

INTERNAL AUDIT REPORT

CITY OF MANCHESTER

NEW HAMPSHIRE



Review of Fire Department Overtime, FY 2003

Prepared by

City of Manchester, NH – Finance Department
Internal Audit Division

**INTERNAL AUDIT REPORT
CITY OF MANCHESTER, NEW HAMPSHIRE
REVIEW OF FIRE DEPARTMENT OVERTIME, FY 2003**

TABLE OF CONTENTS

LETTER OF TRANSMITTAL 1

INTRODUCTION 3

FINDING AND RECOMMENDATION 6

Observation 1: The MFD should develop programs designed to reduce sick leave 10

Observation 2: Vacation Scheduling Allows the Number of Firemen on Vacation to Exceed the
Number of Relief Personnel 12

Observation 3: Training Classes do not Appear to be Scheduled to Minimize the Amount of
Overtime Needed to Cover Vacancies 13

OTHER ISSUES 14

APPENDIX 16

QUARTERLY OVERTIME TRENDS GRAPH 17



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January 28, 2014

Committee on Accounts, Enrollment and Revenue Administration
City of Manchester, New Hampshire
Honorable Aldermen: Smith, Shea, Guinta, Osborne and Thibault

Dear Honorable Committee Members:

Scope of the Audit

At the July 2003 meeting, a request was made by Internal Audit (IA) to investigate the causes of the \$ 1,019,932 of overtime expended by the Fire Department during fiscal year 2003. IA limited their test work to line firemen only. Line firemen accounted for 90% of the Manchester Fire Department (MFD) overtime for the year ended June 30, 2003.

Procedures

The audit procedures began with preparing a schedule of overtime trends at MFD for the three years ended June 30, 2001, 2002 and 2003. IA then obtained an understanding of the procedures that govern staffing requirements, time and leave policies, scheduling, hiring and training, coverage requirements and the organization of the MFD.

A cost analysis was then done to compare the cost of using overtime to achieve minimum staffing requirements when short term vacancies occur at the MFD versus hiring additional personnel to cover.

Vacancy and coverage was then scheduled out on a daily basis for the six months ended December 31, 2002 and an analysis was done on the various types of leave and the coverage requirements for each type.

A search was done on the Internet to gather information on other fire departments to compare staffing levels, shift scheduling and costs to the MFD.

Conclusion

The MFD uses a combination of relief personnel and overtime to fill in for vacancies in the ranks of line firemen in order to comply with minimum staffing requirements. Vacancies occur due to vacations, sick time, retirements and other separations in service. Due to an unusually high amount of retirements and separations in service during FY 2003 overtime was relied on heavily to fill in the vacancies. IA has determined that the use of overtime may be the most cost-effective way to achieve minimum staffing requirements. Compared to other communities of similar size the MFD does not appear to be overly staffed or have significantly higher expenditures. Due to changes in the recent collective bargaining agreements with the unions covering line fire personnel the City should expect to see an increase in overtime expenditures starting in FY 2004. IA has noted some suggestions to help reduce the amount of overtime needed in the report that follows.

The draft audit report was sent to the management of the Fire Department for their review and comment. The observations generated and the auditee written responses are included in the following report. The auditee responses indicate general agreement with the reports recommendations and states that corrective action will be taken during FY 2004. We appreciate the courtesy and cooperation of the staff and administration of the Fire Department on this assignment.

Respectfully Submitted,

Kevin Buckley, CPA
Internal Audit Manager

INTRODUCTION

AUDIT BACKGROUND

At the July meeting of the Committee on Accounts, Enrollment & Revenue Administration it was requested by IA that an examination of the causes behind the large amount of overtime used at the Fire Department be conducted. The Finance Officer of the City of Manchester has been designated by state law, city charter and local ordinance with the authority to conduct such examinations and audits.

Our audit was conducted in accordance with generally accepted auditing standards, as promulgated by the American Institute of Certified Public Accountants, as well as standards applicable to financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

AUDIT SCOPE AND OBJECTIVES

Our audit was conducted for the purpose of determining the causes of the overtime expenditures at the Manchester Fire Department (MFD) and recommendations for possible reductions. Testing was limited to the line firemen who accounted for 90% of the FY 2003 overtime.

The results of our testing and the recommendations and observations generated are included in the following report.

