

**FINDING ALTERNATIVE FUNDING SOURCES FOR THE CITY OF
FAIRFIELD FIRE DEPARTMENT**

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CERTIFICATION STATEMENT

I hereby certify that the following statements are true:

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

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ABSTRACT

The City of Fairfield Fire Department's operating budget has increased 9% in the past five years while the monies collected from property taxes have decreased by 5%. The problem this study addressed was how the department can withstand the downturn in property tax revenue now and in the future. The purpose of this study was to identify what alternative funding sources or cost-saving measures are available to the department to help withstand this downturn in revenue.

The following questions were answered by this descriptive research:

1. Why are fire departments seeking alternative funding sources?
2. What are fire departments doing to save money and become more efficient?
3. What alternative funding sources are available to fire departments?

The procedures consisted of a survey sent to a four-county area in southwest Ohio, a literature review, and a review of city and department budget figures.

The results revealed that fire department revenues are decreasing, fire departments are using alternative funding sources to offset this loss of revenue, and departments are making cuts to their budgets in order to save money.

Based on the research, recommendations were made to pursue additional user fees to supplement the Fairfield Fire Department budget. Another recommendation was to explore a no-idle policy of EMS units while units are at the emergency rooms dropping off patients. Both of these recommendations would require more research to see if the results would make a difference in the budget.

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INTRODUCTION

Statement of the Problem

The City of Fairfield has experienced a downturn in construction since 2004. While 122 new homes were built in 2004, only 16 new homes were built in 2008, which shows a disturbing trend in new construction within the city that may not change anytime soon. Home sales in general have declined from 2004, as well, meaning that more homes are sitting vacant while waiting to be sold. Vacant homes drive home values down, which in turn lowers the taxable value and taxes collected on these properties. In 2004, more than 950 homes were sold, while in 2008, only 550 homes were sold. These figures are problematic for a fire department that depends on property taxes for operating expenses. The fire department operates on a 4.65 mill permanent property tax levy, which has seen a decrease of 5% actual tax collected from 2004-2008. During this time frame, the fire department's operational budget has gone up 9% with no corresponding increase in monies to the department.

The problem this study will address is how the department can withstand the downturn in property tax revenue now and in the future.

Purpose of the Study

The purpose of this study is to identify what alternative funding sources or cost-saving measures are available to the City of Fairfield Fire Department to help withstand this downturn in revenue.

Research Questions

The following questions will be answered by this descriptive research:

1. Why are fire departments seeking alternative funding sources?
2. What are fire departments doing to save money and become more efficient?
3. What alternative funding sources are available to fire departments?

BACKGROUND AND SIGNIFICANCE

The City of Fairfield prides itself on being a city of opportunity. The city provides multiple services to its residents, including yard waste pickup, water and sewer services, and police protection. There are multiple public parks and an abundance of activities, including free outdoor concerts and the recently constructed Community Arts Center.

The fire department also has been an important part of the public services offered to the residents of the city. Since the department was started in the 1950s, it has offered fire suppression services and emergency medical services. By the late 1990s, the department received requests from city residents for additional services, such as CPR classes, public education details for all ages and groups, and car seat installations. These additional service requests were unmet due to a lack of personnel with adequate training to fulfill them. The department also participates in and supplies personnel for a regional hazardous materials team as well as a countywide technical rescue team. All of these extra activities must be supported by additional personnel hours and money.

The city has transitioned from all part-time personnel to a combination of full-time and part-time personnel. The staffing has increased from six on duty in 1999 to 15 on duty in 2008. Current staffing includes three full-time personnel and two part-time personnel at each of the

city's three firehouses if staffing is at the maximum number of 15. If it is at the minimum number of 12, the full-time staffing is reduced to two per station, and both staff members would be assigned to the medic unit. This means that these full-time personnel may not be available to do extra details due to the high call volume for EMS. Part-time personnel currently are excluded from riding the medic units due to lack of training and experience. Once the full-time personnel were hired in 1999, some of them became certified CPR instructors. This was important because for every minute that effective bystander CPR is not provided, a victim's chances of survival falls 7-10% (AHA, 2007). Some full-time personnel also became certified child safety seat technicians. This was in response to the fact that motor vehicle crashes are the leading cause of death for age ranges three to six and eight to fourteen years (NHTSA, 2009). The fire department also formed an EMS Bike Medic Team in 2002 in response to the added calls to the city's outdoor activities. This team is deployed to special events where large crowds are anticipated and access by ambulances is limited. Bike medics have the same drugs and equipment as the ambulance, including defibrillators, which have been proven to save lives. The bike medic concept was an instant success. Response times were reduced because bike medics could access a patient quickly and initiate patient care before the ambulance arrived. The quicker response is important because cardiac arrest survival is only 5% if defibrillation is not immediately available (AHA, 2007).

All of these details were initially performed by on-duty, full-time personnel. Emergency run volume continued to increase steadily throughout the past 10 years, from 3,725 emergency calls in 1999 to 7,050 emergency calls in 2008. With this run volume increase came the realization that these extra services could no longer be performed by on-duty, full-time personnel. Too many times, personnel who were in the middle of a detail would have to respond

to an emergency run, thereby leaving some residents with unfulfilled needs and a negative impression of the fire department. Part of the issue also lies in the fact that only full-time personnel have the training to complete car seat installations, bike medic patrols, and teaching CPR classes. Part-time personnel are excluded from receiving the training to do these details due to the high turnover rate of part-time personnel. The city would rather invest money in the full-time firefighters who will stay their entire career than invest in part-time personnel who may leave in six months for another job.

It was decided in 2007 by the fire chief that these details would be handled by off-duty, full-time personnel who would receive overtime pay for their services. This move confirmed the department's commitment to meeting the needs of the citizens of Fairfield. For the past two years these details have been completed efficiently, and the department has seen the demands for these services increase because residents know that the department is committed to satisfying them. This is important because the residents of Fairfield deserve this level of service from their tax dollars. The city is looking to trim its budget by \$775,000 for 2010. These cuts include at least \$50,000 in reductions to the overtime budgets of each department. Even though the fire department operates on a property tax levy, these cuts are still being imposed in an effort to keep from dipping into the general fund to support the department. This cut would impair the fire department's ability to continue the level of extra services that are currently being offered to the residents of Fairfield.

In 2008, the Fairfield Fire Department spent approximately \$11,500 in overtime for just CPR classes, child safety seat installations, and bike medic details. Overtime for shift coverage in 2008 was approximately \$63,720. Shift coverage results when the on-duty staffing drops below 12 personnel on duty. This number is set by the city and the fire chief and can be reduced

at their discretion. Reducing staffing would hurt the department's ability to fulfill emergency calls for service because when a station responds to an EMS call, this leaves only two personnel on the fire engine. This means that the fire truck cannot initiate fire suppression efforts due to the two-in two-out standard (NFPA 1500, 2007). Based on these figures, it is clear that the \$50,000 reduction in overtime is going to hurt the operations of the Fairfield Fire Department and the residents that are served by the department. These extra details would have to be completed by on-duty, full-time personnel or cut out altogether; however, the likelihood that these services would be completed on duty is very slim due to the high call volume. This means less people trained in CPR, which has been proven to be a life-saving technique. According to the AHA, effective bystander CPR can double a victim's chance of survival (2007). Likewise, statistics show that deaths have decreased by almost 200 children in each range studied (NHSTA, 2009), so to cut out child safety seat installations would be a step backward in reducing child deaths.

