reduces quality in pursuit of higher profits, ends up with only a fleeting financial advantage. In time, employees quit and consumers stop buying its products and services. It most likely faces overwhelming costs in terms of government regulation, employee turnover, and litigation – not the best way to boost share price. Exceptions to these generalizations undoubtedly exist, but such examples attract attention for the very reason they are exceptional.

A final theoretical criticism of Rural/Metro is that its contract is a government-created, tax-supported monopoly, not the result of competitive marketplace dynamics. That is indeed the case, but Rural/Metro is awarded only a temporary monopoly and is forced to undergo periodic performance reviews by the city, such as that conducted by Maximus. Rural/Metro's contract can be terminated by City Council action at any time, or by citizen action through referendum, should its

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performance or stewardship of public resources fall short. It is absurd to argue that performance would be better and costs would be lower under a permanent tax-supported monopoly beholden to union and bureaucratic imperatives.

The citizens of Scottsdale are served by a private fire company that is simultaneously able to earn a profit, ensure safety, and provide top-notch service to consumers. The burden of proof rests with those who claim a permanent government monopoly would do better.

Fire Response Times

To understand the controversy over Rural/Metro's response times, one needs to be familiar with NFPA 1710, which is a fire response deployment standard issued by the National Fire Protection Association, a sort of firefighting think tank that offers "scientifically based consensus codes and standards, research, training and education."¹⁹ While NFPA standards have no binding authority on fire service providers, they serve as benchmarks for communities to set performance expectations for their own fire services.

In brief, NFPA 1710 sets two main standards for fire and emergency medical service response times:

- In at least 90 percent of incidents, the first unit should arrive on the scene within four minutes of the

time it is dispatched. The four-minute clock starts when the unit leaves the fire station. It does not include dispatch time, nor does it include "turnout" time once the fire station receives a call. (Turnout time is assumed to be one minute.)

- In at least 90 percent of incidents, the full response – meaning additional equipment and firefighters required after initial response – should arrive on the scene within eight minutes of dispatch (again, not including turnout time).

The expectation is that, in general, a fire service should attempt to meet both the four-minute and the eight-minute response time standards of NFPA 1710. However, a fire service that meets only the eight-minute response time is still in compliance with NFPA 1710, while a service that meets only the four-minute response time is not in compliance.²⁰

The Maximus report did not examine Rural/Metro's service in terms of compliance with NFPA standards. Maximus used two different response time measures:

- Average Rural/Metro response times for different areas of the city and for the city as a whole. This measure was based on actual response time data for Rural/Metro, but it provided only average response times, not the percentage of incidents Rural/Metro was able to reach with an initial response in four minutes and a full response in eight minutes.
- Percentage of the city that

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Rural/Metro could be expected to reach from existing fire stations over existing roads in fixed increments of time. This measure was based on a computer simulation model known as FLAME, which measured the time needed to travel between existing fire stations and different parts of the city using existing response vehicles. The results would have been the same no matter who was responsible for Scottsdale's fire services.²¹

On the first measure, Maximus reported an average Rural/Metro response time of four minutes, nine seconds, very close to the NFPA standard of a four-minute response.²² Unfortunately, as noted, the average response time indicates nothing about the percentage of incidents in which Rural/Metro reaches the scene in four minutes and in eight minutes. Still, the Maximus report declared the 4:09 average response time "quite good,"²³ and critics of Rural/Metro's service generally have said little about this finding.

Findings on the second measure, however, created some controversy. The Maximus computer simulation found that from existing fire stations and over existing roads, Rural/Metro (or any other service provider) could reach only 52 percent of the city with an initial response in four minutes, and only 49 percent of the city with a full response in eight minutes.²⁴ "Percentage of the city," of course, is not the same as "percentage of incidents," but this did not stop Rural/Metro's critics from arguing that

the company fails to meet the NFPA 1710 response standards.

The Maximus report acknowledges that analysis of response times for percentage of the city and percentage of incidents would produce different results: "Comparison of these two analyses shows the weakness of FLAME as a tool – that the software does not take into account the concentration of calls for service when making its analysis – it simply shows where a unit can get to in a predetermined period of time."

