



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Robert Sapien  
Lee Wilcox

**SUBJECT:** SEE BELOW

**DATE:** March 21, 2018

Approved

*D. D. S. L.*

Date

*3/26/18*

**SUBJECT: STATUS UPDATE ON SANTA CLARA COUNTY REQUEST FOR PROPOSAL FOR EMERGENCY AMBULANCE SERVICES AND POTENTIAL IMPACTS TO THE 911 EMERGENCY MEDICAL SERVICES PROVIDER AGREEMENT BETWEEN THE CITY OF SAN JOSE AND THE COUNTY**

## RECOMMENDATION

Accept the status update on Santa Clara County's release of Request for Proposal (RFP) for Emergency Ambulance Services and potential impacts to the 911 Emergency Medical Services Provider Agreement between the City of San José and the County of Santa Clara.

## OUTCOME

This report will provide the City Council with a status update on the County's RFP for ambulance services and how the RFP process and ultimate contract could affect San José residents. This is one step in a process, in which the City's ultimate goal is to protect the health and safety of San José and County residents. Additionally, the Administration is working to make the EMS system in Santa Clara County more balanced between the public sector first responder agencies and the private sector ambulance transport contractor.

## BACKGROUND

California Health and Safety Code Division 2.5 (Emergency Medical Services) provides that each county may develop and emergency medical services program under a designated local emergency medical services agency. The code further provides that local (county) emergency medical services agencies may create one or more exclusive operating areas (EOA) in the development of a plan, if a competitive process is utilized to select the provider(s). Santa Clara

County has established an EOA for 911 Ambulance Services, excluding City Palo Alto and Stanford Lands<sup>1</sup>.

Santa Clara County's EMS program includes advanced life support (ALS) services provided by municipal fire departments and fire districts. The County has established nine 911 Emergency Medical Services Provider Agreements with local fire agencies including Gilroy, Milpitas, Morgan Hill, Mountain View, San José, Santa Clara, Santa Clara County, South Santa Clara County, and Sunnyvale. Under these agreements, fire agencies respond to emergencies and provide ALS to the injured or ill 911 patients, however the fire agencies do not provide ambulance transportation of patients to the hospital emergency rooms. In Santa Clara County, that service is provided by the authorized emergency ambulance provider. The current emergency ambulance services provider is Rural/Metro (owned by American Medical Response, an Envision Healthcare company).

Santa Clara County's EMS program model integrates public agency first responder services and private (for profit) emergency ambulance services. In this integration model, first responder agencies are required to meet minimum response times of 7:59 (7 minutes and 59seconds) in urban areas and the ambulance provider must meet minimum response times of 11:59. If the first responder agencies providers or ambulance provider do not meet the required response times, they are penalized for non-compliance and monetary damages are deposited to the County EMS Trust Fund.

The 911 Emergency Medical Services Provider Agreement between the City of San José and the County of Santa Clara was effective as of July 1, 2011 with an expiration date of June 30, 2016 with an option to extend for two additional three-year periods if desired by both parties. San José's current amended agreement will expire on June 30, 2019.

First Responder Funding "is provided for meeting specific performance standards that benefit the EMS System" under Annex B of the Agreement in two categories:

- Category A funding is provided for "EMS Resource Management" and includes requirements for utilizing the Medical Priority Dispatch System (MPDS) and advancing data analytics projects and integrating Computer Aided Dispatch (CAD) systems (CAD/CAD).
- Category B provides funding for meeting response time performance criteria.

For both Category A and B, the County establishes annual allocation levels against which liquidated damages are assessed when a first responder agency doesn't meet response time performance. The remaining allocated funds are paid to the provider. Table 1 below represents the funds the City received under Category A and B, as well as the funds that were allocated for San José, but not obtained, due to challenges meeting response time performance criteria.

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<sup>1</sup> Cities or fire districts providing prehospital emergency medical services prior to June 1, 1980 may continue providing services (Health and Safety Code Division 2.5.797.201 – commonly referred to as "201 rights").

For 2017-2018, San José has been allocated approximately \$1.26 million in Category A funds and \$1.84 million in Category B funds for a total of nearly \$3.1 million in available funding prior to liquidated damages. Through December 2017, the City has received \$973,228, however, As the year is still in progress, Table 1 does not include funding totals for 2017-2018.

