



CITY COUNCIL AGENDA REPORT

MEETING DATE: MARCH 15, 2005

ITEM NUMBER:

SUBJECT: DRAFT ORDINANCE AMENDING TITLE 7 OF THE COSTA MESA MUNICIPAL CODE REGARDING ADOPTION OF AN EMERGENCY MEDICAL SERVICES (EMS) SUBSCRIPTION PROGRAM

DATE: MARCH 2, 2005

FROM: FINANCE DEPARTMENT/ADMINISTRATION

PRESENTATION BY: GREGG STEWARD, DEPUTY FIRE CHIEF

**FOR FURTHER INFORMATION CONTACT: JIM ELLIS, FIRE CHIEF, (714) 754-5106
MARC PUCKETT, DIRECTOR OF FINANCE,
(714) 754-5243**

RECOMMENDED ACTION:

It is respectfully requested that City Council introduce and give first reading to the attached ordinance, which amends Title 7 of the Municipal Code by adopting an Emergency Medical Services (EMS) Subscription Program.

BACKGROUND:

Staff presented a report to City Council on potential new revenue sources at a Council Study Session. These potential new revenue sources were deemed necessary to protect erosion of the City's tax base due to state actions, increasing demand for services and facilities and economic considerations. All potential new revenue sources were proposed as enhancements to the general unrestricted revenue in the General Fund. After presentation to Council at the study session, the matter was to be brought forward to Council at a future Council meeting for further consideration.

Council indicated that they were interested in considering the Solid Waste Hauling Franchise Fee, the EMS Subscription Program, the Business License Tax and the Transient Occupancy Tax further. Staff was directed to meet with stakeholders and bring this matter back to Council for further consideration at a City Council meeting.

At the July 6, 2004, City Council meeting, Council directed staff to proceed with implementation of the EMS Subscription Program and, at the August 2, 2004, City Council meeting, Council directed staff to proceed with implementation of the Solid Waste Hauling Franchise Fee.

At the January 10, 2005 regular City Council Study Session, the draft ordinance and fee program was presented in preparation for the scheduled January 18, 2005 Public Hearing. It quickly became evident that there were numerous detail questions to be addressed before the item could go forward. The City Manager suggested proceeding with the Public Hearing on January 18, 2005 so that members of the Public and the City Council could raise questions, issues and concerns for the record so staff could had a comprehensive list of matters to address.

Due to the number of questions from members of the public and City Council the matter was postponed until the February 22, 2005, City Council meeting. At the February 22, 2005, City Council meeting, the matter was further postponed until the March 15, 2005, City Council meeting.

ANALYSIS:

The EMS Subscription Program, summarized herein, can be implemented by City Council by adopting the attached ordinance enabling the associated fees to be levied and a fee resolution setting the amount of the fee. The fee resolution will also include requested administrative detail regarding how staff will carry out the program. Both the Ordinance and the resolution must be approved in order for the program to go into effect.

Origin: The EMS Subscription Program was created in response to rising health care costs and the recent California budget crisis; events that have had a negative financial impact on Costa Mesa residents both directly and indirectly by reducing the funds available to the City needed to provide services such as Fire Department paramedics.

By not billing our own residents for EMS, the City of Costa Mesa is in effect subsidizing private insurance companies and state and federal governments by paying for a service that would otherwise be funded by private insurance or state or federal health care programs.

Description: The EMS Subscription Program is a voluntary membership program. It includes two components: a Voluntary Membership Program and a fee for service for non-program participants and non-residents. To be a member of the Voluntary Member program, a person must be at least 18 years of age and be either a Costa Mesa resident or a Costa Mesa business owner.

Residential memberships (to be set by resolution, but recommended to be \$36) cover all persons who reside in the member's home anywhere within Costa Mesa city limits. In addition, all invited guests of the member are covered while they are in the member's home or on the property on which the home is located. Business memberships (to be set by resolution, with a current recommendation of \$36 for the first 10 employees, then \$3 for each additional employee) cover employees anywhere within Costa Mesa city limits during their working hours. The resolution which staff intends to provide for Council consideration at a subsequent meeting will also contain a proposed rate for residential care/group home facilities.

