

Council Business Meeting

June 16, 2020

Agenda Item	Ambulance Service Financial Review Options	
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SUMMARY

During a presentation and discussion regarding the transporting ambulance service provided by Ashland Fire & Rescue (AF&R), Council asked that an agenda item be placed on the June 16, 2020 Business Meeting to discuss and provide direction to staff for consultant options and preliminary scope of work for a third party analysis of the financial position of the ambulance service relative to the overall operations within the Fire Department budget.

POLICIES, PLANS & GOALS SUPPORTED

Section 2:

E. During the 2019-2021 Biennium analyze various departments/programs with the goal of gaining efficiencies, reducing costs, and improving City services.

PREVIOUS COUNCIL ACTION

Council has had no formal previous action on the matter, however the Cost Review Ad-Hoc Committee discussed the value of an independent third party review as part of their overall set of recommendations that were reviewed and approved by Council at its May 19, 2020 business meeting.

BACKGROUND AND ADDITIONAL INFORMATION

Recommendation #2, made by the Cost Review Ad Hoc Committee states:

Review the ambulance service and study it as a unit of the Fire Department and provide future direction by June 30, 2020 to the letter of intent deadline for the five-year Ambulance Service Area contract.

During the June 1, 2020 Study Session, it was recommended that Council begin discussing the possibility of further review of the finances related to the ambulance service. Part of the discussion was related to the availability of contractors who deal specifically with public safety agencies. Staff has determined that there are many contractors available, offering a variety of services. Please refer to Attachment 1 for an example of some of the companies that might participate in a request for proposal (RFP) process.

As a follow-up to discussions from the Cost Review Ad-Hoc Committee, Finance Department staff have had preliminary discussions with Moss Adams, the City's current audit consultant, about their availability, scope of services and estimated costs to perform what might be considered a more limited financial audit/review.

The RFP process will need to identify the scope of work to be performed. Staff has noted some of the following possibilities for discussion:

- Determination of the existing/historical level of subsidy of the ambulance service within the Fire Department budget (five-year history?)
- Determination of the total value of that subsidy (presuming the value is in staffing benefit for Fire Department operations)
- Immediate potential cost savings if ambulance service area (ASA) not renewed. This would include description of associated staff cuts if ambulance service removal alone doesn't create cost savings

- Cost savings over time
- Changes in the level of service for ambulance service within Ashland and the overall ASA
- Changes in the level of service for Fire Operations after ambulance is removed

FISCAL IMPACTS

Cost of an ambulance service review could range dramatically based upon the scope of services desired. A more limited direct financial analysis by our current auditors could range from \$8,000 to \$15,000 depending on specific levels of review, while a more comprehensive study and analysis of the overlapping cost centers between fire operations and ambulance transport as well as the operational and budgetary impacts of the removal of the ambulance service would likely cost significantly more.

STAFF RECOMMENDATION

Staff is interested in providing the information necessary and valuable for Council to properly review and understand the implications of retaining or releasing the ambulance service from Ashland Fire and Rescue. The most expeditious option given the required consultant services procurement process would be to utilize Moss Adams as they are already under contract with the City and these tasks could be added to their current scope of work. However, this is likely the most limited review and analysis and may not provide Council with the full breadth of review and analysis desired. Developing an RFP, associated scope of work, project timeline and deliverables for an expanded review and analysis may result in the final report being completed after required Council decision points have passed.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

- 1) I move to direct staff to engage Moss Adams with a contract amendment to complete a financial review of the ambulance services using the suggested analysis elements provided in the staff report.
- 2) I move to direct staff to develop an RFP for consultant services that ensures the selected consultant has Fire and/or ambulance service specific financial analysis expertise and experience and use the suggested analysis elements provided in the staff report.
- 3) I move to direct staff to not pursue consultant services for additional financial review and analysis of the ambulance service at this time.

REFERENCES & ATTACHMENTS

Attachment 1: Fire & EMS Consulting Services - Examples

Fire - EMS - Police Consulting Services

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