BACKGROUND OF AUDITEE

ORGANIZATION

The MFD is established under the City Charter by Chapter 3.02 and Chapter 92 of the Code of Ordinances under the direction of a Fire Chief and five-member Fire Commission. The MFD is responsible for providing properly trained personnel for, and high-quality emergency response to, any situation that threatens the life, safety and well being of people and property in the City. Since 1991 the MFD has responded to about 500 fires a year. This amount includes building, vehicle, brush and other fires. In addition, the MFD has seen an increasing role in responding to rescue and emergency medical responses, hazardous material responses, false alarms and other types of responses. The amount of these “other incidents” has steadily risen from around 11,000 in calendar year 1991 to over 14,000 per year currently. The following chart shows the increase in various responses from 1999 through 2003.

SELECTED STATISTICS 1999 – 2003

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Building/Structure Fires	196	170	140	149	145
Vehicle fires	118	104	91	107	94
Brush/Wild Land Fires	127	107	170	131	71
All Other Fires	99	94	124	87	76
Total Fires	540	475	525	474	386
Estimated Property Damage (in thousands)	\$ 3,550	\$ 2,284	\$ 2,588	\$ 7,032	\$ 2,695
Rescue/EMT Responses	7,992	8,362	9,071	9,051	9,969
All Other Responses	4,197	3,978	3,921	3,895	4,240
Total of all incidents	12,729	12,815	13,517	13,424	14,595

Source: MFD website www.manchesternh.gov/CityGov/MFD and MFD records

The MFD is composed of the following 7 divisions:

- Administration
- Mechanical
- Operations
- Training
- Prevention
- Communications
- Emergency Management

The largest division is the Operations Division, which contains all the line fire fighters and is responsible for responding to emergency calls in the City. Headquarters of the MFD is located at the Central Fire Station, 100 Merrimack Street, which houses the following companies: Engine 1 (12 Firefighters), Engine 11/Truck 1 (20 Firefighters), and Rescue 1 (16 Firefighters). In addition to the Central Station the MFD also has nine district stations under the direction of five district chiefs. The nine district stations are:

<u>Station</u>	<u>Address</u>	<u>Company(s)</u>	<u># Firefighters</u>
• Station 2	527 South Main Street	Engine/Truck 2	20
• Station 3	2033 South Willow Street	Engine 3	12
• Station 4	146 Hackett Hill Road	Engine/Truck 4	16
• Station 5	44 Webster Street	Engine/Truck 5	20
• Station 6	134 Amory Street	Engine/Truck 6	20
• Station 7	679 Somerville Street	Engine/Truck 7	20
• Station 8	East Industrial Park Drive	New Station	Not Staffed
• Station 9	575 Calef Road	Engine 9	12
• Station 10	630 Mammoth Road	Engine 10/Truck 3	20

Beginning February 8, 2004 Station 8 will be the home of Engine 8 and will be staffed with 16 firefighters. The 10 stations comprise 11 companies staffed by 11 Captains, 33 Lieutenants, and 144 Firefighters. In addition, the MFD has 16 uncommitted Firefighters (8 Officers and 8 Firefighters) to cover for vacations, sick and other temporary vacancies as they may occur. This gives MFD a relief factor of 1.085 (204 positions/188 positions to cover minimum staffing). Correspondence from other cities across the country indicated that relief factors run approximately 1.1 to 1.2.

The base pay ranges for Manchester line fire fighters are:

Firefighters are paid at a pay grade	16	\$32,579 - \$51,644 (with A Step)
Fire Lieutenant is paid at pay grade	19	\$39,911 - \$72,434 (with A Step)
Fire Captain is paid at a pay grade	22	\$48,893 - \$85,734 (with A Step)

FINDINGS AND RECOMMENDATIONS

STAFFING AND COVERAGE REQUIREMENTS

The National Fire Protection Association (NFPA) is an international nonprofit membership organization whose mission is “to reduce the worldwide burden of fire and other hazards on the quality of life by developing and advocating scientifically based consensus codes and standards, research, training and education”. In August of 2001 NFPA issued standard 1710 *Standard for the Organization and Deployment of Fire Suppression Operations, Emergency Medical Operations, and Special Operations to the Public by Career Fire Departments*. This document lists the minimum staffing requirements and deployment criteria for full time fire departments. In it NFPA 1710 defines a company as “a group of members...dispatched and arriving together, continuously operating together and ... managed by a single company officer...”. It also dictates that minimum staffing for an engine company as four on-duty personnel. In some cases such as jurisdictions with high tactical hazards or high hazard occupancies a minimum of five or six on-duty members is required. The MFD complies with this standard by having a minimum staffing of three firefighters on each engine and two firefighters on each truck. By having multiple vehicles responding together as a unit they are able to meet the criteria for minimum staffing.