**Table 1: City of San José 911 Emergency Medical Services Provider Agreement funding experience.**

<b>Agreement Period</b>	<b>Category A</b>	<b>Category B</b>	<b>Payments Received</b>	<b>Allocation Difference</b>
2011-2012	*	*	\$2,213,078	
2012-2013	*	*	\$1,611,208	(\$366,591)
2013-2014	\$799,509		\$799,509	(\$1,839,174)
2014-2015	\$912,616		\$912,616	(\$1,839,174)
2015-2016	\$520,720		\$520,720	(\$919,587)
2016-2017				(\$2,992,337)
2017-2018 <sup>[1]</sup>	TBD	TBD	TBD	TBD
<b>Subtotals</b>	\$2,232,845	\$1,839,173		
<b>Total</b>			<b>\$6,057,131</b>	<b>(\$7,956,863)</b>

\*Separate totals for Category A & B funds unavailable (Source: FMS)

### **Response Time Performance**

Annex B, Category B requires Urban Response Zone response time performance 7:59 for MPDS classifications Bravo through Echo (red lights and siren responses) and 12:59 for MPDS classification Alpha (non-red lights and sirens responses). Using CAD data, the Fire Department reports response time data to the County EMS Agency. In 2013, the Fire Department identified inaccuracies in internal response time data calculation and reporting. On May 9, 2014, the Department provided to Council, findings from the San José Fire Department Response Time Performance Initial Analysis<sup>2</sup>, establishing the current (externally validated) response time performance data reporting methodology.

As new response time data and reporting methodology was applied, it became clear that the City was not consistently meeting the minimum requirements of the 911 Emergency Medical Services Provider Agreement with the County. Several critical factors play a role in the Department’s ability to meet response time requirements, including resourcing, traffic congestion, station geography, turn out times, and unit availability. City’s population growth has resulted in increased 911 call volume and increased traffic congestion, challenging Department response time performance.

<sup>[1]</sup> Fiscal Year 2017-2018 is still in progress, so funding totals are not final at this time.

<sup>2</sup> May 9, 2014 San José Fire Department Response Time Performance Initial Analysis Presentation: [http://sanjose.granicus.com/MediaPlayer.php?view\\_id=52&clip\\_id=7371](http://sanjose.granicus.com/MediaPlayer.php?view_id=52&clip_id=7371)

For San José, the failure to meet the minimal compliance level of on scene arrival within 7:59, 90 percent of the time resulted in the loss of Category B funding and a declaration of breach of contract by the County in October of 2012, and loss of Category A funding. In response, the County Board of Supervisors directed the Emergency Medical Services Response Time Limited Scope Management Audit of San José Fire Department<sup>3</sup> performance. The resulting report offered several recommendations toward improving response time performance.

Simultaneously, the Fire Department advanced several initiatives to solidify response time performance. Additionally, the City Council directed the Fire Department Organizational Review, which was conducted by Citygate Associates, LLC in February 2016. Recommendations developed internally, from the County's limited scope audit, and from the Fire Department Organizational Review<sup>4</sup> were all incorporated into the Fire Department work plan. The work plan is monitored by the Public Safety, Finance, and Strategic Support Committee on a semi-annual basis<sup>5</sup>.

Dissatisfied with the lost cost recovery amidst ever-increasing EMS call volume, the City sought to improve the 911 Emergency Medical Services Provider Agreement with the County. The following amendments were achieved between December 2014 and June, 2017:

**Second Amendment** (December 16, 2014 to December 16, 2015): This amendment enabled payments under Annex B, Category A despite breach status.

**Third Amendment** (July 1, 2016 to June 30, 2017): This amendment enabled continuation of ALS services by 911 Emergency Medical Services by City of San Jose.

**Fourth Amendment** (July 1, 2017 to June 30, 2019): This amendment enabled payments under Annex B, Category B for each particular month City of San Jose achieved 90 percent or greater response time.

All nine 911 Emergency Medical Services Provider Agreements in the County will expire on June 30, 2019.

### ***RFP for Ambulance Services***

On February 12, 2018, the County issued an RFP for Emergency Ambulance Services. Following is staff's analysis of the RFP and issues of concern to the City of San José.

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<sup>3</sup> Emergency Medical Services Response Time Limited Scope Management Audit of San José Fire Department: [https://www.sccgov.org/sites/bos/Management Audit/Documents/SJFinalReport.pdf](https://www.sccgov.org/sites/bos/Management%20Audit/Documents/SJFinalReport.pdf)

<sup>4</sup> 2016 Fire Department Organizational Review: [http://sanjose.granicus.com/Viewer.php?view\\_id=&event\\_id=2130&meta\\_id=565086](http://sanjose.granicus.com/Viewer.php?view_id=&event_id=2130&meta_id=565086)

<sup>5</sup> October 2017 PSFSS Semi-Annual Response Times Report: [http://sanjose.granicus.com/Viewer.php?meta\\_id=670203](http://sanjose.granicus.com/Viewer.php?meta_id=670203)

## **ANALYSIS**

The current RFP for Emergency Ambulance Services by Santa Clara County includes a number of omissions and unknowns for the nine first responder agencies (including San José) that are authorized currently to provide ALS in the County. The following are specific areas of concerns the Administration has identified this far for San José:

- 1. Scoring Criteria 5 (RFP Page 34):** “The Offeror should demonstrate through its proposal the type of financial and operational relationships that it can provide between itself and the agencies that are designed to support the First Responder system.”

**Concern:** Given that all First Responder Agency Agreements expire on June 30, 2019 (after close of bids), how will the County ensure that Offeror terms are agreeable to individual First Responder Agencies? How will successor First Responder Agreements be achieved?

