AN EVALUATION OF FEE FOR SERVICE PROGRAMS
FOR THE ALBANY FIRE DEPARTMENT

EXECUTIVE LEADERSHIP

BY: John R. Bradner
Albany Fire Department
Albany, Oregon

An applied research project submitted to the National Fire Academy
as part of the Executive Fire Officer Program

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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.

Signed: ________________________________________
ABSTRACT

Fire Departments across the country are faced with limited revenue. The Albany, Oregon, Fire Department was in a similar situation and looking for ways to increase funding. Other options were evaluated; however, the problem was that the funding system was unstable. The purpose of this descriptive research project was to provide additional stability to the Department through an analysis of a fee for service program. The following questions were considered:

What are the reasonable costs of providing fire services?

What services could Albany consider assessing additional fees for?

What are the potential impacts of assessing user fees?

A literature review, survey, personal communications, and evaluation of other programs led to a recommendation to implement a user fee program.
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INTRODUCTION

Public sector emergency responders understand the routine struggle that takes place for the finite amount of money the public is willing to relinquish in taxes. A department’s administration and its employees are accountable to the public and must be able to justify expenditures to the citizens they have been hired to protect. Due to limited finances, fire departments are often required to become creative with funding options in order to adequately maintain or augment current staffing and service delivery levels.

In November of 2002 the citizens of Albany, Oregon, passed a five-year serial operating levy to help fund emergency services in the community. In addition to providing necessary funds, this revenue allowed the Fire Department to hire six paramedic/firefighters and two deputy fire marshals to help deal with an ever-increasing emergency call volume and the demands of a growing community. In November of 2006 the citizens of Albany will be asked once again to show their support for the Fire Department by passing another operating levy to continue funding the needed positions. If the Department fails to ultimately pass this operating levy, the estimated annual shortfall for the Albany Fire Department will initially be $900,000 and will continue to rise as costs increase over time.

In order to meet the community’s emergency service needs, the Albany Fire Department has become dependant on this reoccurring operating levy to augment their funding from the City’s general fund. The problem is that the Albany Fire Department has an unstable funding system to respond to fire and emergency response needs of the community.

The ultimate solution for this problem is a complete overhaul of the tax structure in the state of Oregon. The City of Albany has evaluated other funding options such as forming a fire district and increasing financial support through grant funding. The purpose of this paper is to
provide additional stability to the Department’s funding through an analysis of a fee for service program. A descriptive research method will be used to answer the following questions:

1. What are the reasonable costs of providing fire services?
2. What services could Albany consider assessing additional fees for?
3. What are the potential impacts of assessing user fees?

In order to provide adequate protection of life and property to the citizens of Oregon, a formal change of funding is needed to stabilize revenues. Without this change the Albany Fire Department is forced to evaluate various options, such as cost recovery programs, in order to survive in a climate of persistent financial uncertainty. Funding options must be considered so the Department can focus on providing high-level emergency and preventative services to Albany citizens.

**BACKGROUND AND SIGNIFICANCE**

The Albany Fire Department is located in the heart of the Willamette Valley on the west side of the state of Oregon. Over the past 30 years, the city of Albany has made the transition from a timber-based economy to that of a more diversified community. As increased restrictions were being made on the logging industry, other industries based on the production of rare metals began to flourish. Today, Albany has developed into one of the rare metals production and research capitals of the world.

The current population of the city of Albany has grown to nearly 45,000 with an additional 7,500 people living in the rural areas that surround the city. This entire population, plus those who travel and work within the fire and emergency medical service (EMS) districts, receives fire protection, emergency medical, and life safety services from the Albany Fire Department. The Albany community continues to grow as do the requests for emergency
services provided by the Fire Department. The annual call volume is quickly approaching 6,000 with an average increase of 4% per year over the past 3 years.

The Department is a full-service agency providing comprehensive fire protection that includes a variety of services from new construction plans review and life safety inspections to fire suppression. In addition, the Albany Fire Department provides Advanced Life Support (ALS) medical transport services that constitute a majority of its calls for service and generates roughly $1.5 million in revenue. The Department’s 75 personnel respond to or assist in providing specialty services such as: water and technical rescue, hazardous materials response, ambulance billing, community life safety education, fire investigation, and juvenile firesetter intervention. (Appendix A)

Throughout the state of Oregon, governmental services including emergency services and education are primarily funded through property taxes. Albany Fire Department operations are funded 80% through local property taxes and 20% from fee-based ambulance services. In the 1990s the voters in Oregon passed statewide ballot measures which significantly limited the tax liability for property owners. Prior to the passage of these initiatives, fire department budgets could increase by a maximum of 6% annually, and the revenues raised would usually keep pace with the expenses experienced by a growing department.

A 1990 state property tax measure established a maximum of $10 per $1,000 of assessed property value for funding emergency services such as fire protection and law enforcement, and other local governmental agencies that obtain their funding through property taxes. In 1997 additional tax measures changed how properties were assessed. As a result the City has seen a 19% reduction in tax revenue over a 5-year period since these measures took effect. In addition annual growth is limited to a maximum of 3% annually, while operating costs have exponentially
exceeded this limitation. Voters approved a measure that rolled property tax rates back to the rate
that was levied in the previous year and then limited the maximum amount that could be levied
to 3% above the previous year’s liability. The overall net effect was a decrease in the amount of
revenue that cities like Albany could bring in to support the services offered to the public and
paid for through property tax receipts.

Changes to the corporate tax structure have also had an impact on governmental services.
In recent years the Oregon Legislature has granted tax breaks to businesses in excess of $40
million per year. Corporate tax rates have lowered to 6.6%, while individuals are paying 9% for
income tax and large manufacturers are able to avoid paying state taxes on most of their profits.
Tax reductions for corporations were created to attract jobs to the state. As a result of the
reductions, Oregon-based businesses pay the smallest share of the state budget compared to other
states, having an impact on the local economy as adequate dollars are not available to fund
needed emergency services to the community. (“Oregon Tax,” 2006)

All of these changes to the taxing structure in Oregon have left the City of Albany and
the Fire Department looking for creative ways to meet the needs of the community while still
maintaining response time standards and adequate staffing levels to perform safe emergency
operations.