SHIFT SCHEDULING

Fire departments that are staffed for 24-hour protection typically use one of several scheduling models. Some work 24-hour shifts working 24 on then 48 or 72 hours off. Other models provide some variation of a split shift with a nine or ten-hour day shift and a fifteen or fourteen-hour night shift. After a “set” of day shifts firefighters get 72 hours off then they work a “set” of night shifts with 48 hours off. These shifts are generally on an eight-week cycle with an average workweek of 42 hours over the eight-week cycle.

The MFD uses a ten-hour day and fourteen-hour night shift model. A firefighter will work one ten-hour day shift, then the next fourteen-hour night shift, then off one 24-hour period; a day shift then a night shift then off for three 24-hour periods. During the eight-week cycle they will work two 34-hour weeks, two 38-hour weeks and four 48-hour weeks. Two weeks of an eight-week cycle are represented below.

	Week 1							Week 2						
	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	N				D	N		D	N				D	N
2		D	N				D	N		D	N			
3	D	N		D	N				D	N		D	N	
4			D	N		D	N				D	N		D

D = Day Shift 8AM to 6 PM

N = Night Shift 6 PM to 8 AM

Under the labor agreement in force during FY 2003 overtime at time and one-half was paid whenever a fireman worked over 40 hours in a week unless the fireman was on the 48 hour week in the cycle then overtime would be calculated after 48 hours. Members get 5 days for response to multiple alarm fires or special callbacks. Each day is calculated as ¼ of a normal workweek. In the event they are held over from a shift, they receive time and one-half for any hours over their normal shift.

The new labor contract phases in overtime so that any time worked over scheduled hours will be paid as overtime. Effective July 1, 2003 employees scheduled to work 34 or 38-hour weeks will be paid overtime for actual hours in excess of 38. Effective January 1, 2004 firemen scheduled to work a 34 hour week will be paid overtime rates for actual hours worked in excess of 34 hours.

The new contract also allows the choice of getting paid for vacation time at straight pay in lieu of taking the time off.

Firemen receive 11 days of holiday pay that is computed as ¼ of a normal workweek.

VACANCIES AND RECRUIT TRAINING

The Fire Chief maintains a recruitment register of potential firefighters who have applied to work for the MFD. The Chief ranks the applicants and when enough vacancies occur to train a class of new firefighters they will offer the opportunities to those qualified candidates on the list. The MFD conducts its own twelve-week training school. During FY 2003 the fire class started the first week of September and after seven weeks suspended training in order to fill in during the busy holiday season. This class will finish training in the spring. Immediately upon graduation the new firemen are placed in the unassigned pool and start covering for vacant shifts. From the time the first vacancy occurs and then enough vacancies accumulate to convene a school and the twelve-week training cycle finishes, vacancies in the MFD sometimes remained unfilled for many months. These vacancies must be filled using overtime. The MFD is only allowed to recruit for current existing openings and may not hold extra Firemen on payroll for anticipated openings.

OVERTIME COST VERSUS NEW HIRES

From IA's inquiries of other cities it was noted that most cities agree that in general it is more cost effective to use overtime then to hire more firefighters to cover minimum staffing requirements. This is true only if the benefit burden of new firefighters exceeds the cost of the overtime. Based on current information the profiles of the average firefighters and average relief firefighters are summarized in the table on the following page.

The cost of overtime is based on the average salary during FY 2003 for each class of personnel. Overtime includes the hourly wage at time and one half plus 13.44% employer share of retirement and 1.74% employer share of workers' compensation insurance (FY 2003 estimate).