Services provided are not the only reasons why the budget continues to grow, however. New and better equipment appears all the time in the fire service. This equipment is designed to help firefighters be safe and perform their jobs more efficiently and effectively. The City of Fairfield Fire Department prides itself on having equipment that is in excellent shape so that the personnel can be safe and effective in their work. Apparatus also is ever evolving, so the department is trying to stay ahead of that curve, as well. There will be the need for a new fire apparatus in five years. The fire chief wants to replace two medic units within the next two years in order to meet the needs of the high volume of EMS responses. There also is the issue of facility maintenance. Two of the three firehouses that the department operates are more than 20 years old. With building age comes the need for repairs, such as new roofs, new windows and

doors, new paint, new garage doors, etc. All of these repairs and upgrades cost money-money that may not be there if the budget is not supplemented with other sources.

The numbers that matter most are these: In 2004, the budget for the City of Fairfield Fire Department was \$4,850,000. The budget for 2008 was \$5,539,114. The fire department operates on a 4.65 mill permanent property tax levy. The property tax collected in 2004 was \$5,958,198, while in 2008, \$5,682,425 was collected. These numbers clearly show that the budget has and will continue to increase while the property tax collected has and continues to decrease.

This is a serious issue confronting the department for 2010 and years beyond. *The potential impact this study could have on the City of Fairfield Department includes finding alternative funding sources to help offset the loss of property tax revenue and possibly allowing the department to become more efficient in its operations.* The citizens of Fairfield would be the beneficiaries of a solution to this problem. The department likewise may be able to deliver these services more efficiently.

LITERATURE REVIEW

The literature review process was conducted in an effort to find out why fire departments are seeking alternative funding sources and, equally as important, what fire departments are doing to augment their traditional tax-based budgets. Sources of information include magazine articles, newspaper articles, and other related periodicals. Executive Fire Officer papers from the Learning Resource Center of the National Fire Academy were used as well. A search at the Lane Public Library was also conducted to find materials relative to these topics.

The Literature Review turned up some interesting facts and figures as to why departments are looking for alternative funding methods outside of traditional tax-based methods. The International City/County Management Association (ICMA) conducted a study in 2003 and found that, of the responses given by those city and county managers interviewed during July and August 2003, the most critical threat to the fiscal health of their local governments was declining revenue resulting from poor economic conditions (ICMA, 2003). This statement indicates that fire departments have to turn to alternative funding sources to offset the budget shortfalls they are experiencing in a tax-based system. David R. Berman, Senior Research Fellow at the Morrison Institute, states that property tax provides 28% of local governments' total revenues. This is the largest component of their own-source income (Berman, 2007). Berman further states that in New York, state aid to local governments declined from \$1.1 billion in 1988-1989 to \$800 million in 2003-2004. This is not the only state to see such a decline, but merely an example of what has become common in the U.S.

Freddie Mac, one of the nation's largest home lending firms, states that home values are down across the nation. Their research shows that home values are down anywhere from 6.4% to 28.5% during 2008 (Freddie Mac, 2009). When home values go down, so does the tax collected on each property, thereby forcing fire departments that depend on this money to look elsewhere for funding to offset the cost of doing business. Locally the story is the same. Butler County, Ohio, auditor Roger Reynolds recently conducted a revaluation of the 55 residential taxing districts in Butler County. His research showed that property values decreased an average of 4.7% countywide in 2009, which means that tax bills will be less (Greber, 2009). This indicates that many fire departments that rely on this source of income will have to re-examine their budgets to make up the difference.

The sagging home values nationwide are forcing departments to make cuts to their budgets. Per Fire Chief Magazine (News and Trends, 2009, p. 12) a survey conducted among 453 EMS and fire department managers revealed that 66% of those surveyed said that the public will notice a decrease in non-essential emergency response services and 47% of the departments surveyed plan to trim their costs by reducing overtime hours. Most managers however were focusing on reducing funding to programs such as travel to conferences, eliminating some types of training, and reducing non-essential services to the public. The survey, which was conducted by the National EMS Management Association, also found that 24% of the departments surveyed anticipate budget cuts of greater than 10% in 2010 (News and Trends, 2009, p. 12). Another survey conducted by The Fireman's Fund Insurance Co. revealed similar results. The survey found that more than half of fire departments needed to increase fund-raising efforts and/or grant-writing because of budget cutbacks (Roberts, 2009). Their research also showed that of the top three challenges facing fire departments today, the number one challenge was a lack of budget. This supports ICMA's (2003) study that found that the main issue facing local governments was a decline in revenues.

Declining revenues also result from business closures. Sterling, Illinois, suffered a huge loss in 2001 when the Northwestern Steel and Wire Company closed its doors and laid off 1,500 workers. This closure devastated the town because this meant losing the property tax associated with the \$8 million in assessed property value (ICMA, 2003).

Now that the reasons why fire departments are seeking alternative funding sources have been explored, the next question is what departments are doing to augment their budgets to offset the loss of revenue. Many departments are turning to alternative funding sources for help. According to FEMA (1999), a sampling of alternative funding for fire departments includes

leasing of equipment, strategic alliances with neighboring departments, fines and citations for unlawful acts such as failure to comply with codes, subscriptions for EMS, fire insurance surcharges, and state and federal grant programs. There are more funding sources available, but these are some of the more common methods utilized by departments. According to Walter, “It’s no secret that fire and emergency service agencies across the country are desperately seeking alternative funding sources” (2009). One such alternative funding source is the Community Development Block Grant. The CDBG is used to renovate or build firehouses, among other capital investments. This grant has provided more than \$90 billion in funding assistance to governments over its 26-year history (Walter, 2009). The data show that the CDBG is the seventh-largest grant program in the U.S. domestic budget, while it is the largest community development program in the federal budget.

While most of these sources are aimed at specific programs such as training, purchasing apparatus, or refurbishing or building firehouses, some departments are not in need of these things. They are in need of staffing. The SAFER Grant utilizes federal funds to hire firefighters at the local level to improve firefighter safety and survival (Staffing for Adequate Fire and Emergency Response Firefighters Act of 2003). This grant funds firefighters for the first five years of employment within a fire department, which may not have been possible by a local government’s budget in the first place.

Trying to obtain external funding for a department is difficult. Those in charge of the budgets must decide which sources provide them the best chance at successfully obtaining the much-needed funds. Some departments are relying on charging for services provided as a sure-fire way to recoup some of the costs of doing business, as Hannah (2005) states. In Dayton, Ohio, when victims are removed from the wreckage of an automobile accident, they assess a fee

of \$550 against the responsible party for the accident. While this source may not be a huge moneymaker for a department, it certainly would offset costs such as fuel and ongoing maintenance of fire apparatus. In addition to billing, fire departments are turning to private companies and trust funds for monies. The Heritage Fund, a philanthropic firefighter fund established in 2004, has issued grants to nearly 1,100 fire departments nationwide, totaling \$21 million in donations (Roberts, 2009). This fund is used to purchase life-saving equipment for fire departments such as thermal imaging cameras.

Koelz (1997) conducted research on the topic of alternative funding. His findings revealed 20 additional sources of funding that fire departments were using. The results found that very few (5%) were charging for fire suppression while a substantial amount (60%) were relying on federal, state, or local grants to augment their budgets. Facts taken from his literature review and survey showed that many departments are using alternative funding in one form or another (Koelz, 1997). Research was also conducted by Mitrano (2003) on what user fees fire departments were using to offset their decline in revenue. His results indicated that fire suppression user fees (2%) once again were the lowest used fees, while hazardous materials responses topped the list as most charged at 47%. However, he cautioned that the administrative costs associated with user fees must be thoroughly explored to ensure that all monies collected are offsetting the clerical costs (Mitrano, 2003).

The literature review not only provided a variety of alternative funding methods being used, but also how some departments are making the push to be more efficient and save money. Efficiency may come from proper use of personnel. A study conducted by the International City/County Management Association revealed that effectiveness equals efficiency. Their study

revealed that a five-person engine crew is 100% effective, a four-person crew is 65% effective, and a three-person crew is only 38% effective in performing their duties (Freeman, 2002).