A further element that negatively affected the resources of the Fire Department was the
changes to the ambulance reimbursement fee structure imposed by the Health Care Finance
Administration (HCFA). As a result of a negotiated rulemaking process initiated under President
Bill Clinton, the Centers for Medicare and Medicaid Services (CMMS) set out to establish
standardized reimbursements that the federal government would pay for ambulance services
rendered to Medicare and Medicaid patients. This lengthy process resulted in a phased in
reimbursement schedule that limited the maximum reimbursement to ambulance providers throughout the country.

The ambulance program at Albany Fire was self-sustaining prior to the full implementation of the new fee schedule. The impact of this program was a significant decrease in the revenue the Department received from its customers’ largest insurance carrier, the federal government. With roughly 55% of the patients that the Department transports eligible for Medicare, the Department was forced to begin receiving funding assistance from the City’s tax supported general fund. Currently, nearly 10% of the ambulance operating budget comes from taxes as a result of the stipulations imposed by HCFA.

Due to the financial constraints that were being placed on the City’s emergency services, the Fire and Police Departments received approval from the local voters for a five-year serial operating levy. In July of 2003 the Fire Department began receiving its share of an additional 95 cents per $1,000 of assessed value on the properties throughout the city. These funds allowed the Department to hire six paramedic/firefighters and two deputy fire marshals. Although the additional funds allowed the Department to maintain acceptable service levels to the community, they began a process that will require the voters to approve paying additional taxes for emergency services on a routine basis.

The majority of fire departments across the country are faced at some point in time with funding deficits. Recent tax limitation measures in Oregon have moved this topic to the forefront for many organizations. An examination of a fee for service program by the Albany Fire Department directly relates to the United States Fire Administration’s (USFA) operational objective of responding appropriately in a timely manner to emerging issues. In order to effectively deal with the funding issues the Department is facing, numerous options have been
considered by the administration. Recently, the Fire Chief presented an option to the City Council that would have lead to the formation of a unified fire district, ending the City’s oversight and financial obligation of the Fire Department. For various reasons this option was rejected by the Council and the Department was left to consider other alternatives.

One of the alternatives that the Department has pursued is grant funding. The Assistance to Firefighters Grant Program has provided $500,000 in additional funding to Albany Fire Department over the past 5 years; helping to purchase training and safety equipment that would not have been possible through normal means. In addition to these opportunities, grant funding has been secured for prevention activities and community hazard mitigation. At the same time, the City has entered into an agreement with a research and grant writing company to help all of its departments pursue available grant funding opportunities.

A subscription ambulance membership program is another funding alternative that has been utilized by the Albany Fire Department and other ambulance transport agencies in the area. Community members pay an annual fee to belong to the program that seeks payment from insurance companies for charges related to ambulance services, but not from the individual. Any outstanding balance after insurance pays is absorbed by the Department in exchange for the annual membership fee. This program generates roughly $100,000 in additional annual income.

The evaluation of a cost recovery program for the Albany Fire Department directly relates to Unit 2 of the Executive Leadership course (FEMA, 2000) at the National Fire Academy. Developing Self as a Leader is the title of this unit which discusses, among other things, the unique characteristics of public sector management verses the private sector. The text explains that public sector managers have less control over their resources due to the political oversight and legislative approval that must occur. This fact leads to financial uncertainty from
year to year complicating planning and implementation. Consideration of a fee for service
program at Albany Fire Department may help impact a portion of the uncertainty that occurs in
our organization and allow us to better plan for the future emergency response needs of our
community.

**LITERATURE REVIEW**

The purpose of this literature review is to examine information on fire service cost
recovery and determine the feasibility of expanding efforts to recoup costs for services rendered
by the Albany Fire Department. Like many other jurisdictions, conventional funding for
emergency services has proven to be inadequate. This literature review will consider comparable
efforts to deal with similar issues by other organizations and attempt to evaluate when it is
reasonable to assess an additional fee to the consumer.

Benjamin Franklin wrote that “in this world nothing is certain but death and taxes.”
(Famous Quotes, 2006) While discussions on death may occasionally cause controversy, nearly
any conversation on taxes results in disagreement. Ideally, concerned citizens would engage in
rational discussions and reach a consensus on how to appropriately fund necessary services to a
community. Unfortunately, differences will occur when individuals feel they are paying more
than their fair share and opinions vary on the efficiency and effectiveness of a service.

Taxation is an attempt to equally distribute the costs to a body of individuals. Assessing
user fees is an effort to cause those that directly use a service to pay for the service. Mary
O’Neil, the former director of management services and treasurer for the City of Chino,
California, summed it up this way,

The common misconception that tax revenue is sufficient to pay for all city
services must be overcome. In most municipalities, property tax pays only for a
fraction of such major services as police, fire, and park maintenance. In many communities, the total of property taxes and all other general purpose taxes cannot pay for these basic services. (O’Neil, 1990, p. 17)

While neither is a perfect funding mechanism, both deserve serious evaluation as a means to support the services a community expects from its fire department.

**What are the reasonable costs of providing fire services?**

“Fires aren’t put out with water, they’re put out with money,” is a common saying of A. K. Rosenhan, Fire Coordinator for Oktibbeha County, Mississippi. (Hoetmer, 1996, 9. 15) In order to appropriately evaluate charging additional money to the customer, an examination of the reasonable costs of providing fire services must be completed.