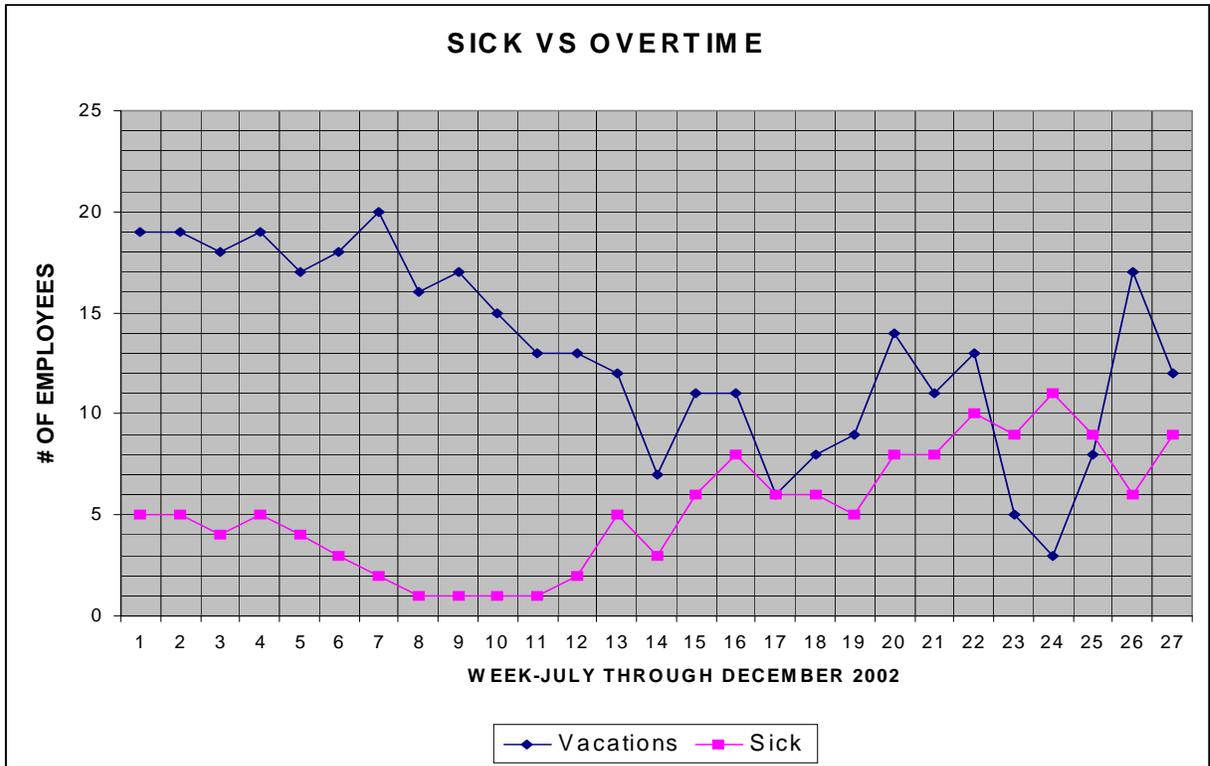
The full costs include - salary, employer share of retirement and workers' compensation, medical and dental insurance based on a family plan, life insurance, and disability insurance. It also factors in time off that must be covered with overtime such as vacations, extra duty pay, sick pay and holiday pay. For first year firemen the cost also includes twelve weeks of training.

All Line Personnel			
	Average Years of Service	Labor Grade -Step	Cost of Overtime Per Hour
Fireman	11 years, 1 month	16-8	\$ 32.09
Lieutenant	18 years, 10 months	19-9	\$ 38.44
Captain	21 years, 8 months	22-6	\$ 43.14
Relief Personnel			
	Average Years of Service	Labor Grade -Step	Full Cost Per Hour
Fireman	Less than 1 year	16-2	\$ 33.46
Lieutenant	14 years, 1 month	19-9	\$ 41.29
Captain	26 years, 1 month	22-7	\$ 47.15

IA's analysis shows that it is less expensive to use overtime to cover minimum staffing than it is to hire more personnel. However studies have shown that the excessive use of overtime contributes to fatigue, low moral, and increased sick time and injuries. The correct mix of overtime and relief personnel was not calculated as it is beyond the scope of this audit and the expertise of the office.

TIMECARD ANALYSIS

IA analyzed the data from 27 weeks of time cards obtained from the MFD. The period from June through December of 2002 was analyzed in order to determine how the relief personnel were used. The following sections are based on this analysis.



SOURCE: MFD Timecards July through December 2002

SICK TIME

The average number of sick and injured per week was 5.3 (1.6 injured). The most sick/injured in one week was 11 (9 sick/2 injured) with a low of 1 which was a long-term injury. If not for the injuries there would have been 4 weeks when no fire fighters would have been out on sick leave. Sick leave use dropped after July and peaked during the November and December holiday season.

Seventeen out of twenty-seven weeks analyzed had at least 1 person on a work related injury. Two of these employees were out on work-related injury for 11 and 12 weeks. The other five were out from two to five weeks during the time period analyzed. One employee was still out as of the period end.

LEAVE POLICY

Sick leave pay is computed as 1/5 of a normal workweek. Fire fighters may accumulate up to 120 days of sick leave and may cash in at termination up to 80 days. Starting in FY 2004 fire fighters may be paid up to 1/4 of the sick leave days over 80 to a maximum of 120.

The MFD has a sick leave incentive program that awards personnel 2 days of pay (1 day = 1/5 of a week) if they use 6 days or less of paid sick leave in a calendar year.

Selection of vacation leave is done by seniority, by company. Per the collective bargaining agreement two members of a double company and one member of a single company will be allowed to be on vacation at one time. Under this formula up to twenty firemen could be on vacation during the same week.

Starting in 2004 firemen may elect to receive payment of some of their accrued vacation time at straight time in lieu of taking the time off.