Efficiency can also be achieved through new, upgraded equipment. In Valdosta, Georgia, the city government implemented several technology-based initiatives in fiscal year 2000-2001 that streamlined operations in all phases of local government (ICMA, 2003). The study goes on to prove that these upgrades have reduced both personnel and administrative costs associated with these programs and services. According to Jorgensen (2009) the Knoxville Fire Department eliminated the dependence on a linen/laundry service by doing all their laundry and linen replacement in house. Even with having to purchase new washers and dryers, the switch will only cost the Knoxville Fire Department approximately \$10,000 per year, which is a savings of \$40,000 a year.

Efficiency can also be measured in terms of per capita spending for fire protection. Sourcebook (2009) reports that the state of Ohio spent on average \$127 per capita for fire protection in 2006. The per capita average for the City of Fairfield Fire Department in 2006 was \$118 (D.G. Bennett, personal communication, 2009) well below the state average.

In summary, municipalities all across the country are starting to feel the budget crisis in their own backyards, which in turn affects the budgets of the fire departments in those municipalities. Finding alternative funding sources and trying to become more efficient is more critical than ever to a fire department's survival. Most municipalities, however, are still being forced to make cuts to their budgets that will impact the local fire departments and the services they are able to provide to the public.

PROCEDURES

The desired outcome of this research project was to determine what the City of Fairfield Fire Department can do to enhance its revenue base and/or become more efficient in its operations. The research project gathered and analyzed information that relates to the problem of revenue enhancement and efficiency in these tough economic times.

The research for this paper began with a literature review that utilized multiple periodical articles as well as Executive Fire Officer papers from the Learning Resource Center at the National Fire Academy. Online fire and EMS based publications were also used. Help from the Lane Public Library in Fairfield was utilized as well.

The first step was to determine how much property tax was collected from 2004-2008 in the City of Fairfield. This information was obtained from the City of Fairfield's Annual Reports for years 2004-2008. The next step was to determine what the City of Fairfield Fire Department's budget was in 2004 and 2008 to show the comparison of the budget going up but the taxes collected going down. These figures were obtained from the City of Fairfield finance director. The overtime figures were collected to help show why the budget was needed each year as proposed. Overtime hours and dollar amounts were gathered from the City of Fairfield Fire Department overtime databases, which are available to all employees for the period from January 1, 2008, thru December 31, 2008. Home sales figures were acquired from the City-Data.com website for years 2004-2008. This information also supported the reason why property tax collected was declining.

A survey was compiled and distributed to fire departments in Butler, Hamilton, Warren, and Clermont counties in southwest Ohio. The survey questions were based on the findings of the literature review in hopes of further expanding on the idea of revenue decreases and the push

to become more efficient. This amounted to approximately 89 different departments. The departments that received the survey were of all sizes, both in terms of geographic area and personnel. The literature review showed that the problem being researched by the author appears to be nationwide, so local departments likely would be facing the same issues. This survey was sent out via e-mail, and the recipients completed the survey on the website surveymonkey.com to complete the survey. Of those 89 departments, 41 responded to the survey, while another 17 were returned to the author as undeliverable. The results were used in conjunction with the literature review to answer the three research questions as stated in the introduction section of this paper. The survey was utilized to find out the following information:

1. How these departments are primarily funded
2. What these departments are doing to find alternative funding sources and/or to save money and become more efficient

The data collected from the survey and from the literature review were used to answer the three research questions as stated in the introduction section.

Definition of Terms

For the purpose of this research report, the term “alternative funding” refers to funding outside of the normal tax-based funding as it relates to the fire service. A “user fee” refers to the fee charged to an individual or group when a service is rendered to them. Below is a list of terms used in this paper and their definitions.

AHA: American Heart Association

EMS: Emergency Medical Services

ICMA: International City/County Management Association

NFPA: National Fire Protection Association

NHTSA: National Highway Traffic Safety Administration

Limitations of the Study

There are two limitations that need to be mentioned in regards to this study. The first limitation is that there is no real data that support how much benefit is gained through user fees. No facts or figures came to light to show that utilizing user fees was a guaranteed fix to a department's financial problems. Another limitation to the study lies in the overtime dollar amounts experienced by the author's department. The overtime dollar amounts were based on the mid-level firefighter pay grade. The overtime hours were worked by all levels of firefighters, from entry-level to officer. This means that the overtime dollar amount may be slightly higher or slightly lower than the stated figure.

RESULTS

The results for this research paper are a culmination of a thorough examination of the survey results and the budget and tax monies collected by the author's fire department. All of this information provided adequate support to answer the research questions.

The first question examined was: "Why are fire departments seeking alternative funding sources?" First it had to be determined how fire departments are primarily funded. The author's department uses a 4.65 mill permanent property tax levy to operate. The survey also revealed how other area departments are funded. More than half of those departments surveyed also operated on property tax, which does not bode well for their future in terms of maintaining a steady budget. This information is listed in Figure 1 in Appendix 2. The research question itself was answered by the survey results and the collection of data from the author's fire department. In both cases, the sets of data mirrored each other in the fact that more than one source of

funding is needed.

Figure 2 in Appendix 2 indicates that, of the departments that responded, more than half of them have seen a reduction in property tax collected, and their general fund budgets have seen a decrease. Likewise, Figure 3 in Appendix 2 shows that the City of Fairfield is starting to see a decrease in property tax collected, while the fire department budget is steadily increasing. Once again, area departments are similar to the author's department in the fact that the amount of money being collected is decreasing. The data show why fire departments are seeking alternative funding sources.

To answer question two, "What are fire departments doing to save money and become more efficient?" the survey results again were used to make this determination. Figure 4 and Figure 5 in Appendix 2 show the results from the survey. The results show that the top cut being made by fire departments is to their fire prevention efforts, but the results were all close in terms of percentages, which indicates that departments are making cuts across the board to their budgets and not just focusing on any one area. The effort to become more efficient is focused on less use of larger apparatus and more efficient use of personnel.

Question three, "What alternative funding sources are available to fire departments?" was answered by the survey results. Figure 6 in Appendix 2 shows that fire departments are turning to alternative funding sources, with grants and user fees being the highest used sources.

To expand on these results, the survey also asked departments about the user fees that they were using, if applicable to them. The results overwhelmingly showed that fire departments are charging for EMS transports at an almost 100% rate, and almost half of the fire departments surveyed are billing for motor vehicle crashes. These results can be found in Figure 7 in Appendix 2.

Based on the results listed in this section, three facts come to light. First is that fire department revenue streams are decreasing, whether they are the general fund or property tax collected. Second is the fact that fire departments have to turn to alternative funding sources to try and offset the loss of revenue. Third is the fact that fire departments are striving to save money either by making cuts to their budgets or by becoming more efficient. The complete results from each survey question can be found in Appendix 2 of this research paper.

DISCUSSION

Based on the results of the research, it is clear that the City of Fairfield Fire Department is not alone in the budget-tight economy. Their needs are generally no different than those of surrounding departments. The need for more revenue stream is evident nationwide, not just locally. The City of Fairfield Fire Department should take notice of the research results, as they certainly apply to the department and its budget issues.

The data and information collected for the research point out three things. First is that fire departments are making cuts to their budgets to help offset declining revenues. According to Prendergast (2009) the City of Cincinnati is mandating six non-compensated off days for each firefighter and police officer starting in 2009 and going into 2010 in an effort to avoid layoffs and browning out of fire stations. Overall the fire department has to cut \$1.2 million dollars from its budget, which fire department officials state will affect the juvenile fire setters program and cut down on recruitment. The research mirrored what Cincinnati is having to do- cut their budget in key areas. The City of Fairfield Fire Department, while smaller in size, still has been mandated to cut overtime for personnel. This will leave a fire apparatus with only two

firefighters to conduct critical tasks. One task that this fire apparatus cannot initiate is fire suppression due to NFPA 1500 as referenced in the Literature Review (page 8).