- 2. First Responder Fee:** The RFP does not include a First Responder Fee requirement.

**Concern:** Currently, Rural/Metro is required to remit funds to partly offset First Responder costs.

- 3. Clinical Education and Training:** The RFP does not provide for continuing education and certification maintenance for First Responder Agencies by the ambulance provider.

**Concern:** Discontinuing training support will result in increased costs to First Responder Agencies.

- 4. Basic Life Support (BLS) First Responder Areas:** The RFP does not include performance requirements for ALS ambulance providers in areas served by BLS First Responders.

**Concern:** Without area specific performance requirements, ALS care will be delayed.

- 5. Non-Ambulance Transports (RFP Page 18 – K.5):** RFP requires development and implementation of non-ambulance transport options.

**Concern:** First Responder Agencies are critical stakeholders in the EMS system. EMS System changes must include First Responder Agency input.

- 6. Vagueness:** Ambulance provider response time performance requirements are vague in the RFP.

**Concern:** The lack of performance requirement specificity in the RFP does not give confidence that an award of contract under this RFP will result in EMS System that provides equal or better services than the status quo.

The County's public-private EMS model depends on local First Responder Agencies to arrive on scene and administer ALS to patients suffering from serious or life-threatening illness or injury before the contracted ambulance agency transports the patient. The County system, however, doesn't fully cover the costs that First Responder Agencies incur in providing emergency medical care to residents.

Given that approximately 65 percent of San José Fire Department calls for service are medical, the City Council has previously directed the City Manager to explore models of providing emergency medical care to our residents. Since fall 2017, the Fire Department has been working with consultants to explore the feasibility of creating a modern public-private model that would better utilize system resources and reinvest system revenues to strengthen services. Other counties in California have implemented new models to better serve their residents and improve health outcomes.

In addition, since the release of the RFP, the Administration has communicated and worked collaboratively with other cities affected by the County RFP. This has included working with the Santa Clara County City Manager's Association, Santa Clara County Fire Chiefs Association, and the Santa Clara County Cities Association. San José joins with eight other First Responders Agencies in communicating to the County the importance of including the very providers of advanced life support upon whose service the EMS system depends in the RFP process. All communities within the exclusive operating area will be serviced under the terms of the awarded agreement for the next five years (and possibly longer, if the final contract includes options to extend the contract).

## **EVALUATION AND FOLLOW-UP**

### ***Next Steps***

Since this issue was last before the City Council, staff has been working, in line with Council's prior direction, towards a goal of making the EMS system in Santa Clara County more balanced between the public sector first responder agencies and the private sector ambulance transport contractor. The County's RFP is a critical opportunity to reverse the current inequities in funding, under which public first responder agencies (and the taxpayers who pay for their service) are subsidizing the work of a for-profit, private sector ambulance provider. Fire departments throughout the County arrive first on the scene and provide advanced life support to residents in need, without which the current transport model would not be able to exist. This work is not recognized adequately in the current funding model. The County has an opportunity to change this and put in place a model that puts life safety first and recognizes the essential service of the first responder agencies.

Staff has explored various policy options, including encouraging the County to defer the RFP and responding to the RFP in a public-private partnership model. Staff believes there are risks to deferral, given the prior extensions and amendments to the County's contract with the current

ambulance transport provider. Instead, staff is working to ensure that the City's needs, as well as those of first responder agencies, are met through the RFP process.

To that end, the Administration is taking the following actions:

- Analyzing the RFP documents and understanding the implications for the San José Fire Department and the residents we serve.
- Engaging potential proposers to maximize first responder integration opportunities.
- Continue to engage first responder agency partners and the County EMS Agency to advocate for EMS system support and improvements.
- Advocating for San José Fire Department and first responder agencies to have a seat at the table in evaluating alternatives and implementation of the next iteration of EMS in Santa Clara County.

### **PUBLIC OUTREACH**

This issue has been discussed with the following stakeholder groups: The Santa Clara County Fire Chiefs' Association and the Santa Clara County City Manager's Association. In addition, staff has met with staff from the Santa Clara County EMS Agency and the Office of Santa Clara County Executive. This memorandum will be posted on the City's Council Agenda website for the April 3, 2018 Council meeting.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

### **FISCAL/POLICY ALIGNMENT**

As outlined above, the current County EMS ambulance contract has resulted in an inequitable situation for local first responder agencies that provide ALS. Removing those inequities through the RFP process and next contract aligns with the City's Budget Strategy by ensuring that the San José Fire Department is compensated appropriately for the services it provides (and on which the private ambulance provider depends).

HONORABLE MAYOR AND CITY COUNCIL

March 21, 2018

**Subject: County EMS RFP**

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**CEQA**

Not a Project, File No. PP17 009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/

ROBERT SAPIEN  
Acting Fire Chief  
Fire Department

/s/

LEE WILCOX  
Chief of Staff  
Office of the City Manager

For questions, please contact Robert Sapien, Acting Fire Chief, at (408) 794-6951.