Observation 1: The MFD should develop programs designed to reduce sick leave

IA compared the amount of sick leave earned during FY 2003 to the amount of sick leave used during the fiscal year. Sick leave used includes the one-day per year charged for employees who participate in the sick leave bank, FMLA leave and the pay out of retiring employees. Fire Line personnel used 2,984 days of sick leave, which includes 877 days of FMLA leave (FMLA includes workers' compensation injury leave) and 171 days of sick leave bank. There were 7 Fire fighters who retired in FY 2003 with an average of 26 years of service. These factors contributed to the MFD using 127% of earned sick time for the year (94% if sick leave bank and retirement payouts are excluded). The average "used-to-earned" ratio for the City was 95% during the same period. This also appears to be high compared to other large departments such as Police 93%, Highway 102%, and Parks 107%.

Recommendations:

The department should compile and review sick leave data in order to establish benchmarks and identify possible patterns of abuse or areas where reductions of time used can be achieved.

The department should consider taking a more proactive approach to sick leave reduction by emphasizing the benefits of saving leave balances and reducing injuries both at home and on the job. This could also include a comprehensive wellness-fitness program to reduce injuries. The International Association of Firefighters and the International Association of Fire Chiefs developed the Fire Service Joint Labor Management Wellness-Fitness Initiative to improve the wellness of fire personnel. Several U.S. and Canadian fire departments require the mandatory participation of all the uniformed personnel in this program. It has been reported that in City of Phoenix, Arizona, during the first eight years of their program, the number of job-related injuries decreased by 26 percent and the average number of days off due to on-the-job-injuries was reduced by 42 percent.

Auditee Response

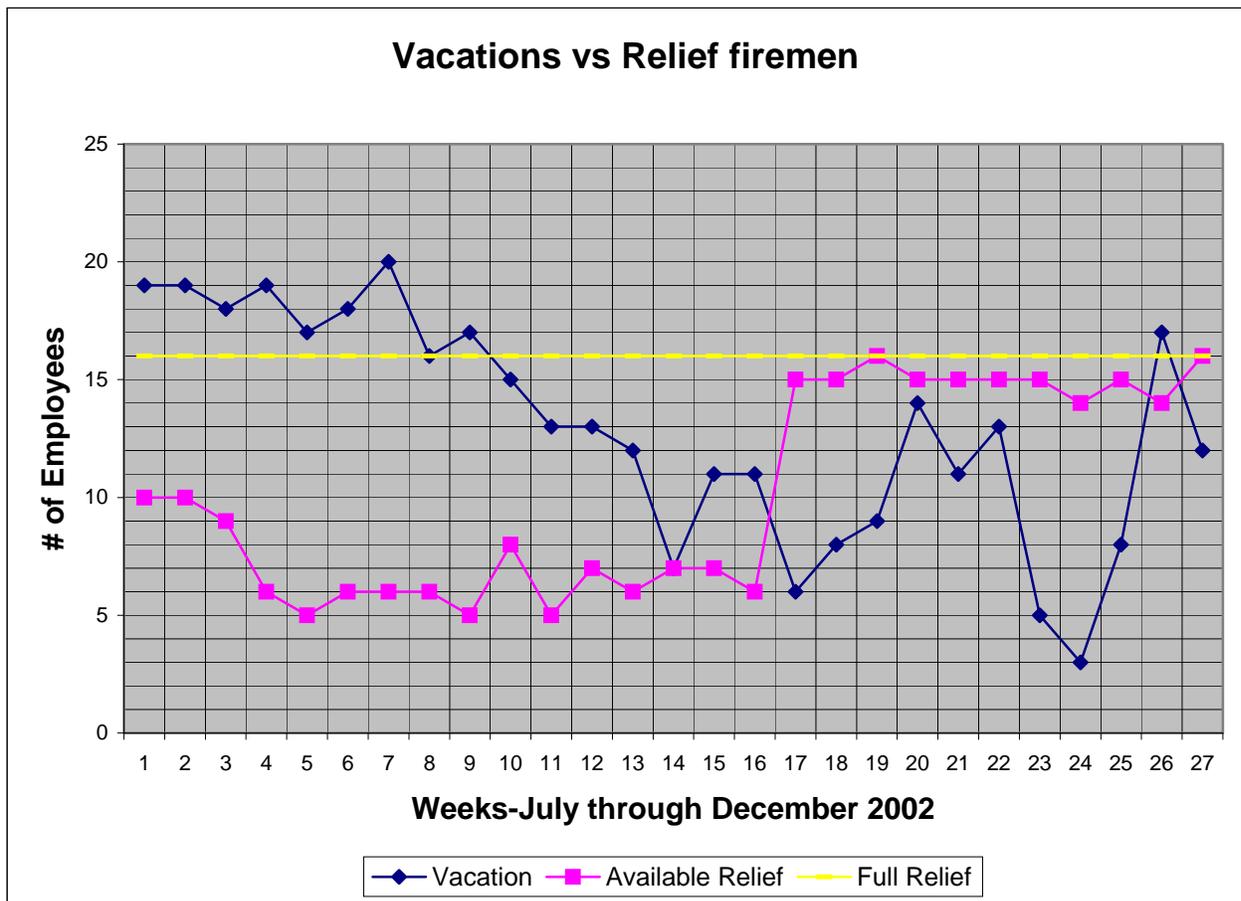
The department currently monitors sick leave on a daily basis, addressing areas of possible abuse when appropriate.