But reduction in the work force is not the only option being explored when it comes to cutting budgets. Some larger municipalities have proposed closing fire stations in an effort to make up a budget shortfall. For example, Garza (2009) states that Philadelphia has proposed seven fire companies be shut down. This would impact the care and transport of patients, because Philadelphia Fire Department provides the city's 9-1-1 transports (Garza, 2009). The City of Fairfield Fire Department has made cuts to its budget in three main areas- overtime to fill shifts, training, facilities upgrades and repairs. Figure 8 shows a comparison of these cuts made to other local fire departments.

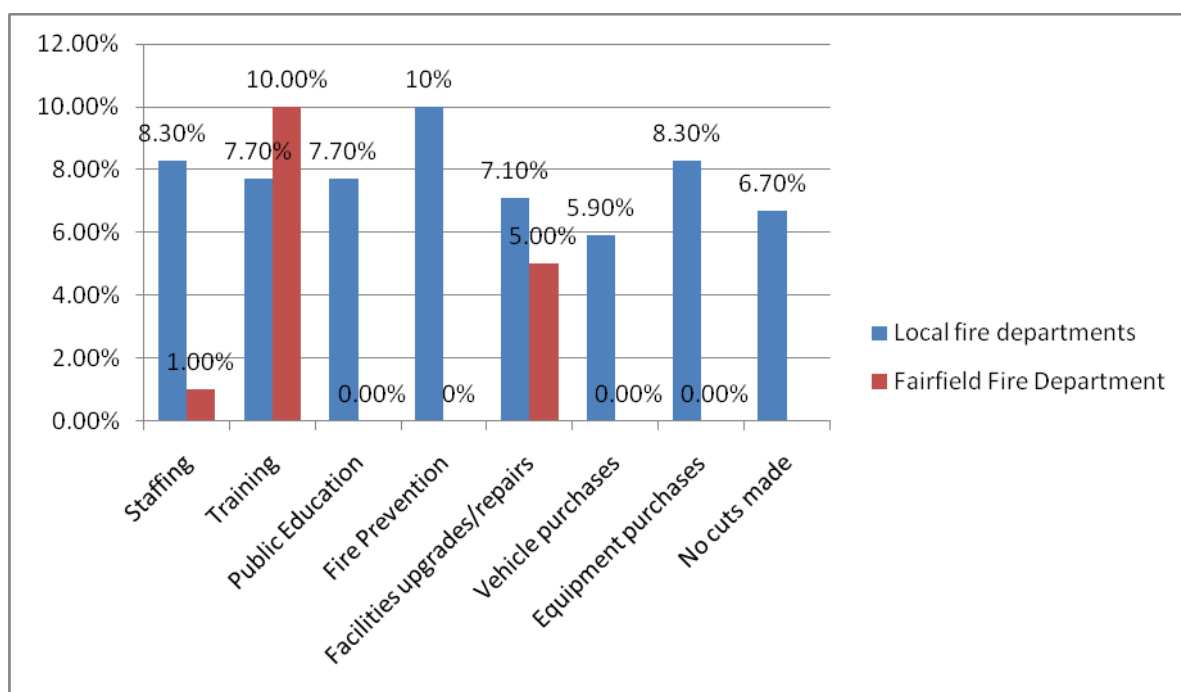


Figure 8 Comparison of cuts being made by fire departments and Fairfield

The data shows that the City of Fairfield Fire Department's biggest cut is to training of personnel. This is higher than other local fire departments that are only cutting training by 7.7%.

In contrast most local fire departments are cutting their staffing by 10%, while the City of Fairfield Fire Department only has to cut staffing by 1%. Even though that is a big difference, it is relative to the size of the department and their operations. The City of Fairfield Department offers more than just basic emergency services. They offer a multitude of public services that were mentioned in the Background and Significance section. So that 1% can impact what is already being offered by the department.

The second main point of emphasis from the research is that user fees are being used extensively by fire departments to offset declining revenues. Currently the only user fee being utilized by the City of Fairfield Fire Department is for emergency medical services. This falls in line with the fact that the biggest user fee currently being used is for Emergency Medical Services (EMS). According to FEMA (1999), the most lucrative category of fees is the type charged for emergency medical service transport and emergency medical care. Based on the research results, the City of Fairfield Fire Department has many options to choose from when it comes to generating additional revenue above and beyond the traditional tax-based system. The survey results mirror this and are shown in Figure 7 in Appendix 2.

Based on the research results, there is money that can be made by utilizing motor vehicle crash responses user fees, with almost 50% of those departments surveyed utilizing this type of user fee. Hannah (2005) states that the City of Dayton, Ohio already is utilizing this type of user fee. The City of Fairfield Fire Department responded to more than 600 motor vehicle crashes in 2008 and would benefit in much the same manner. If the department were charging for these responses, this could have offset some of the budget shortfall currently being experienced by the department.

But user fees are not the only revenue source that can be utilized. Applying for grants was high on the list of revenue enhancing options with approximately 88% of those departments surveyed utilizing this method. Figure 6 shows the breakdown of what additional revenue streams departments are using.

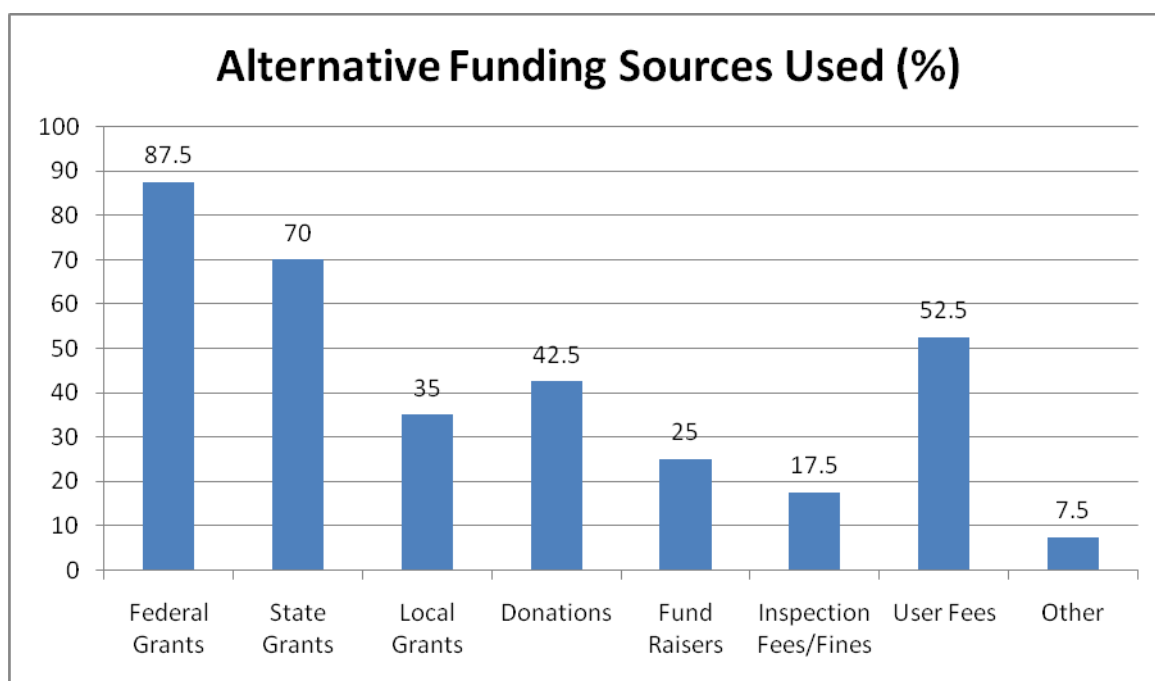


Figure 6 Alternative Funding Sources Used (%)

The City of Fairfield Fire Department currently is applying for federal grants and has for years. Since 2004, the department has been awarded approximately \$800,000 in grant money from the federal government to purchase items such as S.C.B.A. (self-contained breathing apparatus), protective firefighting gear, and training aids. Without this additional money the department's firefighters may not be as safe as possible because the aforementioned equipment would be old and possibly outdated.

