

San Diego, California renews emergency services contract with low-wage company

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This past Monday, June 1, the San Diego City Council voted unanimously in favor of a five-year contract extension with Rural/Metro for delivering emergency medical services to the city. With minor propositions for a few new ambulances and other new equipment, the contract maintains the previous agreement the city had with the company despite overwhelming opposition by EMTs (emergency medical technicians) and paramedics who have been subject to a raise freeze for over two years.

Rural/Metro, a for-profit emergency services organization, currently has an exclusive contract with the City of San Diego to supply paramedics and EMTs to 911 calls for medical emergencies. The current contract comes to an end June 30, at which point the five-year extension will go into effect.

The City of San Diego has been attempting to open up a bidding process so that other companies can compete for these services but currently, litigation over state emergency medical service (EMS) rules has prevented the City from doing so. Over the past few years, the City of San Diego has been opening up much of its employment to bidding by private companies, instead of government employees.

In San Diego, EMS workers are exempted from a “living wage” standard of \$14.43 per hour set by the city government for most city employees and contractors in order to “reduce turnover, absenteeism, and instability in the workplace.” According to a study by The Center on Policy Initiatives, an individual with a pre-school aged child would need about double the “living wage” amount to meet even basic needs.

Rural/Metro pays employees far less than the already low “living wage” while workers perform dangerous jobs saving the lives of residents in the city. The workers also receive no cost-of-living increases.

While the current contract is between the City and Rural/Metro, EMTs, paramedics, and mechanics in Local 619 of the National Association of Government Employees (NAGE), an affiliate of the Service Employees International Union, have recently rejected two labor agreements with the company.

About 40-45 of the 400-500 EMTs and paramedics who were not on shift picketed through downtown San Diego, displaying signs such as “Emergency services shouldn’t need financial aid!” and “\$10 per hour is NOT live-able.” Afterwards, workers entered the City Council meeting where voting on the contract extension was an item on the docket.

Despite the genuine frustration expressed by the employees of Rural/Metro, the company’s Market Development Director Michael Simonsen stated to the council, “We believe we pay our employees a living wage, they make around \$25,480 per year.”

Laura, a paramedic and mother of five who has worked for the company since 2000, told the City Council, “It pains me to hear my children cry when I only get to see them for ten minutes before I have to head to my next shift. I found out I would qualify for SNAP (Supplemental Nutrition Assistance Program), but I had to miss my appointment for eligibility because I couldn’t afford to miss a shift.”

The local union president asked that the City Council postpone its vote for 60 days so that the union can go back to the bargaining table with Rural/Metro.

All five Democrats on the City Council, Sherri Lightner, Todd Gloria, Myrtle Cole, David Alvarez, and Mari Emarald, went out of their way to affect a concern for people and promise to address the cost of living ordinance at some indefinite future date. These pronouncements were purely rhetorical. Indeed, Alvarez made clear that his show of concern was made

“without pre-committing to anything.”

The nine council members, Republican and Democrat, then voted unanimously to approve a five-year contract extension with Rural/Metro, deeming the fight by EMTs and paramedics for a living wage a “separate issue.”

Under the new contract, the charge for emergency services will increase between 9 and 14 percent from their current rates, which can reach close to \$1700 per trip for the patient and the patient’s family—leaving anyone uninsured with a severe financial burden on top of any medical problems.

The current partnership between Rural/Metro and the City of San Diego’s Fire-Rescue Department began in 1997. In 2011, city fiscal representatives began to express dissatisfaction over accounting issues and unreasonable costs and fees collected by Rural/Metro.

Until now, Rural/Metro has had almost exclusive control of the joint “financial operations including billing, collections, and financial reporting functions”, according to a 2011 report from the City’s Auditor. Although the city would like to open up the contract to other bidders, the litigation at the state level is expected to last for the next few years, hence the unanimous vote to extend the current contract.

Rural/Metro, headquartered in Scottsdale, Arizona, is a national provider of ambulance, fire protection and safety services employing over 8,000 people in over 400 US communities in 21 different states. In many of these cities too, the company has been selected as the sole provider for ambulance and fire services.

In 2011, Rural/Metro, with around \$263 million in debt, was acquired by the private equity firm Warburg Pincus, which is composed of 13 private equity funds and has invested \$45 billion in over 675 companies in 35 countries. The Wall Street firm’s current president, Timothy Geithner, presided over bailouts to the banks under the Obama Administration after the 2008 financial crisis as the US Secretary of the Treasury.

The firm has paid out billions to its partners over the past few years through an “ability to both make and exit investments that generate attractive rates of return, regardless of economic cycle,” according to co-president Joseph P. Landy, quoted in a 2013 press release.

After Rural/Metro filed Chapter 11 bankruptcy in 2013, it agreed with lenders and bond holders to reduce

its debt by 50 percent. The same year, a wage freeze was initiated for employees, while Warburg Pincus changed out some of the senior management of Rural/Metro.

NAGE Local 619 president Jennifer Russell said Monday, “The company used to give step raises but once it changed hands, you could tell the difference and see that they were really starting to pinch pennies. We have to even fight for a dollar. We’re the ones who earn all the money and do the hard work. It’s not just a San Diego thing, it’s a national problem everywhere.”



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