



CITY COUNCIL AGENDA STATEMENT



October 16, 2018

File ID: 18-0418

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AMENDED AND RESTATED AGREEMENT WITH AMERICAN MEDICAL RESPONSE AMBULANCE SERVICE, INC. FOR UP TO A THREE YEAR TERM FOR BASIC AND ADVANCED LIFE SUPPORT (ALS) SERVICES WITHIN THE CHULA VISTA, IMPERIAL BEACH, AND BONITA/SUNNYSIDE FIRE PROTECTION DISTRICT EXCLUSIVE OPERATING AREA; APPROVING A RELATED AMENDED AND RESTATED ADMINISTRATIVE AGREEMENT FOR SPECIAL TERMS FOR ALS FOR SERVICES WITHIN CHULA VISTA INCLUDING REIMBURSEMENT PAYMENTS TO CITY FOR CITY FIRST RESPONDER ALS SERVICES; AND WAIVING THE COMPETITIVE BID PROCESS AS IMPRACTICAL UNDER CVMC 2.56.070

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

AMR or its predecessors has been providing emergency medical services to the City of Chula Vista and its EOA partners for almost 40 years. During the past five years, the City implemented an Advanced Life Support ("ALS") program whereby City paramedics provide ALS services as first responders" using City Fire Engines. This program is referred to as First Responder Advance Life Support, or "FRALS." This item presents for City Council Consideration, a new agreement with AMR that would continue AMR's provision of basic and advanced life support services within the EOA for up to three years and would continue to support the FRALS program starting on October 1, 2018. This new agreement would provide a quarterly reimbursement payment to the City for a portion of its FRALS services costs, and allow an increase in AMR's maximum allowed rates to cover such costs. During the contract term the City intends to explore alternatives to providing such services including issuing an RFP to AMR and possible alternative service providers, based on a different model of service delivery, or for the Chula Vista Fire Department to provide emergency medical transport service itself.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposal consists of a governmental plan of action related to the City's preparedness in the event of a natural or manmade disaster and which will not result in direct or indirect significant physical impacts on the environment. Therefore, pursuant to Section 15060

(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not Applicable.

DISCUSSION

Background

The County of San Diego ("County") has adopted a plan, in which it has designated an exclusive operating area ("EOA") defined as that part of San Diego County generally known as Chula Vista, Bonita/Sunnyside Fire Protection District, and Imperial Beach, for which Chula Vista has the authority to contract.

Chula Vista, Imperial Beach and the Sunnyside/Bonita Fire District (collectively, the Participating Agencies") have all been under contract with AMR, or its predecessors, since 1977 for the provision of Emergency Medical Response services within their territories. This agreement was approved by City Council on September 27, 2011 with an expiration date of September 30, 2017 after council approved the first extension in 2014. The contract was then extended administratively during negotiations through March 31, 2018. Council approved an additional sixty-day extension on March 27, 2018 to run thru May 31, 2018, which was subsequently extended administratively until October 31, 2018.

Each Participating Agency also has "side letter" agreements with AMR to address service standards, cost recovery and/or rate schedules unique to their respective jurisdictions. These services include Dispatch, BLS Equipment, Defibrillators, Contract Administration, and First Responder Advanced Life Support (FRALS). Maximum allowed rates that can be charged by AMR to its Emergency Medical Response patient/customers reflect these costs. This Side Letter Agreement was approved by City Council on September 13, 2011 and has also been extended through October 31, 2018.

During negotiations, AMR has identified that operational costs may increase, and reimbursement may decline due to health care market challenges. AMR is requesting the ability to increase the base rate at a maximum of 10% annually. Effective October 1, 2019 and October 2020, the AMR Primary Rates Component may be increased annually by an amount not to exceed ten percent (10%) per year. Increases are shown in Exhibit B, in the attached EOA agreement.

To date, the City has never required a competitive procurement process for the provision of ambulance transport services. A competitive bid process will provide an opportunity for the creation of a Request for Proposal (RFP) whereby the City will determine the scope, terms, and methods for transport service to be provided. The desired outcome is to not only determine a specific level of service to be provided in the City, but to improve service with regard to response time thresholds – especially in eastern Chula Vista; as well as reduce rates to end users. When ready, a formal RFP process should allow provided services to be maximized, while controlling patient costs, and therefore, produce a sustainable high-quality EMS system.