So if, for example, 90 percent of Rural/Metro's calls were concentrated in parts of the city that the FLAME tool indicated are reachable within four minutes, the company would be meeting that NFPA 1710 standard. The Maximus report does not provide precise figures on this score, but it acknowledges that most of Rural/Metro's calls come from the areas it can reach most quickly: "...the majority of incidents take place in those areas of dense population and development – those areas where the fire service is best-equipped to respond rapidly from its current station network."²⁵

In reality, NFPA 1710 is not so stringent. In its Decision Guide for local communities seeking to implement NFPA 1710, the International Association of Fire Chiefs explains the freedom with which communities can make their own standards:

Q: I know 1710 is a consensus document, but I still disagree with

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it. Can my community develop its own equivalent standard?

A: Your community can develop its own standard. Such a standard could, for example, distinguish between response staffing for a report of a fire in a sprinklered building and a report of fire in a non-sprinklered building. (NFPA 1710 does not draw this distinction.) To be legally defensible, any community standard should itself be based on reasonable and rational principles – principles that could be explained satisfactorily to a jury.²⁶

Scottsdale's alternate first-unit response time targets are consistent with best practices. The same conclusion holds for full response time targets.

The City of Scottsdale, in fact, developed its own standard. The Rural/Metro contract with the city sets initial response times the company must meet in different parts of the city. At the time of the audit report, the times varied from four minutes to seven minutes. The Maximus report notes, "In every case, the fire service is being provided in a time less than that required by the contract."²⁷ In other words, even if one assumes that Rural/Metro does not meet the NFPA 1710 response time standards, the company does meet alternate requirements set by the City of Scottsdale, which NFPA 1710 itself allows.

Why did Scottsdale adopt a different standard than NFPA 1710? Scottsdale has an aggressive, internationally renowned sprinkler ordinance that considerably mitigates the risk of fire damage. This allows for

more lenient response times than NFPA recommends. The Maximus report notes that although its computer simulation showed Scottsdale lacks comprehensive city coverage in four and in eight minutes:

In general, considering built-in protection in the more newly developed areas, current [response time] targets are consistent with national standards and research results involving efficacy of fire response and fire suppression capabilities of first-in units.²⁸

In other words, Scottsdale's alternate first-unit response time targets are consistent with best practices. The same conclusion holds for full response time targets:

Units are currently staffed, deployed, and dispatched to provide a response capability consistent with...industry standards/best practices.²⁹

The Maximus report recommends, however, that the city reduce some of its targeted response times in the more densely populated areas south of Frank Lloyd Wright Boulevard. Specifically, the consultants recommend that five-minute response time areas be reduced to four minutes. At the time of the audit, Rural/Metro's average initial response time at these stations was already less than four minutes.³⁰

In summary, the Maximus report fails to provide definitive data on whether Rural/Metro's fire service is compliant

with the NFPA 1710 response time standard. Even so, Maximus found that Scottsdale's alternate response standard was consistent with best practices, given the city's sprinkler coverage. It also found that Rural/Metro was in every case compliant with Scottsdale's response time demands.³¹

Fire Staffing Issues

Part of NFPA 1710 is a standard for the number of firefighters who respond to an incident. Initial response requires a minimum of four firefighters, but the Maximus report notes that many Rural/Metro fire units respond with only three firefighters, some with only two.³² This is one report finding that led critics to claim Rural/Metro is more interested in the bottom line than in safe, successful firefighting.

The NFPA 1710 standard does not, however, require that each rig carry at least four firefighters. It requires that each fire company dispatched to the scene comprise at least four members. A company may comprise multiple vehicles if they "are dispatched and arrive together, continuously operate together, and are managed by a single company officer."³³ Thus, the four-person recommendation can be met with staff on multiple vehicles.

This is, in fact, how Rural/Metro meets the four-person standard: with a fire unit carrying at least three firefighters, and a separate ambulance unit with two crew members fully trained as firefighters. Rural/Metro's

critics say that its deployments do not meet the NFPA 1710 definition of "company," that the ambulance and the fire rig do not always arrive at the scene together, because they are sometimes dispatched from separate locations. Rural/Metro acknowledges that this happens on occasion, and that on those occasions the company is out of compliance with NFPA 1710.