Also, as of July 1, 2004, the Joint Wellness Initiative will be in effect as agreed to by both the department and the union (Local #856, IAFF).

In addition, the department recently completed a comprehensive risk analysis that was shared with our Risk Management office.

Vacations

The number of firefighters out on vacation at one time ranged from a high of twenty during the third week of August and nineteen during the first two weeks of July and again in the fourth week in July to a low of three during the second week of December. Vacations again spiked to seventeen the third week of December. The average number of firefighters on vacation per month was: July - 18.4, August - 17.25, September - 13.25, October - 8.6, November - 11.75, and December - 9. The amount of firefighters out on vacation exceeded the amount available to cover for 16 out of 27 weeks (60%) as noted in the chart below.



SOURCE: MFD Timecards July through December 2002

The disparity between the amount of firefighters available to cover for vacations was mostly due to the shortage of relief firefighters from July through October prior to the new class of recruits completing their training. If the MFD had a full contingent of firefighters they would have been able to potentially cover vacations 18 out of the 27 weeks (67%). The timing of training and graduating classes of replacement firefighters would appear to be crucial to controlling overtime.

It appears that vacancies in the replacement ranks caused by vacancies in line firefighters due to retirement and terminations and the length of time required to train a new class of firefighters contributes greatly to the need for overtime.

Observation 2: Vacation Scheduling Allows the Number of Firemen on Vacation to Exceed the Number of Relief Personnel

The Manchester Fire Department requires that firemen put in for vacation leave early in the year. Selections of vacation periods are done by seniority, by company. By the terms of the collective bargaining agreement only two members of a double company shall be allowed on vacation at the same time. This would imply that up to twenty line firemen could be on vacation at the same time. By not limiting the total number of employees allowed to take vacation during any given week the agreement allows the number of people on vacation to exceed the amount of the sixteen uncommitted employees available to cover them. The amount of firefighters on vacation varied from a high of twenty to a low of three for the twenty-seven weeks evaluated. After the Fire Department finished training replacement firefighters in October they had sixteen uncommitted firefighters available to cover shifts. If they had the sixteen uncommitted firefighters throughout the twenty-seven weeks that were analyzed, for nine of those weeks (33%) the number of firefighters on vacation would have exceeded the amount uncommitted. Due to the many vacancies occurring from July through August the number of weeks that firefighters on vacation exceeded uncommitted firefighters was sixteen out twenty-seven weeks (59%).

Recommendation:

As vacation time is the one part of the overtime commitment that the Department has control over, every effort should be made to ensure that the amount of scheduled time off does not exceed the amount of potentially available uncommitted firefighters.

A 1992 study by the City of San Jose, California reported that the most efficient and effective manner to meet minimum staffing was to staff 73 percent of absences with relief personnel and 27 percent with overtime. This study however is outdated and the parameters of the San Jose Fire Department may not apply to the Manchester Fire Department. The City Manchester should consider having a study done to determine the best mix of relief to overtime.

Auditee Response:

The department honors its contractual obligations by allowing 20 line employees per week to be on vacation.

A 1992 study of a department in California is not relevant to current conditions

Observation 3: Training Classes do not Appear to be Scheduled to Minimize the Amount of Overtime Needed to Cover Vacancies

The process for training and replacing firemen is a lengthy one. Add to this the uncertainty of when openings will occur and it is inevitable that there will be a time lag between positions becoming open and filling the position. From a list of applicants a class of potential firemen is selected and must undergo a 12-week recruit school. The first week of July 2002 there were ten uncommitted firemen to cover for vacations and other leave. By the fourth week in July 2002 the number dropped to six. Recruit school for replacements did not begin until September 1, 2002 and recruits were not available until October 19, 2002 when the nine recruits were ready to cover for firemen on leave. (The school was temporarily suspended at 7 weeks in order to have replacements available during the busy holiday season. These recruits finished the final five weeks of recruit school in the spring.) During part of this time 6 uncommitted firemen were available to cover for vacations and other leave through the summer season when many of the vacations are scheduled. From the fourth week in July until October 19, 2002 there was an average of 14.5 firemen on vacation.

