



Legislation Text

File #: 09-0452, **Version:** 3

Health Services Department recommending Chairman be authorized to sign Amendment III to Agreement 200-S0811 with El Dorado County Emergency Services Authority Joint Powers Authority (JPA) to:

- (1) Extend the term through June 30, 2018;
- (2) Require maintenance of a minimum fund balance of \$3,000,000 for County Service Area No. 7 and allow the JPA to use fund balance exceeding this minimum for special projects or activities approved by the JPA Board of Directors if such fund balance is not otherwise necessary to cover projected excess expenditures or revenue deficits; and define the process for annual budget review/development, fiscal forecasting, and contract payment; and
- (3) Allow the County to reimburse the JPA for procuring the services of a Certified Public Accountant (CPA) to perform annual audits of the JPA's books and records. (Continued 8/18/09, Item 1)

FUNDING: Property tax, special tax, and fee-for-service ambulance billing revenue.

Fiscal Impact/Change to Net County Cost:

There is no change to net County cost.

Background:

El Dorado County Regional Prehospital Emergency Services Operations Authority (JPA) has provided advanced life support and emergency dispatch services to the County via this Agreement since 2007. On May 20, 2008, the Board of Supervisors requested the West Slope JPA and Health Services Department to "work together to develop a plan pertaining to County Service Area 7 and the ambulance operation system." Health Services returned to the Board June 9, 2008 having developed a conceptual plan in collaboration with the JPA. The conceptual plan focused on creating a contractual framework to achieve the following goals: (1) maintain a fire-based ambulance operations system; (2) maintain a level of service that meets the prescribed response time/compliance standards unique to the rural environment of the West Slope; and (3) cap operational expenditures to equal future property taxes, direct assessments, and ambulance service revenues, achieving a structurally sound and sustainable budget.

Health Services and the JPA worked together throughout FY 2008-09 to address these issues and have developed this proposed Amendment III to the current contract.

Goal #1 - Maintain a fire-based ambulance operations system: Representatives from both the County and the JPA recommend extending the term of the Agreement; Amendment III extends the term of the Agreement through June 30, 2018 (consistent with the proposal presented to the Board of Supervisors on June 9, 2008).

Goal #2 - Maintain a level of service that meets the prescribed response time/compliance standards unique to the rural environment of the West Slope: It was initially envisioned that this goal could be met by use of advanced life support (ALS) engine response as first responder on site. However, the

JPA ultimately decided to improve response time by (1) improved management of resources, i.e., re-evaluate and relocate medic units based on geographic location of call history, and (2) utilization of response time reports, noting valid reasons for exceptions as allowed in the contract. Following implementation of improved resource management and response time reporting per the contract, the JPA has demonstrated consistent compliance to response time criteria as outlined in the JPA contract since August 2008.

Goal #3 - Cap operational expenditures to equal future property taxes, direct assessments, and ambulance service revenues, achieving a structurally sound and sustainable budget: The sustainable budget goal requires that annual operational expenses match available annual revenues (from property taxes, direct assessments, and ambulance service revenues), and that a minimum fund balance be maintained. With the execution of this Amendment III, a minimum fund balance of \$3,000,000 is established, along with a process for the JPA to request and receive funds in excess of the minimum fund balance. "At any time that the CSA No. 7 fund balance exceeds the established minimum amount, and such fund balance growth has not been identified by the parties as otherwise necessary to cover projected excess expenditures or revenue deficits, County will allow JPA to utilize such fund balance for activities that are approved by the JPA Board of Directors."

Health Services Department, JPA, and CAO representatives met to review Amendment III prior to submitting to the Board for approval. The parties also reviewed the latest financial projections for FY 2009-10, as well as estimates for the next three fiscal years, and agreed that use of some amount of the current fund balance (over the \$3M threshold) is expected to be required to sustain existing operations in the current and subsequent years due to a projected downturn in revenues, while faced with some anticipated expenditure growth. The parties agreed that continued close monitoring of expenditures (and serious efforts to minimize same), coupled with analysis of potential opportunities to maximize revenues will be necessary. The Department and JPA committed to work closely together to monitor data, and to identify options to align revenues and expenditures, in order to achieve a structurally sound and sustainable budget. Until a balanced budget is achieved (with annual operational expenses capped at available annual revenues), use of existing fund balance for any purpose other than maintaining essential operations is not anticipated. Amendment III establishes the collaborative process for annual budget review/development and fiscal forecasting, as well as the process for making monthly contractual payments to the JPA.

Additionally, an annual audit of the JPA books and records is required by the original Agreement; however, this requirement has been difficult to satisfy. It is in the interest of both parties for audits to be performed and the proposed Amendment allows for JPA participation in procuring audits. The Amendment specifies conditions under which the JPA may assist administratively in procuring a Certified Public Accountant within their operational budget and the County will provide reimbursement. The Amendment also outlines requirements for documentation of audit results, findings, and corrective action plans, if necessary, as well as the process for forwarding the audit report to the County Auditor-Contoller and the Board of Supervisors.

In summary, as a result of ongoing discussions between the County and the JPA, the need for a third amendment to the existing contract was identified. Per Amendment III: 1) the term of the Agreement is extended through June 30, 2018; 2) a requirement is established to maintain a minimum fund balance of \$3M for CSA No. 7; allowing the JPA to use fund balance exceeding this minimum for special projects/activities approved by the JPA Board only if such fund balance is not otherwise necessary to cover projected excess expenditures or revenue deficits; and processes are established

for budget development, fiscal forecasting, and contract payments; and 3) a provision is added to allow the JPA to secure the services of a CPA to conduct annual audits and the County to reimburse the JPA for these audits.

Reason for Recommendation:

Approval of this Amendment III will allow the County and the JPA to move forward with needed services, revised fiscal processes, and audits.

Action to be taken following Board approval:

1. Board Chairman to sign three (3) original Amendments III to Agreement 200-S0811.
2. Board Clerk's Office to return two (2) original Amendments III to the Department.
3. Department to mail one (1) fully executed Amendment III to Agreement 200-S0811 to the JPA.

Contact: Kathy Lang

Concurrences: County Counsel and Risk Management have reviewed and approved the contract.
The Auditor-Controller has reviewed and concurs with the audit provision.