The third fact that came to light as a result of the data was that departments are trying to become more efficient to save money. Jorgenson (2009) points this out when speaking about the

Knoxville Fire Department and their effort to become more efficient in terms of doing their own laundry. The City of Fairfield currently offers a laundry service for cleaning uniforms to its personnel. This service is costing the department over \$5000 a year. This money could be used elsewhere to enhance operations. The results were mixed when it came to the survey of local departments. Over one-half of the departments surveyed are using smaller staff vehicles to complete non-essential details. The City of Fairfield Fire Department already is doing this in an effort to reduce fuel costs and maintenance costs on fire apparatus. Figure 5 below shows the survey results.

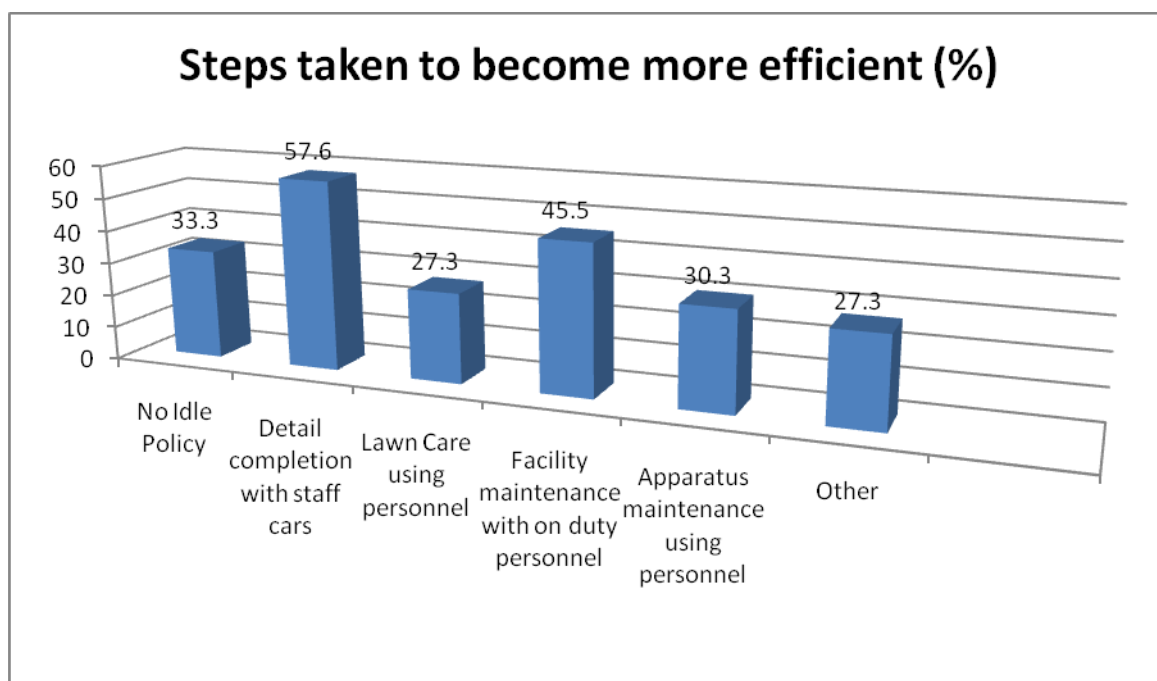


Figure 5 Steps taken to become more efficient (%)

As mentioned by Freeman (2002), an ICMA study revealed that efficiency can be measured in terms of staffing. The lower the number of personnel on a fire apparatus, the less efficient the crew is. This clearly shows that the City of Fairfield Fire Department is taking a step backwards in terms of becoming efficient due to the crew size being reduced to two

personnel on a fire apparatus on several occasions. If this staffing level exists for all three of the department's fire apparatus, then that means that only six personnel are going to show up on a structure fire initially. These six personnel will not all arrive at the same time either. There can be several minutes between each apparatus arriving at the scene. This will equate to fireground tasks left undone initially based on the priority that task is assigned. For example, life preservation is high on a fire department's priority list. With only six people initially showing up at the scene, this means that other tasks such as fire control or ventilation will be delayed. But these tasks go hand-in-hand with life preservation. So efficiency is not being achieved in this instance.

RECOMMENDATIONS

Fire departments are clearly in the midst of economic hard times. They are in need of other revenue streams and becoming more efficient within their own organizations. Fire chiefs must be creative in achieving these goals. The following recommendations are made to the City of Fairfield Fire Department to offset the loss of property tax revenue.

User Fees:

If the City of Fairfield Fire Department is intent on withstanding the downturn in revenue being generated, then utilizing additional user fees needs to occur. Currently the department utilizes EMS billing, but this is not enough to offset the trend of declining revenue. The research shows that there are other user fees available to the department and that other departments are using these fees successfully. Charging a user fee for motor vehicle crashes needs to occur right now to offset fuel costs and maintenance of the fire apparatus. The department's billing agency

for EMS responses offers this level of billing. The department administration needs to contact the billing company and set this option up.

Grants:

The department needs to continue applying for federal grants to obtain new and safe equipment. The department needs to start applying for other grants such as grants from the State of Ohio and training grants. For example, the State of Ohio offers training grants for initial firefighter training and officer development. The State of Ohio also offers grants for EMS training equipment. Rather than spending money that is not available, the administration needs to write grants asking for this money. The training grants can be used to offset the 10% cut to that particular area of the budget. The primary grant writer for the department needs to research all possible grants available and apply for them as they become available.

Efficiency:

The City of Fairfield Fire Department needs to immediately impose a no-idle policy of EMS units while at the emergency rooms dropping off patients. With the department making over 5,000 trips to emergency rooms a year, this will add up to significant fuel savings over time. Each EMS unit spends on average 20 minutes at the emergency room after patient care has been turned over to the staff. During that time the EMS unit runs in high-idle mode to maintain a charge of the batteries. This fuel could be saved and potentially battery life could be saved by shutting the vehicles down during this period.

Efficiency could also be achieved by the department by doing laundry in-house instead of through a commercial service. The department already has the high-efficiency washers and dryers at each station, so there would be no start-up cost. The only additional cost would be

having to purchase more laundry detergent, but that cost would be minimal compared to the savings generated by doing the laundry in-house.

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APPENDIX 1 – SURVEY

My name is Randy McCreadie and I am a Lieutenant with the City of Fairfield Fire Department in Butler County. I am currently enrolled in the Ohio Fire Executive Program (OFE). I am conducting a research project on alternative funding sources for my department. I would appreciate it if you could take a few minutes of your time to answer the attached survey that will provide valuable data for my research paper. Please complete this online survey at Surveymonkey.com by March 5th, 2010.

