



# *CITY COUNCIL AGENDA REPORT*

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MEETING DATE: APRIL 19, 2005

ITEM NUMBER:

**SUBJECT:** ADOPTION OF DRAFT ORDINANCE AMENDING TITLE 7 OF THE COSTA MESA MUNICIPAL CODE REGARDING ADOPTION OF AN EMERGENCY MEDICAL SERVICES (EMS) SUBSCRIPTION PROGRAM, ADOPTION OF RESOLUTION SETTING RATES, FEES AND CHARGES, AND ADOPTION OF RESOLUTION APPROVING THE IMPLEMENTATION AND ADMINISTRATION PLAN

**DATE:** MARCH 25, 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

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## **RECOMMENDED ACTION:**

It is respectfully requested that City Council;

1. Give second reading and adopt the attached ordinance, which amends Title 7 of the Municipal Code by adopting an Emergency Medical Services (EMS) Subscription Program, and
2. Adopt resolution setting rates, fees, and charges for fiscal year 2005-2006 for Emergency Medical Services and the Emergency Medical Services Subscription Program.
3. Adopt resolution implementing the EMS Subscription Program and approving the Implementation and Administration Plan.

## **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 that needed 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 that needed to be addressed.

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. At the March 15, 2005, City Council meeting, Council gave first reading to the proposed ordinance and scheduled the second reading and adoption for April 5, 2005.

The fee resolution necessary to enact the program was not completed by the agenda deadline for the April 5, 2005, Council meeting and was scheduled for submission to City Council for consideration at the April 19, 2005, Council meeting. Since the fee resolution necessary to enact the program was not available for consideration and due to the length of the Council agenda, Council chose to postpone the second reading and adoption of the proposed ordinance to the April 19, 2005, Council meeting at which time both second reading of the proposed ordinance and the fee resolution could be considered together.

In addition, Council requested that the implementation and administration plan be submitted to Council together with the proposed ordinance and fee resolution for approval.

**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 the attached fee resolution setting the amount of the fee. The fee resolution, together with the implementation plan and administration plan include the requested administrative detail regarding how staff will carry out the program. Both the proposed ordinance and fee 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 basic 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, plus \$36 for each additional group of 10 employees or portion thereof) cover employees anywhere within Costa Mesa city limits during their working hours. The proposed fee resolution and implementation plan 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 memberships for those individuals who can demonstrate financial hardship using a specific formula outlined in the proposed fee resolution and implementation plan. The fee for this financial hardship is proposed at \$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 (proposed at \$300), 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.

Marketing and advertising of the plan will include development of a tri-fold color brochure with an application card and possibly billing inserts to be provided to Mesa Consolidated Water District for distribution with water bills. The brochures will be placed at strategic locations throughout the City for distribution. Also, advertising will be included in the Recreation newsletter, periodicals such as the Daily Pilot, and homeowner's association newsletters. In addition, the brochure and an application will be placed on the City's website to allow those interested in subscribing to apply on-line. The cost for these initial marketing efforts is projected be approximately \$10,670 and can be absorbed within the Fire Department's adopted operating without the need for an additional appropriation at this time.

**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 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 separately.

### **ALTERNATIVES**

No alternatives to the recommended actions were considered. The Council could choose to take no action on the recommended actions and receive and file the report.

### **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.

Additional revenues would also be raised through the selling of EMS Subscription Program memberships, the amount of which would be dependent upon the success of the marketing/advertising campaign. The total additional new revenue from this fee is estimated at approximately \$350,000 based upon an estimated 10% market penetration of the total potential subscriber base. Incremental increases above a 10% subscriber base would result in additional revenues to the City. Each 1% increase in the subscriber base is projected to generate approximately \$35,000 in new revenue. However, increases in the subscription revenues would be offset by potential revenue losses from the EMS Response Fees billed to non-subscribers when service is rendered.

### **LEGAL REVIEW**

The attached ordinance, fee resolution, and administration and implementation plan has been reviewed and approved as to form and content by the City Attorney’s Office.

**CONCLUSION:**

Staff respectfully requests that City Council give second reading and adopt the attached ordinance, adopt the attached fee resolution setting rates, fees, and charges for fiscal year 2005-2006 for Emergency Medical Services and the Emergency Medical Services Subscription Program, and adopt the attached resolution implementing the EMS Subscription Program and approving the Implementation and Administration Plan.

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Marc R. Puckett  
Director of Finance

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Jim Ellis  
Fire Chief

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Gregg Steward  
Deputy Fire Chief

- Attachment 1: [Proposed Ordinance amending Title 7 of the Municipal Code by adopting an Emergency Medical Services \(EMS\) Subscription Program.](#)
- Attachment 2: [Resolution setting rates, fees, and charges for fiscal year 2005-2006 for Emergency Medical Services and the Emergency Medical Services Subscription Program.](#)
- Attachment 3: [Resolution implementing the EMS Subscription Program and approving the Implementation and Administration Plan.](#)

Copy to: City Manager  
Department Directors