



# CITY COUNCIL AGENDA STATEMENT



June 23, 2020

File ID: 20-0246

## TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING TEMPORARY LOANS OF UP TO \$9,374,810 FROM THE MEASURE A FUND BALANCE TO THE ALS TRANSPORT FUND FOR THE FUNDING OF PHASE II DEPLOYMENT STARTUP COSTS (\$4,881,100) AND VEHICLE AND EQUIPMENT COSTS (\$4,493,100), RESPECTIVELY, TO PROVIDE EXCLUSIVE EMERGENCY AMBULANCE TRANSPORT SERVICES WITHIN THE CITY OF CHULA VISTA, THE CITY OF IMPERIAL BEACH AND THE BONITA SUNNYSIDE FIRE PROTECTION DISTRICT COMMENCING ON OR ABOUT APRIL 9, 2021

## RECOMMENDED ACTION

Council adopt the resolution.

## SUMMARY

On January 28, 2020 Fire Department staff presented to Council an overview of the plan for fire department-based ambulance transport. At that time, City Council approved Chula Vista Council resolution 2020-014 directing the City Manager to engage in all necessary administrative actions to implement fire department-based emergency medical transport services, to begin negotiations for contractual service with the City of Imperial Beach and the Bonita Sunnyside Fire Protection District, and to bring back for City Council consideration and approval any required Council level implementation actions.

At a subsequent Fire Department presentation to Council on May 12, 2020, City Council approved the following: Resolution 2020-102 approving terms for a three party agreement for transport services and directing the City Manager to execute such agreement in final form; Resolution 2020-103 authorizing a purchase agreement with Republic EVS for purchase of 13 ambulances; Resolution 2020-104 authorizing a purchase agreement with Stryker Medical for gurney systems; Resolution 2020-105 authorizing a sole source purchase agreement with Zoll Medical Corporation for cardiac monitors and autopulse systems; Resolution 2020-106 authorizing a sole source purchase agreement with Motorola Solutions; Resolution 2020-107 authorizing the amendment of the compensation schedule and classification plan to reflect the addition and deletion of various position titles and amendment to the authorized position count in the Fire and Human Resources Departments with an increase in staffing; and approval of the revised FY20 compensation schedule effective May 22, 2020, January 1, 2021, and December 31, 2021 as required.

The approval to provide ambulance transport will improve service by adding more ambulance units/hours to the system thereby reducing ambulance response times in the entire system but particularly in east Chula Vista, decrease the costs of transport bills, reduce base rate cost fluctuation, allow for internal administrative control of the transport system, allow for unified dispatch of first responder and transport resources, and

provide for more timely and cost effective resolution of transport system issues. Approval to provide ambulance transport will also enable the eligibility for and collection of federal reimbursements of approximately \$2.3 million in the first full year and \$3.5 million annually thereafter. It is anticipated that the transport program will provide positive net revenue that can be reinvested towards the EMS system components currently being funded by the general fund, and for reinvestment towards improvements to the EMS system.

As the next step towards implementing CV Fire Department operations of the ambulance transport system, certain start-up costs must be funded and the purchasing process for the necessary vehicles and equipment must be initiated. In order to provide funding for these necessary costs, this item proposes for Council consideration a temporary loan of up to \$9,374,810 from the available Fire Department Measure A fund balance to the Fire Department's ALS Transport Fund. The \$4,881,100 loan to be used for start-up costs is expected to be paid back in the initial years of ambulance service operations using the final reimbursement payment from AMR at the end of their contract, and thereafter from projected Fire Department ambulance service revenues. The \$4,493,100 loan to be used for vehicle and equipment purchases is expected to be paid back in the near-term out of funds obtained from conventional commercial lease financing, which is pending. As projected, the total payback to Measure A is expected to occur with no negative impact to other Measure A programs or funding requirements.