If you would like a copy of the results of the survey you can enter your email address at the end of the survey. All information provided on this survey will be reported as group data only. Individual respondents will not be identified in any manner. Thank you for your participation

1. How is your department primarily funded? (Please check all that apply)

- Property tax levy
 General fund
 General fund and tax levy combined
 % general fund % tax levy
 Other types of funding (please list)
-

2. How has property values fared in the past five years in your jurisdiction?

- Increased
 Decreased
 No change

3. How has property tax collected fared in the past five years in your jurisdiction?

- Increased
 Decreased
 No change

4. How has your jurisdiction's general fund fared in the past five years?

- Increased
 Decreased
 No change

5. What cuts if any are you making to your budget for 2010 and the corresponding percentages?

No cuts made
 Staffing _____ %
 Training _____ %
 Public Education _____ %
 Fire Prevention _____ %
 Facilities repairs/upgrades _____ %
 Vehicle purchases _____ %
 Equipment purchases _____ %
 Other (please list) _____ %

 _____ %

6. Does your department use funding sources other than taxes and general fund?

YES
 NO

7. If you answered yes to the above question, what types of funding sources does your department use? (Check all that apply)

- Federal grants
 State grants
 Local Grants
 Donations
 Fund raisers
 Inspection fees/fines
 User fees (Check all that apply)
 Structure fires
 Motor vehicle crash responses
 EMS transports
 Hazardous materials responses
 Other (please list)

 Other source (please list)

8. If you rely on user fees, what percentage of fees collected goes toward processing/billing fees?

- N/A
 1-5%
 6-10%
 11-15%
 16-20%
 21-25%
 Greater than 25%

**9. What is your department doing to become more efficient in order to save money?
(Check all that apply)**

No idle policy (turning off apparatus when not being used i.e. ambulances at the ER)

Staff cars to complete details instead of fire apparatus (i.e. going to grocery store)

Using firefighter labor to complete details (Check all that apply)

Lawn care/landscaping around the firehouse

Facility upkeep/maintenance

Apparatus maintenance

Other (Please list)

10. If you would like a copy of the results from this survey please enter your information below:

Name:

Email address:

Thank you for taking the time to participate in this important survey. Your answers will help me complete my research project and in turn help me make suggestions to my own department.