Should a member ever need to utilize Fire Department EMS, they will not have to pay any out-of-pocket expense for those services. This program only addresses those EMS services provided by the City and does not cover transport by ambulance nor hospitalization.

There is also a provision for financial hardship membership for those individuals who can demonstrate financial hardship using a specific formula. The fee for this financial hardship will be set by resolution, but is currently expected to be \$12.00.

The ordinance would also eliminate the separate Advanced Life Support (ALS) and Basic Life Support (BLS) fees and combine them into one EMS Response Fee, the amount of which will be established by subsequent resolution (but currently expected to be proposed as a \$300 fee), and will also make clear that the EMS Response Fee will be billed to all users of the City's paramedic services, except to those who are members of the EMS Subscription Program

Use of Funds – The funds received from the EMS Response Fee billings and the EMS Subscription Program would go directly into the General Fund. These additional funds would be unrestricted general revenues. It is important to keep in mind that at the present time, funding for the provision of emergency medical services comes totally from the City's General Fund. Earmarking or diverting the EMS fees for specific expenditures directly related to emergency medical services or any other City service conflicts with the City Council's original direction to consider new revenue sources. If there are specific interests in expanding the current level of emergency medical services, those should be brought forward and discussed.

After staff presented the proposed ordinance to City Council, there were a significant number of pertinent questions asked by Council and members of the public. Staff has worked diligently to gather the information necessary to fully respond to all of the questions asked. In order to gather responses to some of the questions asked, staff has been required to physically perform site visits at some fire agencies in order to gather the necessary information. Attachment 1 provides full responses to the questions asked at the January 18, 2005, City Council meeting.

ALTERNATIVES

There were several different alternatives provided to the City Council at the beginning of this study. Following review of those alternatives (please see Attachment 3) the City Council selected the Subscription Program as its preferred choice. The other alternatives listed in the attached are still viable for consideration. However, considerable additional staff time will need to be committed to researching one or more of these alternatives if a change in direction is desired at this time.

FISCAL REVIEW

An estimated \$210,000 would be generated by creating a single Fire Department EMS Response Fee, proposed to be \$300, and by authorizing the contract ambulance service company to begin billing Costa Mesa residents.

As an alternative, the ALS and BLS Fees may be maintained separately rather than combining the fees into a flat rate EMS Response Fee. Separate ALS and BLS fees would be proposed at \$350 and \$215 respectively. An estimated \$175,000 would be collected from the fees if the fees were maintained separately.

The proposed fees would be set by resolution at the time that the second reading of the ordinance is acted upon. In addition, a proposed implementation and administration program, to include guidelines for consideration of hardship reduction requests and policies and procedures to ensure that members of the subscription program and their covered co-occupants, guests and employees are properly provided with coverage benefits, will be submitted to Council for approval by resolution.

Additionally, revenues would be raised through the selling of EMS Subscription Program memberships, the amount of which would be dependent on the success of the marketing/advertising campaign. The total additional new revenue from this fee would range from approximately \$200,000 – \$500,000+.

LEGAL REVIEW

The attached ordinance has been reviewed and approved as to form by the City Attorney’s Office.

CONCLUSION:

Staff respectfully requests that City Council introduce and give first reading to the attached ordinance, which amends Title 7 of the Municipal Code by adopting an Emergency Medical Services (EMS) Subscription Program.

Marc R. Puckett
Director of Finance

Jim Ellis
Fire Chief

Gregg Steward
Deputy Fire Chief

- Attachment 1: [Responses to questions raised at the January 18, 2005, City Council meeting regarding the proposed EMS Subscription Program and EMS Response Fee.](#)
- Attachment 2: [Proposed Ordinance amending Title 7 of the Municipal Code by adopting an Emergency Medical Services \(EMS\) Subscription Program.](#)
- Attachment 3: [February 17, 2004 City Council Agenda Report, Consideration of Potential New Revenue Sources.](#)

Copy to: City Manager
Department Directors