#### **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**

On June 11, 2020 a staff report was submitted to the Measure A Citizen's Oversight Committee proposing a temporary loan from Measure A to the ALS transport fund to attain vehicle and equipment startup costs to provide exclusive emergency ambulance transport services. At that time, the Measure A Citizen's Oversight Committee voted in favor to support staff's proposal and endorse to City Council the use of a temporary loan from Measure A to the ALS transport fund.

#### **DISCUSSION**

The following is the current timeline for the implementation of City of Chula Vista Fire Department based ambulance transportation on or about April 9, 2021.

May 12, 2020	Council approval of capital purchases and staffing changes.
June/July 2020	Complete purchase of ambulances, gurney systems, cardiac monitors, and communications equipment.

July 2020	Billing RFP conducted if necessary.
September 2020	EMS personnel recruitment begins.
October 2020	Required 180-day contract termination for convenience.
December 2020	EMS BC positions begin transition.
February 2021	All equipment and warehouse inventory prepared.  Additional support positions begin to support transition.
March 2021	Paramedics complete new EMS employee orientation academy and field training. EMT personnel complete orientation academy.
April 9, 2021	Transport system begins.

**Initial Start Up Costs**

A combination of methods will be used to finance the phased startup of the transport system, to include utilizing the FY21 ALS budget, utilizing existing fund balances from the ALS fund, capital purchase/lease loans, and temporary inter-fund Measure A – Fire Component loans.

**Phase I**

In Phase I, the proposed FY21 ALS budget contains the appropriate funding to complete purchases necessary for medical training equipment, unit medical equipment, and initial uniform/PPE purchases. Funding from the existing balance of the ALS fund will allow implementation of items such as facilities improvements, and necessary support positions in HR and Fire Administration.

**Phase I-Funded by Current ALS Program**

ITEM	COST	SOURCE
City Overhead Departments (July-June)	\$317,521	ALS Fund Balance
Facilities Improvements (Offices, Warehouse, Stations)	\$150,000	ALS Fund Balance
EMS Training Equipment	\$75,000	FY21 ALS Budget
Portable Medical Equipment	\$200,000	FY21 ALS Budget
Initial Uniforms/PPE	\$130,000	FY21 ALS Budget

## Phase II

The balance of initial costs prior to the system's go-live for the first quarter of operation are requested to be financed with a temporary loan from the Measure A-Fire Component funds to the ALS Transport Fund not currently utilized due to the phased approach of improvements in the Measure A program. On June 11, 2020 this funding proposal was brought forward to the Measure A Citizen Oversight Committee for acceptance prior to City Council consideration.

Phase II proposed funding anticipates a temporary loan from the Measure A - Fire Component. The Measure A Fire Component FY21 beginning balance is approximately \$7.4 million. The Fire Department FY21 total proposed Measure A expenditures is \$7.682 million. The estimated ½ cent sales tax revenue for the fire department Measure A component is estimated at approximately \$9 million. The FY21 ending fire department Measure A available fund balance is approximately \$8.725 million.

In Phase II, continued implementation requires the purchase of a supply vehicle, funding the initial 90 days of medical supplies, funding of new EMS employee orientation for EMT's and Paramedics, funding the implementation of EMS support positions, and increased general liability insurance costs.

The first quarter deployment of transport operations will be funded prospectively, as the billing cycle of medical transport requires 90-180 days to recover revenue. These expenses include providing the matching funds for federal reimbursement programs, transport operational costs, and first responder program costs. The first responder cost will be negated with the last payment of FRALS fees from the existing AMR contract.

Phase II costs and first quarter deployment costs are shown in the table below.