It can be difficult to compare similar costs from one entity to the next, as differing methods are used to track service delivery. Caution must be exercised when comparing municipal budgets in order to avoid over-simplifying a complex subject, as fire departments offer a wide range of emergency and non-emergency services to their community. The International City/County Management Association (ICMA) established an average total operating cost per capita for fire services of $127. (Annual Report, 2006) West Coast comparable cities range from $75 per capita in La Mesa, California, to $92 in Gresham, Oregon, and $159 in Redmond, Washington. (Bellevue, 2000) The cost for fire services in Albany, Oregon, is currently $107 per capita, or $20 below the national average. (Annual Report, 2006)

Similar figures can be found throughout the country. Cities in Lake County, Indiana, pay as low as $74 in Crown Point and a high of $331 in Whiting, with an average of $168 per resident for fire protection. (Lowery, 2005) While in Monterey, California, citizens could expect to pay $142 for fire protection during the 2000-01 fiscal year; (Splane, 2000) and in Springfield,
Massachusetts, fire services are close to the ICMA national average at $125 per capita. (Buracker, 2005)

Personnel costs comprise a majority of the budget in paid fire departments throughout the country. An evaluation of the number of firefighters a department employs may also be used as a comparator when attempting to determine if a community is paying a reasonable fee for fire services. The national average for firefighters per 1,000 population protected in communities of 50,000 to 99,999 is 1.45, with a recommendation from the National Fire Protection Association (NFPA) “that a minimum acceptable fire company staffing level should be 4 members responding on or arriving with each engine and each ladder company responding to any type of fire.” (Ammons, 2001, p. 144) The City of Albany currently employs 1.13 firefighters per 1,000 population it protects throughout its fire districts and responds with three firefighters on each of its three staffed engines and one truck company. (Annual Report, 2006)

Taxpayers in the two counties where Albany resides, Linn and Benton, pay anywhere from 99 cents to $2.87 per $1,000 of assessed property value for fire protection services. (Benton & Linn, 2006) The majority of the departments in this same geographic area are staffed with volunteer firefighters. Only 4 of 27 departments employ fulltime firefighting personnel beyond key administrative officers. Due to the size of the community and number of calls for service the Fire Department receives, Albany has the largest number of paid firefighters in the region and its citizens pay an average of $2.35 per $1,000 of assessed property value for fire suppression and preventative services.

What services could Albany consider assessing additional fees for?

Cost recovery is not a new concept in the fire service. For years departments have relied on assessing user fees in order to fill budget shortfalls. In the early 1980s in San Jose, California,
the fire department was facing a six million dollar deficit. In an effort to maintain staffing levels and continue to provide the services that the public had come to expect from its department, the fire prevention division implemented an aggressive cost recovery program. Weed abatement, plans review, and building inspection programs were analyzed to determine the process for becoming self-supporting. As increased fees were passed on to the consumer, prevention services in San Jose remained intact. (Delgado, 1982)

Often times when faced with shrinking resources, departments across the country have been forced to consider passing fees on to the consumer when tax revenue is inadequate. Dahms (1992) indicates that the best method for shifting the cost of some services away from the general fund is cost recovery. His research identified four primary cost recovery fees: emergency medical services, impact or special assessments, inspection services, and hazardous materials, with all but impact assessment fees in use throughout the state of Wisconsin. Dahms (1992) recommends a statewide approach to alternative funding options through legislative coordination, regional standardization, and training on the implementation of fees.

The federal government allows for reimbursement of the costs associated with fighting fires on federal property. Fire departments are allowed to submit requests to the USFA for expenses and/or losses that exceed normal operating costs. Lost or damaged equipment, fuel expended, repair costs, and overtime pay are a few of the items that are identified as reimbursable. If a department provides firefighting services to federally owned office buildings, military bases or installations, forests, or other federal property, they may be able to assess fees to the federal government for services rendered. (Burris, 2000)

In order to avoid the elimination of a critical service, the Coos Bay, Oregon, Fire Department initiated an auto extrication fee for delivery of this service outside of its fire district
boundaries. In a survey conducted by Anderson (2000), he discovered that the only other department in Oregon that charged a similar fee for auto extrication was Lebanon, Oregon, Fire District. Three major insurance carriers indicated to Anderson that the assessment of a fee for auto extrication would be a reasonable claim for a fire department to submit to the insurance company. Fees associated with extrication would be considered an extension of the prehospital medical care and should be paid by the insurance carrier for the individual needing this service.

In a recently adopted local ordinance, the town of Turner, Maine, began assessing fees for scene and safety control at traffic accidents, extrication from vehicles, fluid mitigation at traffic accidents, vehicle fires, and hazard mitigation operations. (Turner, 2004) Response of an engine in this jurisdiction results in an hourly rate of $200 and a squad truck is charged at $100 per hour, with a minimum fee assessed of $200 per activation. Similar ordinances and fee structures can be found throughout the country as departments attempt to provide the level of service the community expects while maintaining the costs for these services.

**What are the potential impacts of assessing user fees?**

Any new program is bound to have both positive and negative impacts. A fee assessment program could give added value to an organization by providing additional funding, while at the same time the potential to alienate the public exists. All aspects of a user fee program need to be considered and addressed in order to ensure its success.

Geographical differences across the country must be taken into consideration. Chief Bruegman of Hoffman Estates Fire Department in Illinois noted a variation in the public perception to user fees in various parts of the country. Bruegman indicated in the West that user fees were common and supported. However, attitudes were different in the Midwest where taxpayers, paying both property and sales tax, expect basic services such as fire suppression and
emergency medical services at no additional charge. Chief Gerald Grover of Bridgeport Fire Department in Connecticut notes that societal differences can occur from one town to the next. A fee assessed in a neighboring town would not pass in Chief Grover’s community due to the depressed economy. Grover advises that demographics of an area must be considered and that political and practical decisions must be made prior to implementation of any alternative funding program. (Hoetmer, 1996)

Anderson lists a number of potential impacts from passing user fees on to the consumer. He indicates that concern must be given to the possibility that user fees place an excessive burden on the low-income population who may need emergency services the most. A direct benefit of paying property taxes for governmental services is the ability to itemize and deduct the amount paid from the annual income tax liability. User fees do not qualify as a potential “write-off” and dollars spent cannot be recovered by the individual.

