

EXECUTIVE SUMMARY

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: June 10, 2011

IBA Report Number: 11-37

City Council Docket Date: June 13, 2011

Item Number: 200

Emergency Medical Services Interim Agreement

The City Council is being asked to approve a resolution authorizing a two-year interim agreement with Rural/Metro on a sole source basis through FY 2013. Management is recommending a sole source agreement with Rural/Metro to provide continuity for EMS services until a competitive RFP process can be completed. The RFP process is expected to be completed in February of 2013 to allow time for the implementation of a new EMS service contract beginning July 1, 2013.

Based on advice from the City Attorney, management is recommending a new EMS agreement at this time. The new agreement will transition the provision of EMS services from a public-private partnership model (SDMSE) to a traditional City-vendor contract and address issues/concerns associated with the current partnership arrangement.

In the proposed two-year interim agreement, Rural/Metro agrees to pay the City: 1) an annual City Operational Fee for two years, 2) a one-time Buy-out payment to purchase the City's ownership interest in SDMSE, and 3) the City's share of any undistributed SDMSE profits as of June 30, 2011. The City Council is being asked to consider four different options to receive the annual Operational Fee and the Buy-out payment. Each option results in a different APC over the two years.

The IBA notes the following with respect to the proposed two-year interim agreement:

- Two of the negotiated options (1 and 3) exceed the \$23.14 million of EMS cost recovery budgeted for FY 2012 and expected for FY 2013. The other two options (2 and 4) fall short of this amount.
- In considering the four options presented, the resulting APC is a significant consideration. We have provided comparative APC data from within the County and the State.
- By switching to a City-vendor EMS contract the City is assured a fixed amount of revenue for EMS or other General Fund purposes. Rural/Metro or subsequent providers of EMS will bear the risk and reward associated with APC collection. If Rural/Metro's collection experience is better than anticipated, they benefit from additional revenue and vice-versa.
- A full forensic accounting audit of SDMSE's financial records over a 13-year period is currently planned. If the audit were to result in significant adverse findings related to Rural/Metro prior to the conclusion of the term of the proposed interim agreement, Section 14.1 enables the City to terminate the agreement.