### Phase II Startup Costs

ITEM	COST	SOURCE
Pre-Deployment Costs FY21		
Warehouse Inventory	\$150,000	Measure A
Supply Van	\$60,000	Measure A
EMS Academy (4 Weeks)	\$200,000	Measure A
Transport Support Positions Hired	\$300,000	Measure A
Liability Coverage	\$75,000	Measure A
Total of Pre-Deployment Funds	\$785,000	
Deployment Costs-4 <sup>th</sup> Quarter FY21		
QAF Matching Funds	\$125,000	Measure A

IGT Matching Funds FY22 QTR 1	\$900,000	Measure A
Transport Costs FY21 QTR 4	\$2,291,990	Measure A
FRALS FY21 QTR 4 (Reimbursed 7/1/2021 by AMR)	\$779,720	Measure A
<b>TOTAL</b>	<b>\$4,881,710</b>	

The Fire Department is seeking to pay for the Phase II startup costs by utilizing a temporary loan in the amount of \$4,881,710 from the available FY21 Measure A-Fire Component fund balance of approximately \$8.725 million to the ALS Transport Fund in.

### Capital Purchases

The last component of startup costs is the major capital equipment necessary to operate a transport system. Capital purchases comprise the largest portion of the system startup costs and can be classified as one of the four following categories: ambulances, gurney systems, cardiac monitor/resuscitation equipment, and communications equipment. It is anticipated that these collective purchases will be obtained through an existing or future capital purchase/lease bank loan and be repaid over the first five full years of operations through existing transport baseline budget allocations.

### Ambulances

The process of selecting a vendor for purchasing ambulances involved soliciting preliminary quotes from three separate vendors that are currently listed on the Houston Galveston Area Council (HGAC); Medix Specialty Vehicles, Frazer, and Braun Northwest. The request was for a Type I ambulance on a 1-ton or greater diesel chassis, to include installation of customer specific equipment as part of the manufacture process.

HGAC conducted a competitive solicitation for ambulances and Medix/Southwest Ambulances was chosen to be the lowest most responsible and responsive bidder. In order to procure these vehicles, the Purchasing Agent has determined that the award of this contract is consistent with Section 2.56.140 of the Chula Vista Municipal Code Cooperative Purchasing Agreements. The HGAC award to Medix/Southwest Ambulances under contract AM10-18 was competitively bid and complies with the City of Chula Vista procurement policy. The City of Chula is a current member of HGAC, member number 17-6246.

### Gurney System

After detailed research of the two gurney systems in the marketplace, the fire department determined the most functional and safe gurney system is the system produced by Stryker. A preliminary quote was requested per the Savvik RFB 2019-05. Savvik conducted a competitive solicitation for gurney equipment. Stryker Medical responded to the RFB. In order to procure this gurney equipment, the Purchasing Agent has determined that the award of this contract is consistent with Section 2.56.140 of the Chula Vista Municipal Code Cooperative Purchasing Agreements. The Stryker Medical bid under Savvik RFB 2019-05 was competitively bid and complies with the City of Chula Vista procurement policy.

## Zoll Medical Equipment

The cardiac monitor and mechanical compression system currently used by Chula Vista, Imperial Beach, and Bonita Fire Departments is manufactured by Zoll Medical Corporation. The fire department has replaced all cardiac monitors and Autopulse systems within the last 6 years, with a total of 20 X Series Monitors and 17 Autopulse devices currently deployed in the EMS system. To provide continuity of care and universal function, the department is purchasing identical equipment from Zoll Medical Corporation.

Zoll Medical Corporation is the sole source distributor of its products. The city has designated Zoll as a sole source contract for the last 11 years.

## Motorola Radio Communications Equipment

Motorola radio equipment is required for all 13 ambulances being purchased to provide transport services. The equipment includes mobile radios, portable radios, accessories and installation of the equipment. The radio equipment is purchased via a sole source agreement per City of Chula Vista Resolution 2011-131.

The following table illustrates the costs for capital purchases.