The perception does exist that charging a fee to the individual that uses a service promotes equality within a community. Anderson concludes that “user fees are typically politically acceptable. It makes sense that those who use a service should pay for it. Conversely, those who don’t use the service support the user fee because this, in theory, reduces the general taxes or frees up resources for other programs.” (Anderson, 2000, p. 12)

The burden to properly administrate a cost recovery program falls on the managers in an organization and the elected officials in the community. O’Neil states that

“The public is much more likely to accept cost recovery measures if the manager or elected officials can point to the relationship between benefit and revenue source and to the possibility of freeing up general purpose revenues to pay for
needed services for which no alternative financing is available.” (O’Neil, 1990, p. 16)

An inability to accurately account for dollars taken in and dollars spent on any program will result in scrutiny and mistrust from those who are required to finance the service.

The preferred impact of assessing user fees for services rendered would be the generation of new revenue to help offset a lack of funding for operations. Depending on the individual situation within a community, estimates of potential dollars raised vary from department to department. Officials in Ashland, Oregon, estimate that a new user fee program in 2005 would generate $30,000 to $60,000 additional revenue for the fire department from fees assessed for permits and prevention activities. (“Fire Protection,” 2005) Emergency response fees in Burton, Michigan, were estimated by Chief Halstead to generate $46,000. (“Fire Service,” 2004) Prior to implementation of a new user fee program in Covina, California, Chief Lavoie anticipated recovering nearly $250,000 in the first year, as fees were being charged for over 50 services offered by his organization. (Hoetmer, 1996)

Gary B. Marrs, Oklahoma City Fire Chief, stated that

We are being challenged to provide the greatest level of service to our communities for the tax dollars spent, and I believe the days when citizens never question the services provided, or the lack of services provided, are gone for most departments today. (Hoetmer, 1996, p.9)

Ensuring success in a fee assessment program will require a public relations campaign according to the Fire Service Institute from the University of Iowa. (Callahan, 1999) Fire departments will need to explain the rational behind the fees assessed and be able to provide an accounting of the
associated expenditures. In order to minimize the negative reaction from the community and assist in the overall success of a fee assessment program, a seven-step process is suggested:

1. Gather information
2. Explore alternatives
3. Develop a plan
4. Determine rational fees
5. Meet with governing body, citizens, and others affected
6. Establish an equitable fee system
7. Inform the public

PROCEDURES

Literature Review

Research for this descriptive research paper consisted of conducting a search of applied research projects on file in the Learning Resource Center at the National Emergency Training Center. This research was carried out while attending the National Fire Academy in April 2005 for the Executive Leadership course as part of the Executive Fire Officers (EFO) program. In addition, a thorough search of both periodical and book resources at the Learning Resource Center was conducted and information was examined.

Extensive research was done utilizing internet search engines in an effort to obtain information on the subject of fee for service programs in fire departments across the country. Searches were conducted on topics such as: fire department fee schedules, alternative funding sources, and fees for service; charging for fire suppression; and reasonable costs for fire services. These searches revealed a multitude of information on the topics related to this literature review.
Numerous city and fire department websites were also visited to gain a better understanding of fee collection programs currently in use.

**Personal Correspondence**

In order to gain a better understanding of the role the insurance industry would play in the payment of fees assessed to their customers, an interview was conducted with insurance agent Rick Rebel from Great Western Benefits Insurance Company. Mr. Rebel then solicited further information from the manager of his Personal Lines Department who writes policies for a number of different insurance companies. An e-mail response was obtained with information and opinions from this individual regarding the ability of a fire department to charge for extrication from motor vehicle accidents and suppression of automobile fires.

A number of telephone calls and e-mails were made communicating with neighboring Fire Chief Dan Campbell from Corvallis Fire Department. Chief Campbell provided two newly adopted fire service cost recovery ordinances that his council had recently approved to begin assessing additional fees from their customers.

**Survey**

A survey (Appendix B) was conducted to determine if other fire departments charge additional fees for services rendered. In an effort to learn from the successes and failures of others a survey would provide valuable information to assist with this process. Prior to requesting responses to this survey it was evaluated by an educator to review and determine question clarity. (L. Bradner, personal communication, March 23, 2006) A subsequent review of the survey was completed to evaluate grammatical structure in an effort to ensure that misinterpretation of respondents to the survey was minimized. (L. Headrick, personal communication, April 3, 2006)
An electronic link to an on-line survey was e-mailed to 90 fire service professionals across the country with instructions on how to access the site and complete the survey. Twenty-three individuals accessed the site and provided some degree of information about the current fee for service situation at their organization. Krejcie and Morgan (FEMA, 1998) indicate that a survey population of 90 would require a sample size of 73 responses in order to achieve a 95% confidence level in the survey. Although this survey did not come close to achieving this result, the information obtained from the responses that were received was beneficial and useful to the completion of this project.

The survey consisted of five closed-ended and two open-ended questions. The closed-ended questions were asked to determine if the respondents department: (a) charges additional fees for services rendered; (b) what services fees are assessed for; (c) the fees that each department charges for the service; (d) the method of invoicing and collecting fees; and (e) the percentage of non-EMS invoiced amounts that were normally collected. The two open-ended questions were included to allow each respondent an opportunity to: (a) provide any additional information that they believed would be beneficial toward this process; and (b) provide contact information if follow-up questions were needed.

**Limitations and Assumptions**

As fire departments experience issues related to inadequate funding to meet the emergency response needs of their community, more will be forced to turn to alternative methods to generate revenue. Although a significant amount of information is available regarding charging additional fees in the fire service, this concept is only present in a minority of departments across the country. Variations in attitudes exist in different regions of the country regarding assessing a user fee for a service that routinely is supported by a local tax base.
Depending on the geographic region of the country that a department is located in, less or more difficulty may be encountered to the concept of charging an additional fee for services rendered.