Recommendation:

The department should try to train replacements so they will be available during the periods of highest need. Because the training was split between two sessions the class that was available in October arrived in time to cover for the winter holiday period when many vacations are scheduled. The department should consider the feasibility of training smaller classes more often in order to ensure coverage during the periods when most vacations are scheduled.

Auditee Response:

The department makes every effort to deliver two recruit schools per year, one in the spring and one in the fall.

The department initiated two in 2003, with the second one finishing on February 6, 2004.

OTHER ISSUES

During the course of the audit other issues came to the attention of IA that while they did not rise to the level of an observation or recommendation it was felt that they should be presented for consideration.

OTHER STAFFING MODELS

The MFD uses a 10-hour day and 14 hour night shift model. A firefighter will work one ten-hour day shift, then the next fourteen-hour night shift, then off one 24-hour period; a day shift then a night shift then off for three 24-hour periods. During the eight-week cycle firemen will work two 34-hour weeks, two 38-hour weeks and four 48-hour weeks. MFD’s entire line fire force is made up of full-time highly trained members.

Different shift models

Other cities use a 24-hour shift model that requires the firefighters to work on an average greater hours per week than the MFD thereby reducing the number of firefighters necessary to cover minimum staffing. This usually results in much higher overtime hours to cover for vacancies.

An alternative to a rotating shift where personnel work a combination of nights and days, and the number of hours worked each week varies, is to work a fixed shift schedule. The “A” shift works three ten-hour days followed by a twelve-hour day. On the fourth day a “B” shift works a twelve-hour night followed by three ten-hour nights. The remainder of the time is filled by two shifts “C” & “D”, one day and one night, that work three fourteen hour days and nights respectively followed by four days off. This would eliminate many of the scheduling problems with the rotating shift system and every employee would always work a 42-hour workweek. The major drawback in this approach is that the night shifts would have to either come in during the day for training at overtime pay or night training would have to be arranged at additional expense. The night shifts would also be very unpopular with the employees. This shift schedule is depicted below.

	1 st Shift	2 nd Shift	3 rd Shift	4 th Shift
Sunday	7 AM to 5 PM	5 PM to 7 AM		
Monday	7 AM to 5 PM	5 PM to 7 AM		
Tuesday	7 AM to 5 PM	5 PM to 7 AM		
Wednesday	7 AM to 7 PM			7 PM to 7 AM
Thursday			7 AM to 5 PM	5 PM to 7 AM
Friday			7 AM to 5 PM	5 PM to 7 AM
Saturday			7 AM to 5 PM	5 PM to 7 AM

Use of volunteers and reservists

A few cities with populations close to Manchester’s population still use volunteers to fill in for the full time firemen. A study by John C. Hike, a staff economist with the Federal Trade Commission, based on data in 48 cities found that “the use of voluntary fire-fighting units reduce local-

government expenditures for fire-fighting activities”. The city still must train, outfit and insure these volunteers. Because these volunteers have other full-time jobs and aren’t required to show for every fire the department cannot be sure of how many will respond at any given time. Turn out time is generally slower using volunteers where speed in getting to a structure fire is critical.

One City that IA looked at uses on-call paid reservists (most of whom are city employees who receive regular monthly training and have permission to leave their city jobs when their pagers alert them to a structure fire). This presents most of the same problems that are experienced with volunteer fire fighters.

Privatization

Some communities, mostly in the western U.S. and other countries use private, for-profit fire departments. The Rural/Metro Corporation has provided the City of Scottsdale Arizona with fire protection 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. They also argue that 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.

However studies done by the Goldwater Institute, the Reason Public Policy Institute (RPPI), University City Science Center and Maximus, Inc. give a favorable assessment of Rural/Metro’s fire services in Scottsdale. The chief author of the March of 2002 Maximus report, Richard Brady described the service as “effective, efficient, and high-quality”. The RPPI study concluded “An examination of the private fire department in Scottsdale, Arizona found that, in comparison with nearby public-sector departments, it had the lowest per capita cost of fire services and one of the lowest fire incidence and loss records”. Scottsdale had, on average, half the structure fires for similar sized cities and less than one third the average per capita fire loss. A Reason Foundation survey found that communities typically saved from 10 to 50 percent by contracting with a private firm for fire protection.