APPENDIX 2 – SURVEY RESULTS

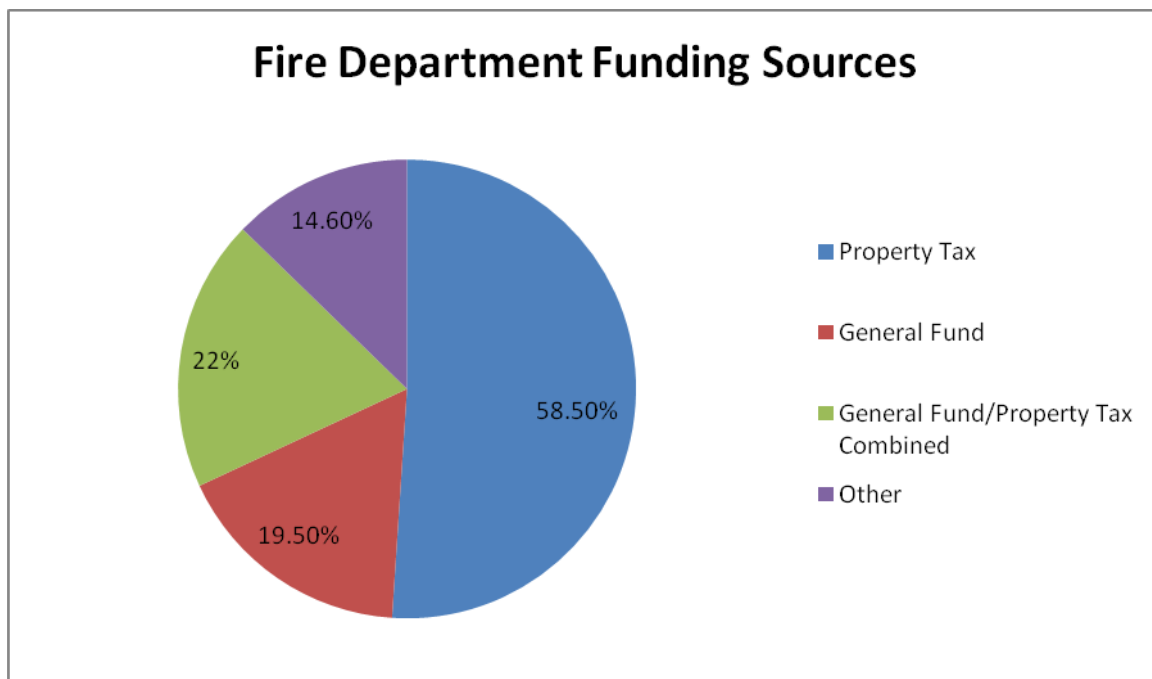


Figure 1 Fire department funding sources

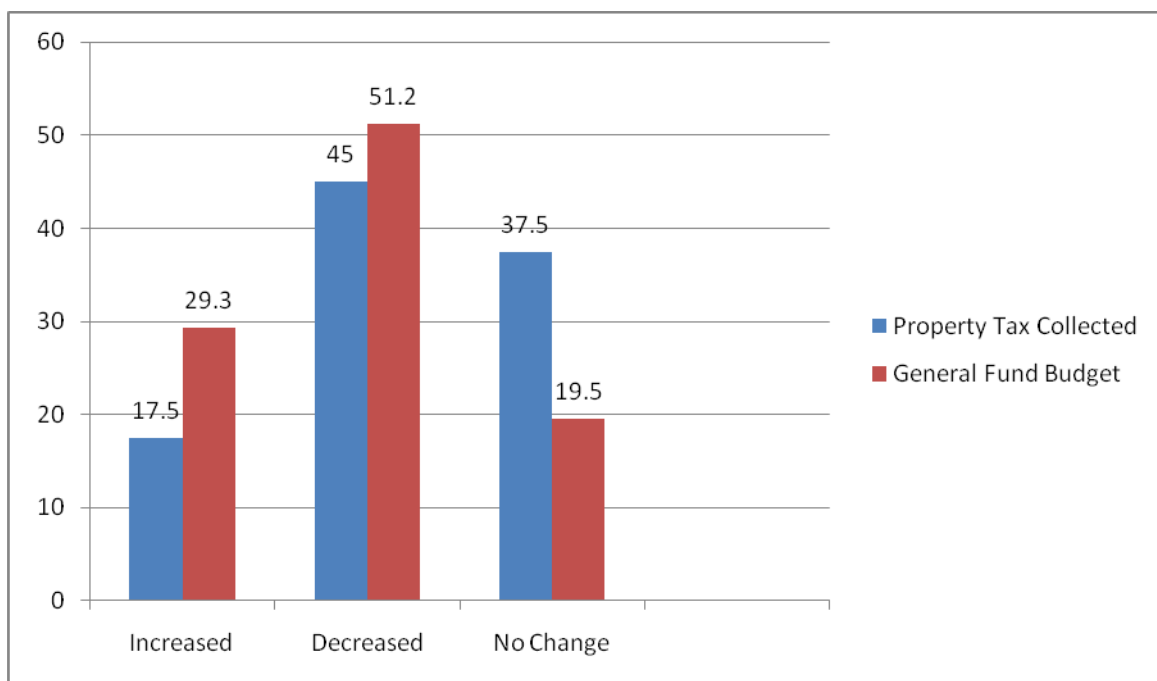


Figure 2 Percentage of property tax collected and general fund budgets

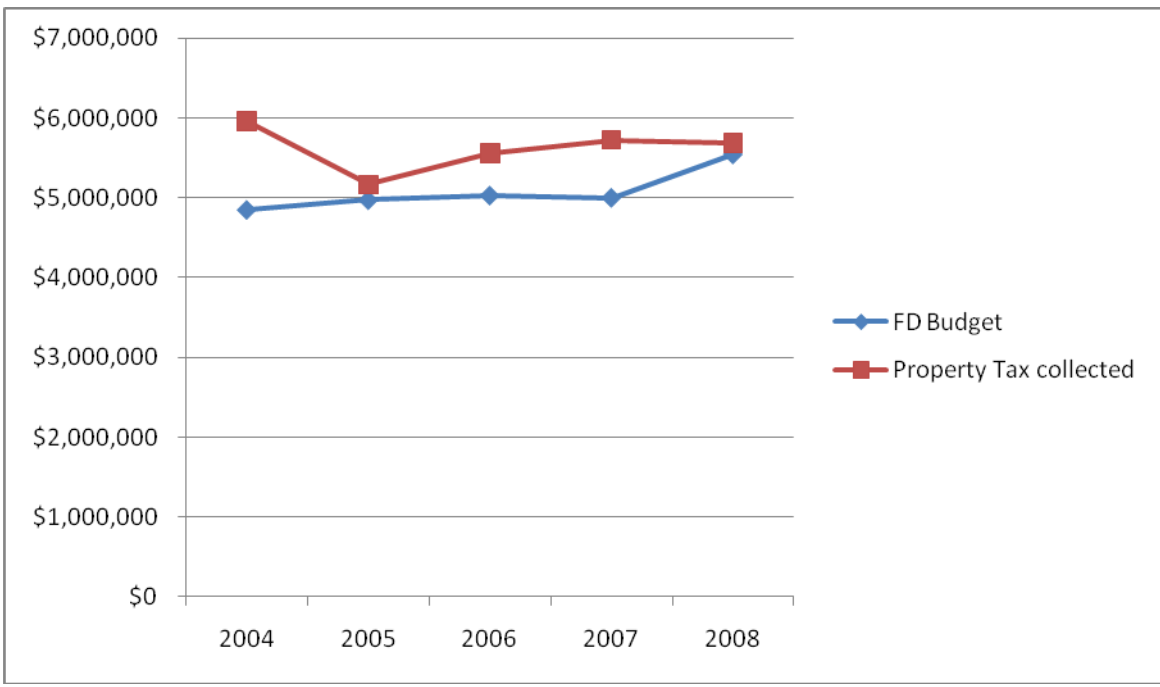


Figure 3 Fairfield Fire department budget vs. property tax collected

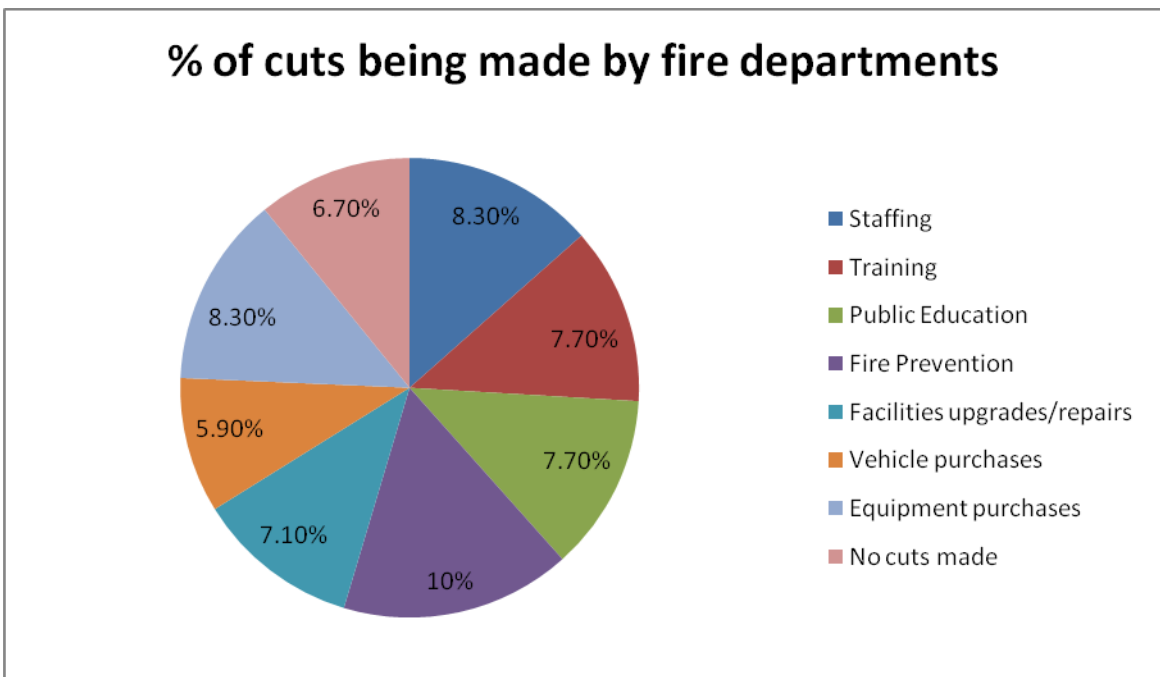


Figure 4 Percentage of cuts being made by fire departments

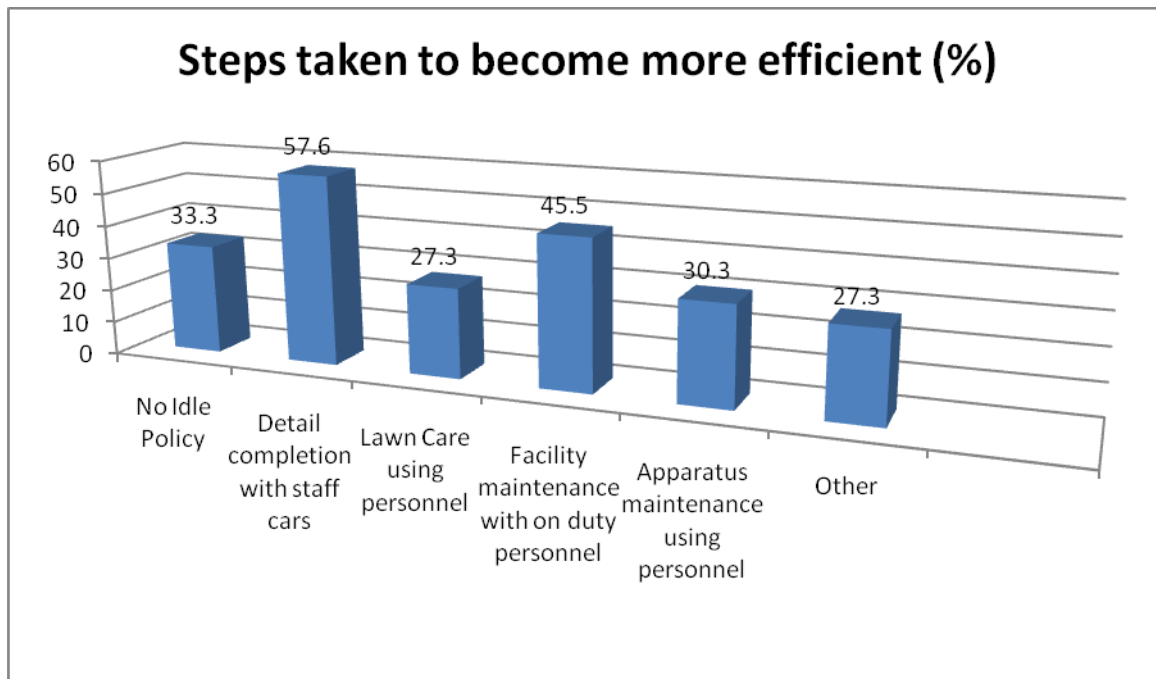


Figure 5 Steps taken to become more efficient (%)