As stated above a significant amount of information is available on the subject of assessing fees for services provided by fire departments. Therefore it becomes unrealistic to attempt to review all of the information available on this topic. A prioritization of the information must be performed and the data must be paired down to a realistic number of sources to review.

A limitation of the survey was that not everyone responded. Although valuable feedback was received from those who did respond, a large percentage of those contacted chose not to complete the survey. The fire service is comprised of a large number of fire departments that employ tens of thousands of career and volunteer firefighters and chief officers. It is difficult to know how many surveys would provide an adequate sampling when attempting to obtain a cross-section of information on this topic from across the country. The number of requests was limited by immediate access to e-mail addresses for other fire service professionals. In addition, written survey questions can be subject to the interpretation of the reader. Although care was taken when the questions were written, answers can be inaccurate due to the interpretation by the reader of the information being requested.

Limitations exist when attempting to compare financial and statistical data. Effort may be taken to ensure the accuracy of the information gathered, but organizations can compile numbers in a variety of ways, leading to potential discrepancies. A margin of error can exist unless a single source is used to bring all of the comparative data together.
**Definitions**

Serial Operating Levy – A voter-approved special tax that must be renewed on a regular basis in order to continue.

Cost Recovery Program – Any type of program that focuses on recouping the associated cost of providing a service.

Property Tax Measure – A voter approved initiative that permanently alters the taxes assessed on real property.

Cost Per Capita – The average charge associated with an item when compared to the total number of people in a determined population.

**RESULTS**

What are the reasonable costs of providing fire services?

A number of methods exist to evaluate the costs associated with providing fire services to a community and determining if they are reasonable. The ICMA established that a community should expect to pay $127 per person for fire suppression and prevention services that are provided by the fire department. Citizens in Albany, Oregon, currently pay $107 per capita to receive services from its fire department, or $20 less than the national average as established by ICMA. (Annual Report, 2006)

While some communities, like Albany, charge less than the amount established by the ICMA, a large number of communities exceed this per capita rate. In Whiting, Indiana, community members pay $331 per person, (Lowery, 2005) while citizens in Redmond, Washington, pay $159 (Bellevue, 2000) and those in Monterey, California, pay $142. (Splane, 2000)
Another comparator to determine if a fire department’s expenses are reasonable would be an analysis of the total number of personnel a department employs compared to other jurisdictions. The NFPA has indicated that cities of a similar size to Albany should have 1.45 firefighters for every 1,000 members in the community and four personnel should respond or arrive with each engine or truck that is sent to a fire. (Ammons, 2001) The Albany Fire Department currently employs 1.13 firefighters per 1,000 and responds with three firefighters on each engine and truck company.

**What services could Albany consider assessing additional fees for?**

A common argument against the assessment of fire service user fees is that tax revenue should pay to support emergency services. In Oregon, property taxes are the primary funding source for emergency services and education. Unfortunately with the increased costs associated with providing fire and life safety services and the increased demands placed on the fire department, tax revenue is inadequate and departments are forced to evaluate other funding options such as charging fees for services rendered. The Fire Service Institute from the University of Iowa explains the theory of fire service user fees as follows:

The basic rational for instituting fees for emergency service is that, while taxes pay for the capacity to respond, fees pay for the actual response. A similar example might be a community’s water system mains that provide capacity and were built by taxes. The city then charges for the actual water delivered. Examples also exist in emergency services in the case of EMS (emergency medical services) ambulance service fees and also in hazardous materials spill response fees. (Callahan, 1999, p. 2)
An evaluation of the information available from other jurisdictions indicates that the Albany Fire Department could consider assessing fees for a number of services it currently provides. A survey of other fire service professionals from across the country revealed that 77% of those who responded charge additional fees for services rendered. (Appendix B) While over one-half (12 of 23) charge for hazardous mitigation responses, the largest fees are collected for emergency medical transport and suppression of structure fires. (see Table 1)

Table 1

<table>
<thead>
<tr>
<th>Service for Which Fees are Assessed</th>
<th>Number of Depts. Assessing Fees</th>
<th>Average Fee</th>
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<tr>
<td>Hazardous Mitigation Responses</td>
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<tr>
<td>Emergency Medical Transport</td>
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<td>False Alarm Activations</td>
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<td>$175.00</td>
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<td>Extrication on Motor Vehicle Accidents</td>
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<td>$250.00</td>
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<td>Plans Review</td>
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<td>$270.00</td>
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<tr>
<td>Other Services</td>
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<td>Response/Suppression of Illegal Burns</td>
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<td>$150.00</td>
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<td>Fire Code Inspections</td>
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<td>Suppression of Structure Fires</td>
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<tr>
<td>Water Rescue Responses</td>
<td>2</td>
<td>$100.00</td>
</tr>
<tr>
<td>Engine Assists on Medical Responses</td>
<td>1</td>
<td>Unreported</td>
</tr>
<tr>
<td>Public Assists</td>
<td>1</td>
<td>Unreported</td>
</tr>
<tr>
<td>Agency Assists</td>
<td>1</td>
<td>Unreported</td>
</tr>
<tr>
<td>Fire Investigations</td>
<td>1</td>
<td>Unreported</td>
</tr>
</tbody>
</table>

Correspondence with neighboring Fire Chief Dan Campbell from Corvallis, Oregon, revealed that his city had recently adopted two ordinances to recover costs. A non-resident cost-recovery ordinance allows the fire department to charge those who live outside of their fire district boundaries for any response to an incident involving fire apparatus and emergency
personnel. These responses are defined as: engine responses to ambulance calls, fluid spills at motor vehicle accidents, general clean up following accidents, rescue services, traffic control, and scene safety. In addition, Corvallis Fire can levy fees to building occupants when they respond to an excessive number of false alarm activations in a 12-month period. (D. Campbell, personal communication, April 28, 2006)