Rural/Metro also notes, however, that it has been staffing fire response this way – with trained firefighters arriving on both a fire rig and in an ambulance – since 1992, while NFPA 1710 has been in effect only since August 2001. Thus, a relatively recent standard now conflicts with a response model agreed on by Scottsdale and Rural/Metro for more than 10 years. The city and the company need to decide whether coming into compliance with the NFPA 1710 staffing standard makes sense, for that would mean paying for at least one additional firefighter on each Rural/Metro fire rig.

If the city decides against meeting the NFPA 1710 staffing standard, it will hardly be alone. The standard was not popular among mayors, city managers, and city councils when it was first released in draft form. The National League of Cities, the U.S. Conference of Mayors, the National Association of Counties, the International City/County Management Association, a number of other professional associations, and assorted municipal leagues representing more than 15,000 cities nationwide all filed an appeal to request that NFPA not issue 1710 in final form.

Rural/Metro meets the four-person standard with a fire unit carrying at least three firefighters, and a separate ambulance unit with two crew members fully trained as firefighters.

The groups argued that the NFPA 1710 staffing standard was not scientifically based, was a one-size-fits-all mandate not suited to the extraordinary diversity of American cities, and was of dubious cost-effectiveness in reducing loss of life and property.³⁴ Though the groups did not succeed in their appeal, most of their member cities have not come into compliance with the standard. The International Association of Firefighters (the union) estimates that two-thirds of U.S. cities do not meet the NFPA staffing standard.³⁵

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The Maximus report duly notes that Scottsdale is one of the cities not meeting the standard, at least in certain instances. Even so, Maximus declared that Rural/Metro's staffing is "consistent with staffing levels found in many urban/suburban protection areas – particularly in areas with the degree of sprinkler utilization as seen in Scottsdale."³⁶ More important, the report notes that the city's fire staffing standards "are generally consistent with industry standards/best practices."³⁷ In other words, the city and Rural/Metro have adopted generally appropriate staffing for the particular circumstances in Scottsdale.

The one staffing change the Maximus report recommends is that the small number of Rural/Metro engines staffed with two firefighters be staffed with a minimum of three. That change has been made since the issue of the report, and now all Rural/Metro fire engines carry at least three firefighters.

Participation in the Automatic Aid System

Scottsdale is the only valley city of significant size that does not participate in what is known as the Automatic Aid system. Under this system, a central dispatch center covering 19 valley communities (excluding Scottsdale) determines which city's units are closest to a particular incident and sends those units on their way. If a fire breaks out in Glendale, for example, but fire units from Phoenix are closest, they respond to the fire.

Advocates of a municipal fire department argue that joining the Automatic Aid consortium would provide at least two significant advantages to Scottsdale:

- Resource sharing through the consortium would save the city on costs of redundant systems. Separate dispatch systems for Scottsdale would no longer be necessary, for example.
- Fire response times would improve as the closest unit is dispatched, regardless of city, rather than simply the closest Scottsdale unit.³⁸

If the City of Scottsdale wants to participate in the Automatic Aid consortium, however, it need not create a municipal fire department. A department run by Rural/Metro (or other private contractor) could join the consortium if the company adopts four-per-engine staffing and upgrades its communications technology to be compatible with that used by neighboring fire departments. The same requirements would apply to a

municipal department. The costs of meeting the requirements would be in the multimillions of dollars, though they could be spread over a number of years. Again, the city would incur those costs no matter who provides its fire services, a private contractor or a city department.

Thus far, the mayor and city council have not decided whether they want to make the necessary investments to join Automatic Aid. A citizen committee studying Scottsdale fire services recommended against such a move in the near term, because the costs of meeting the Automatic Aid requirements are greater than the projected benefits. The commission also recommended, however, that the city consider joining Automatic Aid in the future if the city meets the requirements of the system.³⁹

Firefighter Pensions and Death/Disability Benefits

As employees of a private company, Rural/Metro firefighters do not qualify for the same pension benefits as other valley firefighters. If Scottsdale fire services were administered by a city department, firefighters could be covered under the Arizona Public Safety Personnel Retirement System.

The Arizona Public Safety Personnel Retirement System is a defined benefit plan. On retirement, participants in the plan are guaranteed a fixed pension calibrated to their years of service and their highest rate of pay while working. In contrast, Rural/Metro offers its

firefighters a defined contribution plan, specifically a 401(k). There are no assurances of any specific benefit level upon retirement. Conceivably, a 401(k) plan could provide higher benefits, but it could also provide lower benefits. That is determined by the individual's investment choices and the performance of those investments.