With Council approval of this agreement, the city will have up to 36 months to prepare, conduct, and award a contract through a competitive procurement process for the EOA. City staff will begin the RFP process, with the assistance of an outside consultant, immediately following the approval of this contract. Staff will return to council for approval of the consultant contract for services as soon as possible. The RFP process will be completed and a new contract or arrangement for emergency medical transport services will be entered into no later than the end of the proposed contract term with AMR (September 30, 2021), with a goal of completing the process for a new contract or arrangement earlier if possible.

Key Contract Provisions

EOA Agreement

The EOA Agreement is substantially similar to the previous agreement. Key provisions include:

1. Term- Three-year term (October 1, 2018 through September 30, 2018), with early termination provisions for cause (after opportunity to cure) and convenience (upon 180 days-notice) retained from the previous agreement.
2. Services and Response Times- AMR to provide ALS and BLS emergency medical response and transport services throughout the EOA. ALS response requirement is 11:59 or less 90% of the time in each EOA jurisdiction and 19:59 or less 90% of the time throughout the EOA.
3. Rates- AMR maximum “primary component rates” have been increased to reflect increased costs and rate limits imposed by federal and private insurers. Annual increases not to exceed 10% per year are allowed. See EOA Agreement Exhibit B for details.

Administrative Agreement for Chula Vista

1. With the full implementation of First Responder Advanced Life Support, the response time requirement for ambulances is less than 12 minutes for all emergency responses 90% of the time or greater, in the City of Chula Vista jurisdiction as a whole.
2. Increased payments to the City for Emergency Medical Support Services; raising the City’s reimbursement amount to \$2,608,904 in year one, \$2,927,916 in year two, and \$3,129,205 in year three. The increase in EMS support payments is due to paramedic stipends and EMT incentive pay caused by expansion of services when the Millenia fire station is placed into service as well as the implementation of Squads. In addition, there is an increase in negotiated personnel cost increases, and increases annually in supplies.
3. Increased "Maximum Authorized Rates" to allow AMR to recover the costs of the City’s ALS pass thru reimbursement for First Responder ALS Support Services.
4. A previous contract provision for possible adjustments in rates and/or City reimbursements in the event of a greater than 3% change in “marginal collection rates” has been replaced by

a general meet and confer provision in the event of a “material change” in collection rates or other key economic factors.

Legal Issues

Waiver of Competitive Bid Process

Both state and local procurement laws apply to contracts for emergency medical services.

Under state law, City conduct in this area is either governed by Health and Safety Code Section 1797.201 (where the city is not subject to state procurement requirements at all), or a Health and Safety Code Section 1797.224 (where the City would be “grandfathered” and permitted to extend contracts with long-term providers without competitive bid). In either case, the City in this instance is allowed to award a contract to AMR without state involvement, subject only to its own local laws.

Under local law, the City’s own requirements for competitive bidding would apply unless waived with appropriate findings. Staff is recommending that the City’s standard competitive process be waived in this instance as “impractical” and not in the best interest of the City based on the following facts:

1. AMR has been providing good quality service at competitive rates within the EOA for almost 40 years.
2. AMR familiarity with the EOA and surrounding areas, and their economies of scale as the County’s primary service provider give them unique qualifications.
3. The City’s EOA partners, on behalf of whom the City acts, both desire at this time to continue service with AMR.
4. The City is not currently in a position to conduct a formal RFP process, as significant additional analysis and document preparation is required. This agreement gives the City the time it needs to complete this process.

The City Attorney advises that these facts form a lawful basis for the City Council to waive its customary competitive bid requirements as “impractical” and as not in the best interest of the City under the authority of CVMC Section 2.56.070.B.3.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site specific and consequently the 500-foot rule found in California Code of Regulations section 18704.2(a)(1) is not applicable to this decision.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community.

The agreement for ambulance services has a direct link to the City's strategic goals of Strong and Secure Neighborhoods.

CURRENT-YEAR AND ONGOING FISCAL IMPACT

With approval of the agreement, AMR will pay the City for providing Emergency Medical Support Services. The City will be reimbursed on a quarterly basis during the duration of the contract as summarized in the table below. The program will continue to be part of the City Manager Proposed Budget and be considered as part of the normal budget process.

Contract Year	Oct 2018 to Sept 2019	Oct 2019 to Sept 2020	Oct 2020 to Sept 2021
Annual EMS Pass Thru Payments	\$2,608,904	\$2,927,916	\$3,129,205
Quarterly EMS Pass Thru Payments	\$652,226	\$731,979	\$782,301

ATTACHMENTS

Attachment 1: EOA Agreement

Attachment 2: Administrative Agreement for Chula Vista

Attachment 3: Base Rate Information

Staff Contact: Jim Geering, Fire Chief