Depending on how fees will be assessed and who will pay the charges, it would be beneficial if the insurance industry was onboard with this concept. An interview with Rick Rebel, Great Western Benefits Insurance Agent, revealed that this concept was not a common practice throughout the industry. Although he had heard of a limited number of situations where fire departments had charged for services such as extrication from a motor vehicle accident, Rebel felt that insurance carriers may not support paying these additional charges. (R. Rebel, personal communication, May 8, 2006) Another inquiry to the manager of the Great Western Benefits Personal Lines Department indicated that “there is no clear cut answer to this – I’ve found that each carrier will look at this issue differently. I just don’t think in Personal Lines that this would be something that would be consistently considered a coverage that would be paid.” (R. Rebel, personal communication, May 9, 2006) This information differs from the results obtained by Anderson who indicated that three major insurance carriers supported additional fees assessed for extrication as a reasonable cost of the service. (Anderson, 2000)

Research on this question demonstrated that departments have assessed fees for any number of services that they provide. In San Jose, California, fire prevention services of weed abatement, plans review, and building inspections became user fee supported services. (Delgado, 1982) Coos Bay, Oregon, charged for auto extrication only, (Anderson, 2000) while Turner,
Maine, sought cost recovery for scene and safety control at traffic accidents, extrication from vehicles, fluid mitigation, vehicle fires, and hazard mitigation operations. (Turner, 2004)

**What are the potential impacts of assessing user fees?**

Additional revenue to cover operating expenses would be the primary impact of implementing a user fee program. Smaller cost recovery programs anticipate generating new revenue for the organization in the $30,000 to $60,000 range, (“Fire Protection,” 2005) where larger, more aggressive programs anticipate more significant revenue of $250,000 or more. (Hoetmer, 1996)

Research revealed that a number of departments charge an additional fee for extrication on motor vehicle accidents. The Albany Fire Department responded on 630 automobile accidents during 2005. An estimated 15% of those incidents would require specialized extrication equipment and warrant an additional charge. If Albany Fire Department assessed the average fee for this service of $250, as determined from the survey, an estimated $23,750 would have been invoiced. Using the average collection rate of 84% from the survey, this would generate $19,950 in new revenue. (Appendix B) It is anticipated that other services would generate similar results bringing in additional revenue for the department.

Any system that charges new fees to the consumer can have a negative perception and impact on the community. O’Neil (1990) states that officials and managers must be able to articulate the benefit between charging new fees and freeing up revenue for needed services in order for a program to succeed. Elected officials in Hartselle, Alabama, recently voted down for the second time an ordinance brought forward by Chief Steve Shelton. His proposal, which generated large opposition from the local insurance agents, would have billed insurance companies for various fire responses. Representatives from the local insurance industry argued
that clauses in homeowner policies would prevent them from reimbursing the fire department for emergency responses. (McDaniel, 2006)

**DISCUSSION**

A review of the literature and a subsequent study on the subject of fire departments assessing fees for services rendered reveals that numerous organizations have successfully implemented similar programs. This project was affected by the findings of others as it became apparent that a structured fee program at the Albany Fire Department could be viable. It is anticipated that additional revenue will be generated by charging the end-user for services with limited negative impact on the community. All of the information gathered from this study must be taken into consideration in order to create a successful cost recovery program for the Albany Fire Department.

It can be articulated that the Albany Fire Department operates on less revenue than the average fire department across America and that soliciting additional revenue would be justified. ICMA provides an average per capita rate for fire services of $127 for communities of similar size. The Albany Fire Department is 18.7% below this amount at a rate of $107 per person. (Annual Report, 2006) With limited ability to increase the amount of taxes imposed, the Fire Department must look to other options such as a cost recovery program to continue to meet the ever-increasing demands our growing community is placing on its fire department.

Anderson reported that three major insurance carriers supported his department’s program to charge for automobile extrication at motor vehicle accidents. (Anderson, 2000) However others have experienced negative feedback from the insurance industry in their efforts to create a fee assessment program. Chief Shelton from Hartselle, Alabama, encountered extensive resistance from local insurance agents when his department attempted to enact a fee for
service program. (McDaniel, 2006) Local insurance agent Rick Rebel also expressed concern over the insurance industry’s ability to support a similar ordinance in Albany. (R. Rebel, personal communication May 8, 2006)

Assistant Fire Chief John Dahms (1992) from Mount Pleasant Fire Department in Racine, Wisconsin, recommended a statewide approach to alternative funding options that are pursued by fire departments. Dahms indicated that legislative coordination, regional standardization, and consistent training on the implementation of cost recovery programs would ensure their success. Research failed to locate any regional or state standardization on this subject. Individual jurisdictions are passing local ordinances to address their funding inadequacies. The lack of a unified approach creates inconsistency and potential conflict from department to department.

Significant geographical differences in various parts of the country would not allow for a nationwide approach to cost recovery. Chief Bruegman of Hoffman Estates Fire Department in Illinois noticed regional variations from the West Coast to the Midwest. Chief Grover from Bridgeport Fire Department in Connecticut commented on societal differences that occur from one town to the next. He mentioned that demographic differences must be taken into account when considering the adoption of a fee assessment program. (Hoetmer, 1996) Albany’s neighboring city, Corvallis, recently adopted local ordinances regarding cost recovery and fee assessment. (D. Campbell, personal communication April 28, 2006) Although these two cities are only 12 miles apart, numerous demographic differences exist. Corvallis, home to Oregon State University, is predominately a white-collar community while Albany, a similarly sized city, is mainly blue-collar. Attempting to create a single legislation without considering regional variations could set efforts back and create additional struggles for the industry.
RECOMMENDATIONS

Based on the findings of this research report, many cost recovery options exist for the Albany Fire Department. Neighboring departments, as well as those across the country, have successfully implemented fee for service programs in order to enhance their revenue to meet the needs of their community. A similar program in Albany could be justified and would improve our ability to provide services to the community. Local attitudes and opinions must be considered as success would depend on support from the community and major players such as the insurance industry.