Because they work for a private company, Rural/Metro firefighters are also ineligible to participate in the federal Public Safety Officers' Benefit Program. Under that program, when a publicly employed firefighter dies or becomes permanently disabled as a result of injuries sustained in the line of duty, the family receives a one-time benefit of \$262,100. The benefit is not subject to federal income or estate taxes.⁴⁰

Costs of a City Fire Department vs. Rural/Metro

The City of Scottsdale's current one-year cost for fire services, including Rural/Metro's contract, is \$17,916,459. One of the most appealing claims of the advocates of a city department is that they can provide the same services Rural/Metro does – and buy their firefighters into the state's public safety officer pension system and qualify them for the federal death/disability benefit – for no more money than the City of Scottsdale pays now.

The Committee to Protect Scottsdale and Our Firefighters, which supports "municipalization," hired Bob Edwards, a former top official with

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Rural/Metro, to estimate the cost of running a city department. His initial estimate put the cost at \$17,966,843, only about \$50,000 more than the city is currently paying. That estimate did not include one-time transition costs, which Edwards estimated at no more than \$2 million.⁴¹

The Maximus report is not as sanguine as Edwards about the cost-effectiveness of a city department. The report's authors estimated that in the first year a city department would cost anywhere from \$580,000 to \$3.1 million more to operate than Rural/Metro's service. Factoring in transition costs raises the first-year difference to between \$3 million and \$7 million.⁴² Maximus estimated that transition costs alone might ultimately add up to \$6 million or \$7 million.⁴³

Craig Clifford, Scottsdale's financial services general manager, also prepared cost estimates as part of a contingency plan for transition to a municipal department. His most recent estimates, released January 7, 2003, show that city operating costs would exceed those of Rural/Metro by \$3 million in the first year. On top of that, he added one-time transition costs of \$4 million. In total, Clifford estimates that a city department would cost about \$7 million more in its first year of operation than Rural/Metro's service.⁴⁴

In total, Craig Clifford estimates that a city department would cost about \$7 million more in its first year of operation than Rural/Metro's service.

Conclusions and Recommendations

In May, Scottsdale voters will have the choice to end the city's 50-year relationship with Rural/Metro Corporation and replace the company with a municipal fire department. Voters should reject the creation of a municipal department and retain Rural/Metro as their fire services provider for the present time.

Proponents of a municipal fire department have failed to show that Rural/Metro's performance is lacking or that a city fire department would lead to improvements in performance or cost. Maximus, the independent auditor the city hired to assess its fire services, delivered a favorable report on Rural/Metro and explicitly recommended against the transition to a city department.

The City of Scottsdale continually shows fire property losses below national and regional averages, and its resident surveys indicate high levels of satisfaction with Rural/Metro.⁴⁵ Further, there is no reason to believe a city department could do the job more effectively or less expensively. Combined first-year operating and transition costs for a city department are estimated to exceed those of Rural/Metro by \$2 million to \$7 million.

At the same time, Scottsdale has begun rethinking the kind of fire services it wants in the future. After release of the Maximus report, a citizen committee was convened to "offer specific recommendations to the Scottsdale City Council on desired [fire/emergency medical] service levels relative to cost."⁴⁶ Among the committee's recommendations:

- The city should adopt the NFPA 1710 standard of a four-minute initial response and an eight-minute full response for at least 90 percent of calls.
- The city should transition to staffing all of its engines with a minimum of four firefighters, and staffing a full response with a minimum of 14 personnel rather than 12.
- Firefighter training should be task-oriented rather than oriented toward completion of a specified number of hours.
- The city may eventually want to consider joining the Automatic Aid consortium.

The mayor and city council need to decide which, if any, of the recommendations they want to adopt. If the city were to adopt all of them, and insist on a higher level of retirement and death/disability coverage for its firefighters, fire service in Scottsdale would look considerably different than it does today.

Rural/Metro claims it would be

willing and able to deliver the level and quality of service the city decides it wants. There is no reason to doubt that. At the same time, there is no reason to believe that Rural/Metro is the only entity capable of delivering an enhanced level of fire service.

