



# Memorandum

**TO:** HONORABLE MAYOR AND CITY COUNCIL  
**FROM:** Robert Sapien  
Lee Wilcox  
**SUBJECT:** SEE BELOW  
**DATE:** April 13, 2018

Approved

Date

4/13/18

**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

- (a) Council by motion waive the 10-day noticing requirement for the following item, and consider the following recommendation;
- (b) Accept the “updated” 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 and direct the City Manager to:
  - (1) Work with other Santa Clara County First-Responder Agencies on ways to achieve cost-recovery, including a First Responder Advanced Life Support fee (FRALS) in the short-term, and public-private model in the long-term.
  - (2) Request the Santa Clara County amend the existing RFP to require inclusive of a FRALS to achieve cost-recovery for first-responder agencies.

## OUTCOME

This report will provide the City Council with a status update on the County’s RFP for ambulance services and seek direction to amend the RFP to achieve cost-recovery for San José and other first-responder agencies.

## **BACKGROUND**

On April 3, 2018, the Administration updated the Council on Santa Clara County's release of a Request for Proposal (RFP) for Emergency Ambulance Services and the potential impacts that the new ambulance contract could have on the 911 Emergency Medical Services Provider Agreement between the City of San José and the County of Santa Clara.<sup>1</sup> At the meeting, Council directed staff to bring back feasible remedies that would address the Administration's main concerns about the RFP.

The current model for service relies on nine first responder agencies (county and city fire departments) to respond to emergency medical calls and provide Advanced Life Support (ALS) to the patient. The County's contracted private, for-profit ambulance company then arrives on scene and, if needed, transports the patient to the hospital or other medical facility.

Under the contract in place through June 30, 2019, the private ambulance company (Rural Metro) is paid 100% of costs by the County, plus profits, while the nine first responder agencies (including San José) only have the ability to receive up to 35% of their costs for first response.

As of April 13, 2018, the current RFP for Emergency Ambulance Services by Santa Clara County includes several omissions and unknowns for the nine first responder agencies. The City understands that the County is likely to release an addendum to the RFP. Per that addendum, staff recommendations may pivot slightly, or not be needed. However, as currently written, the RFP contained several concerns. On April 3, 2018, the Council and Administration discussion focused on the main two concerns below:

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 Advanced Life Support Fee requirement.

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

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<sup>1</sup> <https://sanjose.legistar.com/View.ashx?M=F&ID=6156257&GUID=96D4A6E1-B297-4458-A239-9CBF1007FCDB>

## ANALYSIS

At a minimum, the Administration believes cost-recovery for first-responder agencies must be a joint objective between the Santa Clara County and first-responder agencies. Based on this objective, and given the proximity to the RFP closure date, the Administration has proposed one short-term strategy and one long-term strategy.

### *Short-Term*

As discussed above, the current RFP does not include a First Responder Advanced Life Support Fee requirement.

The Administration will be working with other first-responder agencies to advocate that the RFP recognize and compensate for this essential service, upon which the system depends. As currently written, the contract will subsidize ambulance company profits at the expense of first-responder agencies. As discussed above, under the current agreement, a first-responder agency who is first “on scene” to an incident, when the private ambulance company transports the patient, is only eligible to recover less than 35% of the costs, while the private ambulance company receives 100% cost-recovery plus a profit.

Throughout the State of California, EMS agencies have instituted First Responder Advanced Life Support fees to meet residents’ health and safety needs. In the Bay Area, agencies including the City of Berkeley, the City and County of San Francisco, Alameda County, and the Novato Fire District have put first-responder fees in place. Additionally, in the greater Sacramento area, the sixteen cities and unincorporated county areas of the Sacramento Metro Fire District have such a fee as well. In Contra Costa County, which implements a public-private model for emergency medical response, a first-responder fee helps defray the cost of maintaining fire department vehicles and deploying the personnel necessary to protect life, health, and safety. These fees are covered by “capping” the profits of the private ambulance companies and are paid by insurance providers.

Given the immediate deadline of the RFP, and possibility of influencing it closing, the Administration will be working with the Mayor’s Office, city fire chiefs, and city managers to jointly communicate this importance of this inclusion on the RFP.

### *Long-Term*

The County has the ability to cancel the RFP and extend the current agreement with Rural Metro for an additional three years. In the existing RFP, the initial term of the agreement would be five years. The Administration will continue to collaborate with Cities’ Association of Santa Clara County, the Santa Clara County Fire Chiefs’ Association, and the Santa Clara County/Cities Managers Association to explore the creation of a public or public-private EMS model. The goal of this work is to better prepare for possible opportunities in three to five years to bid on a future RFP. This would require significant new policy work (and the time and resources to do that work), therefore this should be brought forward through the Priority Setting process.

**PUBLIC OUTREACH**

This issue has been discussed, in detail and generally, 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 the 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).

**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/  
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/s/  
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