A wide variety of both emergency and non-emergency life safety services are the subject of billing programs by other departments. A similar program at Albany could consist of a large number of services. In order to achieve success, the recommendation would be to institute a limited number of fee assessment services. Adopting a fee for false-alarm activations in conjunction with the City of Corvallis would meet the needs of both communities. In addition to this, Albany Fire should consider assessing fees for the following services:

1. Life safety plan reviews
2. Fire code inspections and re-inspections
3. Weed abatement
4. Extrication from motor vehicle accidents
5. Suppression of automobile fires
6. Charging for services rendered to non-residents

The additional revenue generated from a fee for service program instituted by the Albany Fire Department would assist with the unstable funding our organization is currently experiencing. The ultimate solution to funding emergency services in Oregon is a complete
restructuring of the tax system. However the adoption of a user fee program locally will provide for additional stability to our fire department and allow us to continue to meet the needs of our community.
REFERENCES


Appendix A

Albany Fire Department 2006-2007

[Diagram of organizational structure]
Appendix B

Fee for Service Survey Summary Results

<table>
<thead>
<tr>
<th>Service</th>
<th>Fees Assessed</th>
<th>Respondent Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppression of Structure Fires</td>
<td>100% (3)</td>
<td>3</td>
</tr>
<tr>
<td>Suppression of Wildland Fires</td>
<td>100% (2)</td>
<td>2</td>
</tr>
<tr>
<td>Suppression of Motor Vehicle Fires</td>
<td>100% (2)</td>
<td>2</td>
</tr>
<tr>
<td>Response/Suppression of Illegal Burns</td>
<td>100% (4)</td>
<td>4</td>
</tr>
<tr>
<td>False Alarm Activations</td>
<td>100% (6)</td>
<td>6</td>
</tr>
<tr>
<td>Emergency Medical Transport</td>
<td>100% (9)</td>
<td>9</td>
</tr>
<tr>
<td>Emergency Medical Non-transport</td>
<td>100% (2)</td>
<td>2</td>
</tr>
<tr>
<td>Engine Assists on Medical Response</td>
<td>100% (1)</td>
<td>1</td>
</tr>
<tr>
<td>Auto Extrication on Motor Vehicle Accidents</td>
<td>100% (6)</td>
<td>6</td>
</tr>
<tr>
<td>Public Assist</td>
<td>100% (1)</td>
<td>1</td>
</tr>
<tr>
<td>Agency Assist</td>
<td>100% (1)</td>
<td>1</td>
</tr>
<tr>
<td>Hazardous Mitigation Responses</td>
<td>100% (12)</td>
<td>12</td>
</tr>
<tr>
<td>Water Rescue Responses</td>
<td>100% (2)</td>
<td>2</td>
</tr>
<tr>
<td>Technical Rescue Responses</td>
<td>100% (3)</td>
<td>3</td>
</tr>
<tr>
<td>Plans Review</td>
<td>100% (5)</td>
<td>5</td>
</tr>
</tbody>
</table>

http://www.surveymonkey.com/DisplaySummary.asp?SID=1971889&Rnd=0.6148718

05/12/2006
3. If your department charges additional fees for services, please list the dollar amount or range you charge for each of the following services:

<table>
<thead>
<tr>
<th>Service</th>
<th>Response Total</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppression of Structure Fires</td>
<td>500</td>
<td>500.00</td>
</tr>
<tr>
<td>Suppression of Wildland Fires</td>
<td>251</td>
<td>125.50</td>
</tr>
<tr>
<td>Suppression of Motor Vehicle Fires</td>
<td>250</td>
<td>250.00</td>
</tr>
<tr>
<td>Response/Suppression of Illegal Burns</td>
<td>300</td>
<td>150.00</td>
</tr>
<tr>
<td>False Alarm Responses</td>
<td>700</td>
<td>175.00</td>
</tr>
<tr>
<td>Emergency Medical Transport</td>
<td>5511</td>
<td>668.88</td>
</tr>
<tr>
<td>Emergency Medical Non-Transport</td>
<td>600</td>
<td>300.00</td>
</tr>
<tr>
<td>Engine Assist on Medical Response</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auto Extrication on Motor Vehicle Accidents</td>
<td>1000</td>
<td>250.00</td>
</tr>
<tr>
<td>Public Assists</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agency Assists</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hazardous Mitigation Responses</td>
<td>1201</td>
<td>240.20</td>
</tr>
<tr>
<td>Water Rescue Responses</td>
<td>100</td>
<td>100.00</td>
</tr>
<tr>
<td>Technical Rescue Responses</td>
<td>1400</td>
<td>466.67</td>
</tr>
<tr>
<td>Plans Review</td>
<td>540</td>
<td>270.00</td>
</tr>
<tr>
<td>Fire Code Inspections</td>
<td>75</td>
<td>75.00</td>
</tr>
<tr>
<td>Fire Code Reinspections</td>
<td>50</td>
<td>50.00</td>
</tr>
<tr>
<td>Fire Investigations</td>
<td>10</td>
<td>5.00</td>
</tr>
<tr>
<td>Other Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Respondents</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>(skipped this question)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. How does your department invoice and/or collect fees that are assessed for services rendered?

<table>
<thead>
<tr>
<th>Service</th>
<th>Response Percent</th>
<th>Response Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Fire Department Billing/Collection</td>
<td>70.6%</td>
<td>12</td>
</tr>
<tr>
<td>City/County/District Billing/Collection</td>
<td>35.3%</td>
<td>6</td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Agency Billing/Collection Service</td>
<td>29.4%</td>
<td>5</td>
</tr>
</tbody>
</table>

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05/12/2006
5. Generally speaking, what percentage of your non-EMS related invoiced amounts are you able to collect?