<b>ITEM</b>	<b>Quantity</b>	<b>Total</b>
Ambulances	13	\$2,815,485
Stryker System	13	\$700,882
Zoll	11	\$747,845
Motorola	13	\$228,888
	<b>Total</b>	<b>\$4,493,100</b>

Once again, it is anticipated that these capital purchases will be purchased through an existing or future capital purchase/lease bank loan. However, the capital purchases are time sensitive in terms of purchase order approvals, build time and actual delivery of equipment. A funding source must be in place prior to Council approval to open the purchase order with the vendor. In the event the bank loan is not acquired within the proper timeframe that would allow for Council approval of the purchase order to meet the April system go-live deadline, an alternate funding solution must be in place.

As an alternate solution, Fire Department staff is recommending an additional temporary Measure A-Fire Component loan for capital purchases in the amount of \$4,493,100. This alternate solution identifies a funding source and will allow staff to bring the capital purchase item forward to Council for approval of the purchase order. Council approval of the item will secure the order and allows the vendor to begin building the equipment without delays that would impact the ambulance transport start time. If a capital purchase/lease bank loan is acquired, the additional temporary Measure A-Fire Component loan in the

amount of \$4,493,100 will not be utilized. Instead, staff will return to City Council for authorization and approval of the bank loan as the funding source for the capital purchases in place of Measure A funds. This strategy works well since the actual payment for capital purchases is due upon delivery of the equipment – not at time of the order. In the event a capital purchase bank loan is acquired prior to Council consideration of a Measure A loan on June 23, 2020, staff would seek Council approval for only the Measure A-Fire Component funds necessary for Phase II costs (\$4,881,710). Under either scenario, the final temporary Measure A-Fire Component loan amount is anticipated to be \$4,881,710.

The table below shows the requested loan amounts and available FY21 Measure A-Fire Component fund balance.

ITEM	Source	Total
Phase II Costs	Measure A	\$4,881,710
Capital Purchase Costs	Measure A	\$4,493,100
Total Potential Loan Amount		\$9,374,810
FY21 Available Measure A-Fire Component fund (1)		\$8,725,214

(1) The timing and amount of the Measure A loan may be adjusted as the impact on Measure A revenues as a result of COVID-19 is determined.

### LOAN DETAILS

It is anticipated that the City will use a temporary interfund loan from Measure A Fund to the Ambulance Transport Fund to fund Phase II costs including various vehicles and equipment purchases until a capital lease can be secured. An interfund loan will carry an interest rate equal to the City’s pooled investment rate of return, currently approximately 2.2%. This interest rate continues to fall as investments mature and new investments are being purchased at much lower rates. The Measure A fund will receive any accrued interest owed to the fund until the capital lease is secured. With the projected revenue from transport, the temporary loan from the Measure A – Fire component is projected to be repaid well within the first five full fiscal years of operation.

### **CONCLUSION**

Measure A-Fire Component balances are an appropriate use of resources for startup funding of the Fire Department based ambulance transport system. Measure A startup funds will directly improve public safety service delivery by bringing ambulance transport under one unified system. The new system will contribute to the reduction of EMS first unit arrival times by providing a greater distribution of resources as well as improved resource availability and reliability while decreasing transport base rate costs to residents by more than \$1,000.

The approval of temporary Measure A-Fire Component loans will help to allow for unified management of the entire EMS system, improved dispatching of ambulance units and provide the opportunity for timelier

and more cost-effective resolution of transport system issues. Approval to use Measure A for startup costs will also enable the eligibility for and collection of federal reimbursements of approximately \$2.3 million in the first full year and \$3.5 million annually thereafter. Its anticipated that the system will provide positive net revenue that will be reinvested towards the EMS system currently being funded by the general fund, and for implementation of system improvements. The loan will be repaid with interest further improving fund balances to be used for Fire Department staffing enhancements.

#### **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. Staff is not independently aware and has not been informed of any other basis for a potential conflict.

#### **CURRENT-YEAR FISCAL IMPACT**

There are no general fund impacts as a result of this action.

#### **ONGOING FISCAL IMPACT**

There are potential positive ongoing general fund impacts related to transitioning Ambulance Transport System in-house but unknown at this time.