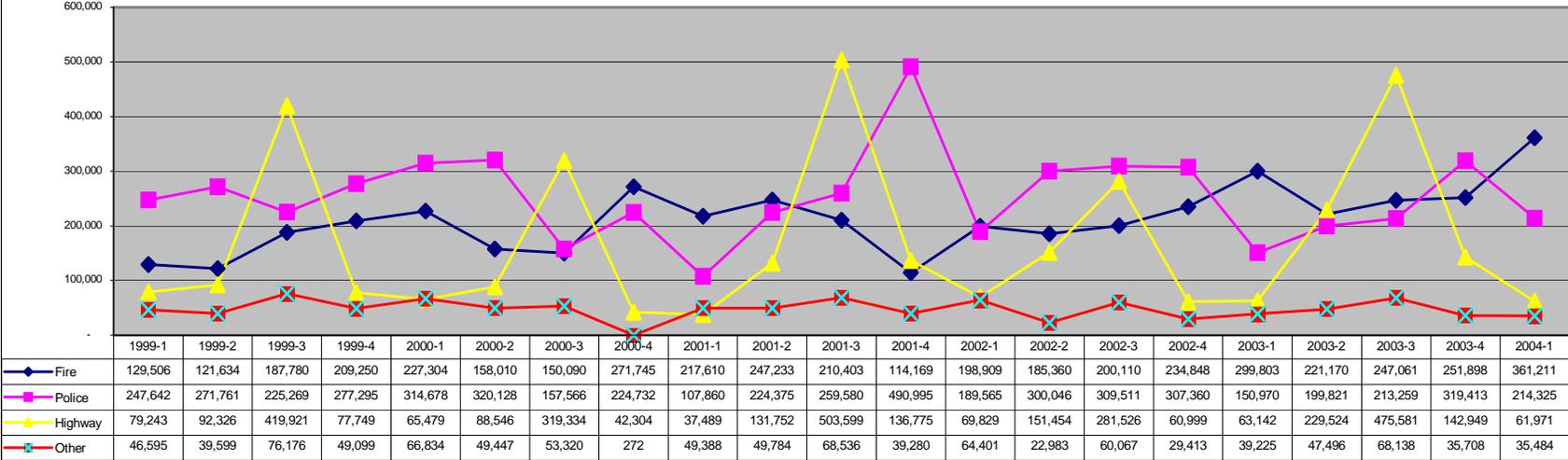
Rural/Metro uses a mix of full time firefighters and on-call reservists, cross training of personnel and heavy emphasis on fire prevention programs aimed at minimizing fire loss through the use of technology and public education and safety promotion. The University City Science Center five-month study concluded that Rural/Metro’s “model prevention and inspection program provides citizens with a higher degree of safety than that which is available in most communities ... it has one of the lowest structure fire rates and fire loss rates in the valley. At the same time the cost for services are low compared to other communities”. In Scottsdale, due to urging by Rural/Metro, residential sprinklers are commonplace. Following a 1985 ordinance, 40 percent of residences have sprinkler systems saving lives and sparing much property damage – the average loss per sprinkler fire is \$1,945 versus \$17,067 for non-sprinkler fires. In Arizona, for houses so equipped, sprinkler systems drop fire insurance rates by about 75%.

The issue of whether the City of Scottsdale should have a municipal fire department was defeated by voters in May of 2000 by a 2-1 margin. Rural/Metro however has decided not to renew its contract with the City of Scottsdale, which expires in 2005.

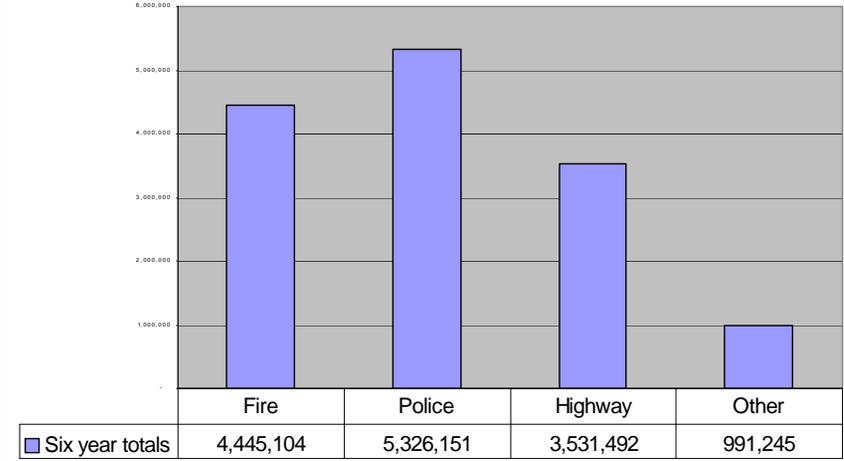
APPENDIX

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Quarterly Totals by Department



Six Year Totals by Department



Yearly General Fund Totals