<table>
<thead>
<tr>
<th>Percent of Non-EMS Related Invoices</th>
<th>Response Total</th>
<th>Response Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>759</td>
<td>84.33</td>
</tr>
</tbody>
</table>

Total Respondents 17
(skipped this question) 6

6. Please list a contact name and phone number for your agency should further clarification of your responses be needed.

<table>
<thead>
<tr>
<th>Total Respondents</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>(skipped this question)</td>
<td>3</td>
</tr>
</tbody>
</table>

7. Please provide any additional information related to charging fees for service that may be beneficial to our department.

<table>
<thead>
<tr>
<th>Total Respondents</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>(skipped this question)</td>
<td>11</td>
</tr>
</tbody>
</table>

http://www.surveymonkey.com/DisplaySummary.asp?SID=1971889&Rnd=0.6148718 05/12/2006
Please list a contact name and phone number for your agency should further clarification of your responses be needed.

1. John Rinier - 503-681-6141 Cliff Munson - 503-615-6743
2. Steven Dubay, Battalion Chief Colorado Springs Fire Department 375 Printers Parkway Colorado Springs, CO 80910 719-385-5950 (HQ) 719-385-7001 (Station) sdubay@springsgov.com (email)
3. Mike Ramsey cell 573-887-1437 or work 573-334-3211
4. Bruce Welmer 541-963-3123
5. Dennis Ross Administrative Chief Hillsboro Fire 503 681-6171 dennisr@ci.hillsboro.or.us
6. John Fowler, Fire Chief Pendleton Fire and Ambulance Service (541) 276-1442
7. Ted Martin, Division Chief City of Branson Fire & Rescue 110 Crosby Street Branson, Missouri 65616
8. Randy Camp 706-764-1900
9. P.J. Duncan, Assistant Fire Chief P.O. Box 336 Pleasant View, TN 37146 office = (615) 746-8528 celluar = (615) 405-5661
10. TVFR Eric Schult 503 625 8192
11. Salem Fire Department Dorothy Herren 503-589-2133
12. Warren Burns 425 257-8121
13. Dale Ledyard, 541-746-6312
15. mona novotny 541-504-5041
16. Jeff Barkow, Fire Chief 812-332-9763
17. Jim Spiegel Fire Chief 847-367-5511
18. Ted Golden 708-479-5371
19. Randy Brodehl, Fire Chief (406)758-7762
20. Grant Baynes (509) 942 7550
Please provide any additional information related to charging fees for service that may be beneficial to our department.

1. Many of the fees we can charge are not pursued (technical rescues, false alarms, haz mat responses). The fees for fire prevention activities are charged and have a fairly high collection rate. The rate varies based on the number of factors (but are not listed above) I tried to enter "varies" but the tool would not allow it. We have other fees in the fire prevention arena that are not reflected above. Happy to answer further questions.

2. Haz-mat fees are based on resources expended. This includes staffing, equipment and supply costs.

3. ** We charge Union Pacific Railroad for fire suppression and HAZ MAT responses on their property including the RR right-of-way. Our charges are based on the State Conflag. hourly rates for equipment and personnel. **We charge $15.75 per loaded mile when we transport a patient.

4. Other Fees: Fire Watch assessed on properties at the actual expense of the assigned firefighters wages (O.T.) and benefits. Special permit fees are charged for tents ($25), fireworks sales ($75), blasting & Open Burning ($100 first week & $25 additional weeks), tank sets ($25). Note: Our City government has not sought out additional fee structures beyond these and the regular tax rates.

5. We have a base fee and then a per hour service charge per apparatus. We use the federal rate schedule from FEMA for fire apparatus as a justification, this works regardless of disaster or normal emergancy events. We do not charge for personnel because our personnel are volunteer and would not receive the compensation even if we billed for it. You may check the legality of billing for your state, our attorney general opinion is that if we bill we must bill everyone according to policy and not just insurance agencies, which an outside party tried to get us to do.

6. Our department has the mechanisms built into the Salem Revised Code that allows for collecting fees for some services. It's not possible to adequately answer this survey without being able to specify when the charges are authorized and appropriate. For instance, the City will bill for suppression of structure fires, however, the structure needs to be in an unprotected area or if the fire has not been caused by carelessness. Further, the fees are based on the number of personnel/apparatus that respond. Labor is charged at $25 per hour for all personnel, however, each piece of apparatus is charged at a different rate (BC $15, Ladder $150, Engine $100), and the time is charged at a minimum of 30 minutes to the maximum of the actual call time. The same holds true for charging for hazardous materials response and illegal burning. The fire department fee structure can be viewed by visiting www.cityofsalem.net going to the Legal Department website and opening the Revised Codes, Chapter 58, subsection 58.175.

7. We only bill on transportation routes or out of district responses.

8. John, being a federal fire department, we cannot charge for anything. I wish we could but we can't. Thanks.

9. We implemented a $50 charge for the second reinspection, which climbed to $150 for each additional reinspection; There were also small penalties for each uncorrected violation on the 2nd reinspection; False alarms were $50 for the 4th accidental (non-storm related) active alarm and it increased to $100 for 5th and after within the calendar year. We have in ordinance a $1000 occupancy limit violation (though we have yet to charge this).

10. Fire Prevention Ordinance can be downloaded from district website "www.countrywidefire.com"

11. EMS - Only non-residents are charged; Haz-Mat and TRT are based on services rendered; Plan Reviews are based on bldg.

http://www.surveymonkey.com/TextBreakdown.asp?U=&SID=1971889&QID=24821219&OptionType... 05/12/2006
size and number of systems; False alarms start at $100 and move up to $500 after 5 false alarms.

12. I put 100 in the HazMat $ box just to get the survey to submit. We charge for all costs, excluding on-duty staff for incidents within the City. Total cost for all others including backfill.