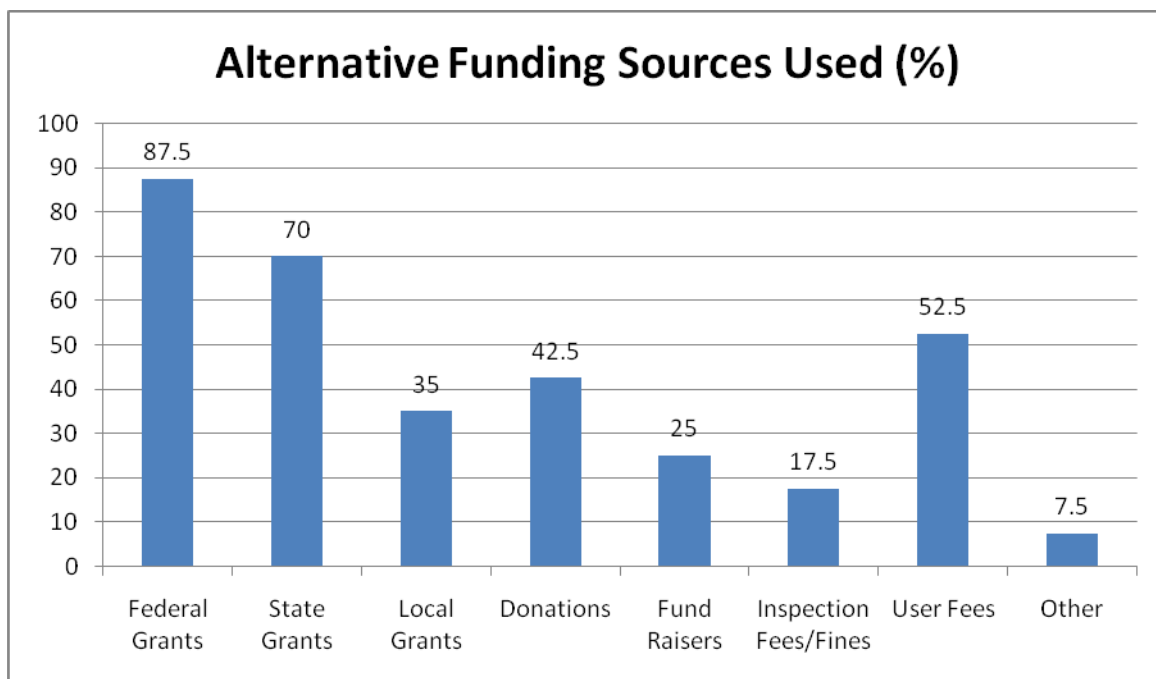


Figure 6 Alternative Funding Sources Used (%)

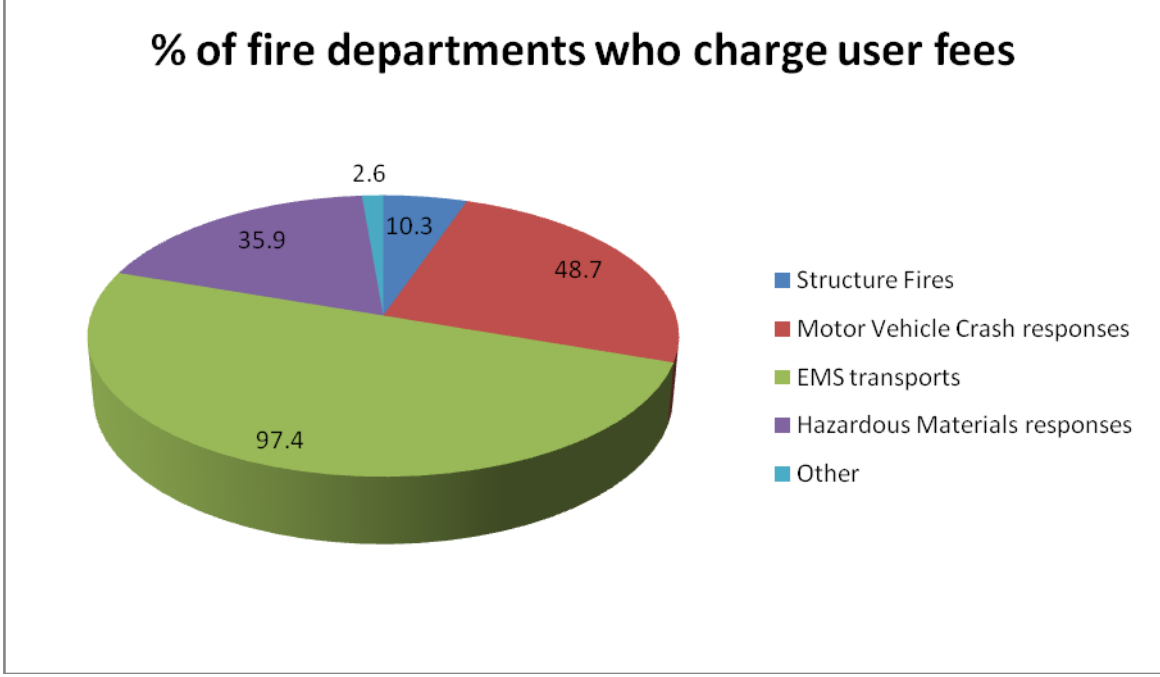


Figure 7 Percentage of fire departments who charge user fees

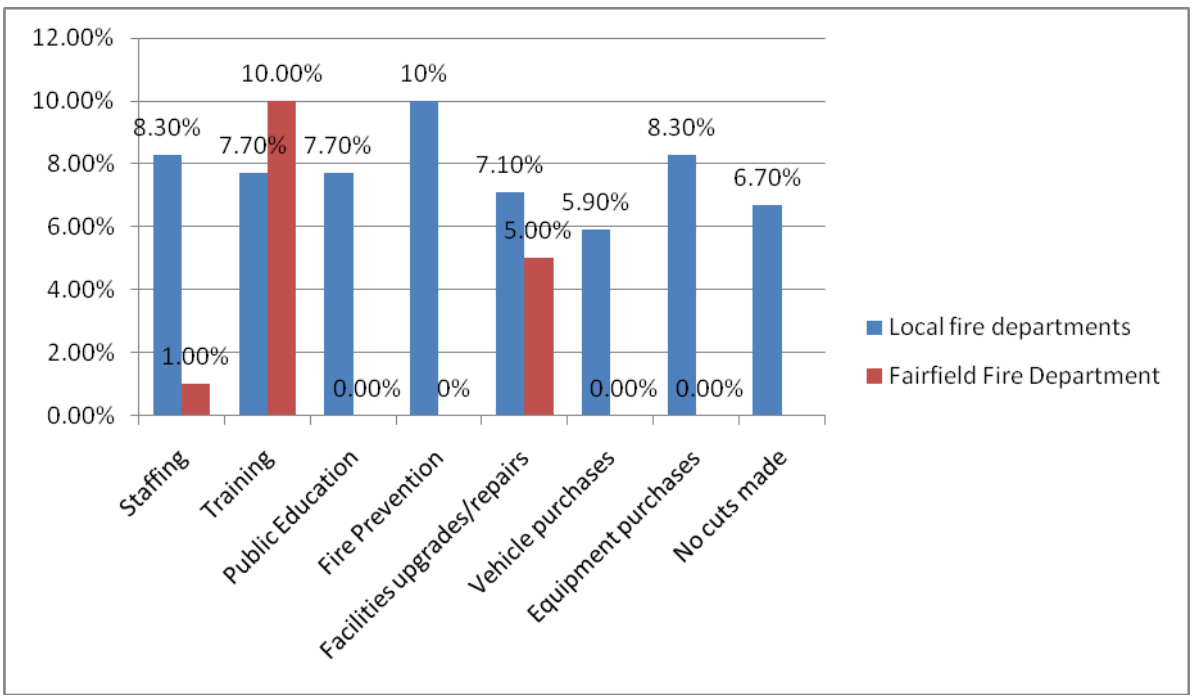


Figure 8 Comparison of cuts being made by fire departments and Fairfield