To obtain the best service at the lowest cost, the City of Scottsdale should establish the level and quality of service it wants and then open the process to competitive bid by any interested and qualified public or private bidder. Rural/Metro would be free to bid to keep the business, but other private companies would be invited to join the competition. The firefighters' union could also prepare a bid for delivery of fire services through creation of a city department, though it would be best for the city not to award any entity a permanent monopoly on fire services.

Such a competitive bidding system would be good for all concerned:

- Scottsdale would be ensured of receiving the best service at the lowest cost.
- Rural/Metro would have a chance to quiet its critics and rethink its service delivery to achieve even greater efficiency and effectiveness.
- The backers of a city department would have a chance to compete for the business on an equal footing with Rural/Metro, on the basis of cost and performance, and outside the context of a highly emotional political campaign.⁴⁷

The City of Scottsdale should establish the level and quality of service it wants and then open the process to competitive bid by any interested and qualified public or private bidder.

NOTES

¹ Maximus, Inc., "Analysis of Fire Services: City of Scottsdale, Arizona," www.scottsdaleaz.gov/Elections/fire/default.asp. The Maximus report is divided into two parts, which I refer to as Part A and Part B. Part A analyzes Rural/Metro's provision of fire services. Part B analyzes contractual issues, that is, Rural/Metro's contract with the city and the potential transition to a city department.

² Maximus, Part A, p. 4.

³ Maximus, Part A, p. 37.

⁴ Maximus, Part B, p. 3.

⁵ Arizona Republic news story, reprinted through FireTimes, www.firetimes.com/subcontent.asp?FragID=2868, accessed February 18, 2003.

⁶ Maximus, Part B, p. 3.

⁷ Rosa Cirianni, "Expert: Don't Rush Fire Department's Creation," East Valley Tribune, July 18, 2002, News section, p. 7.

⁸ Toni Laxson, "Rural/Metro's Scottsdale Service Lauded," East Valley Tribune, March 20, 2002, News section, p. 4.

⁹ Maximus, Part A, p. 3.

¹⁰ Maximus, Part A, p. 33.

¹¹ Rosa Cirianni, "Residents Begin Push for City Fire Department," East Valley Tribune, March 30, 2002, News section, p. 3.

¹² Ibid.

¹³ Rosa Cirianni, "Zraket Seeks Rural/Metro Review," East Valley Tribune, May 7, 2002, News section, p. 3.

¹⁴ Rosa Cirianni and Toni Laxson, "Heat's on Rural/Metro in Scottsdale," East Valley Tribune, April 17, 2002, News section, p. 1.

¹⁵ Lesley Wright, "Lines Drawn in Fire Fight," Arizona Republic, October 21, 2002, www.arizonarepublic.com/scottsdale/articles/1021sr-ruralmetro21Z8.html, accessed January 27, 2003.

¹⁶ Much of the material in this section is based on lengthy discussions with representatives of the two groups most heavily involved in these issues: Committee to Protect Scottsdale and Our Firefighters (discussion February 20, 2003) and Rural/Metro Corporation (discussion February 27, 2003).

¹⁷ There is a wealth of literature on the private provision of public goods. Some good references: Ronald Coase, "The Lighthouse in Economics" and "The Problem of Social Cost," *The Firm, the Market, and the Law* (Chicago: University of Chicago Press, 1988); Anthony de Jasay, *Social Contract, Free Ride: A Study of the Public Goods Problem* (Oxford: Oxford University Press, 1989); J. Wilson Mixon, ed., *Private Means, Public Ends: Voluntarism vs. Coercion* (Irvington-Hudson, NY: Foundation for Economic Education, 1996); and David Schmidtz, *The Limits of Government: An Essay on the Public Goods Argument* (Boulder:

Westview Press, 1991). For an industry-by-industry approach to the issues of privatization, a good resource is Reason Public Policy Institute, Annual Privatization Report (1988-2002), www.rppi.org.

¹⁸ Ludwig von Mises, *Human Action* (Irving-on-Hudson, NY: Foundation for Economic Education, 1996), pp. 290-91.

¹⁹ National Fire Protection Association, www.nfpa.org/catalog/home/AboutNFPA/index.asp, accessed February 28, 2003.

²⁰ International Association of Fire Chiefs, *NFPA 1710: A Decision Guide* (2001), p. 26.

²¹ One could argue that a provider other than Rural/Metro might have commissioned additional fire stations or purchased additional response vehicles, but the City of Scottsdale owns both the fire stations and the response vehicles and is responsible for such decisions.

²² Maximus, Part A, p. 16.

²³ *Ibid.*

²⁴ Maximus, Part A, pp. 15, 17.

²⁵ Maximus, Part A, p. 16.

²⁶ International Association of Fire Chiefs, p. 12.

²⁷ Maximus, Part A, p. 16.

²⁸ Maximus, Part A, p. 65.

²⁹ Maximus, Part A, p. 67.

³⁰ Author calculations from data provided in Maximus, Part A, p. 16, and Appendix A.

³¹ Critics respond that relaxed response time standards are not appropriate for Scottsdale. Whether relaxed time standards are appropriate for Scottsdale is a question for the city, not for Rural/Metro, which delivers response times consistent with city expectations.

³² Maximus, Part A, pp. 33-34. While a small number of Rural/Metro engines were staffed with just two firefighters at the time of the report, all the company's engines currently carry at least three firefighters.

³³ International Association of Fire Chiefs, p. 19.

³⁴ Appeal of League of California Cities to NFPA Standards Council regarding Proposed Standards 1710 and 1720, June 20, 2001, www.orcities.org/members/pubsafety/safleg149.pdf, accessed February 27, 2003.

³⁵ "Support for Adequate Fire Service Staffing Grows Stronger," Across the IAFF, March 19, 2002, www.iaff.org/across/news/LegCon02/031902fireLC.html, accessed February 27, 2003.

³⁶ Maximus, Part A, p. 39.

³⁷ Maximus, Part A, p. 66.

³⁸ Rural/Metro would note that, under the present arrangement, it can call on fire resources from adjacent cities through "mutual aid" agreements with those cities, and from its own fire companies serving Paradise Valley, Care-free, Cave Creek, and Fountain Hills.

³⁹ City of Scottsdale Fire and Emergency Medical Services Committee, "Fire/EMS Committee Recommendations for Submittal to the City Council," October 23, 2002, pp. 12-15.

⁴⁰ Information on the Public Safety Officers' Benefit Program is available through the Bureau of Justice Assistance at www.ojp.usdoj.gov/BJA/topics/PSOB/Program.html, accessed February 27, 2003.

⁴¹ Jon C. Altmann, "Rural/Metro to Face Vote in Scottsdale," *FireTimes*, January 29, 2003, www.firetimes.com/printStory.asp?FragID=7137.

⁴² *Maximus*, Part B, pp. 50-51.

⁴³ Minutes, Scottsdale City Council, City Council Meeting, May 7, 2002, p. 9, [ww.scottsdaleaz.gov/council/Agendas/2002/may/050702ccmin.pdf](http://www.scottsdaleaz.gov/council/Agendas/2002/may/050702ccmin.pdf), accessed February 28, 2003.

⁴⁴ The city's cost estimate memorandum is available at www.scottsdaleaz.gov/Elections/_documents/Cost_Compar.pdf, accessed February 28, 2003. The memo contains the most recent city estimates available at time of publication. Both the city and the backers of a municipal department

caution that the city is preparing updated estimates to be released before the May 2003 election.

⁴⁵ City of Scottsdale Fire and Emergency Medical Services Committee, p. 2, and Rural/Metro Fire Department, "Building a Safer Community for Future Generations," City of Scottsdale Annual Activities Report, Fiscal Year 2001/2002.

⁴⁶ City of Scottsdale Fire and Emergency Medical Services Committee, p. 2.

⁴⁷ Advocates of a municipal department insist that the current process parallels a competitive bidding process. Rural/Metro made its "bid" in the form of its contract price with the city, and advocates of a city department are now preparing theirs (the aforementioned Bob Edwards is updating his cost estimates on behalf of the firefighters' union). By definition, however, competitive bidding means that all bidders' prices remain secret until the process is over. In this case, advocates of a municipal department have seen Rural/Metro's "bid" and therefore know the price they need to beat. Furthermore, in real competitive bidding, the winning bidder is legally bound to provide the service for the price quoted, which is a major constraint on taking liberties with the numbers to produce an artificially low bid. The cost estimate that advocates of a city department are preparing is not binding, because it is not an actual bid. Thus, the built-in constraints against an artificially low estimate do not come into play.

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