



CITY OF ABERDEEN FIRE DEPARTMENT

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OFFICE OF THE FIRE CHIEF

City of Aberdeen EMS Cost of Service Study Utility Rate Comparison March 13, 2024

Option 1 FULL COST RECOVERY

	Current Rate	Proposed Rate		Increase
2024	\$27.96	\$58.72	\$30.76	110%
2025		\$63.41	\$4.69	8%
2026		\$67.54	\$4.13	7%
2027		\$69.56	\$2.02	3%
2028		\$71.65	\$2.09	3%

2025 Estimated General Fund Savings: \$1,801,538

Option 2 75% GENERAL FUND SUBSIDY (50% Mid-Point for Utility Rate)

	Current Rate	Proposed Rate		Increase
2024	\$27.96	\$45.30	\$17.34	62%
2025		\$47.33	\$ 2.03	4%
2026		\$49.46	\$2.13	5%
2027		\$51.69	\$2.23	5%
2028		\$54.02	\$2.33	5%

2025 Estimated General Fund Savings: \$832,638

Option 3 CURRENT GENERAL FUND SUBSIDY

	Current Rate	Proposed Rate		Increase
2024	\$27.96	\$31.87	\$3.91	14%
2025		\$34.11	\$2.24	7%
2026		\$36.32	\$2.21	6%
2027		\$38.68	\$2.36	6%
2028		\$41.20	\$2.52	7%

2024 Rate Comparison

Option 1	\$58.72	Option 1	\$58.72
<i>difference</i>	\$13.42	<i>difference</i>	\$26.85
Option 2	\$45.30	Option 3	\$31.87
<i>difference</i>	\$13.43		
Option 3	\$31.87		

City of Aberdeen Ambulance Utility Rate Study



Presentation to Council
March 13, 2024

About FCS Group



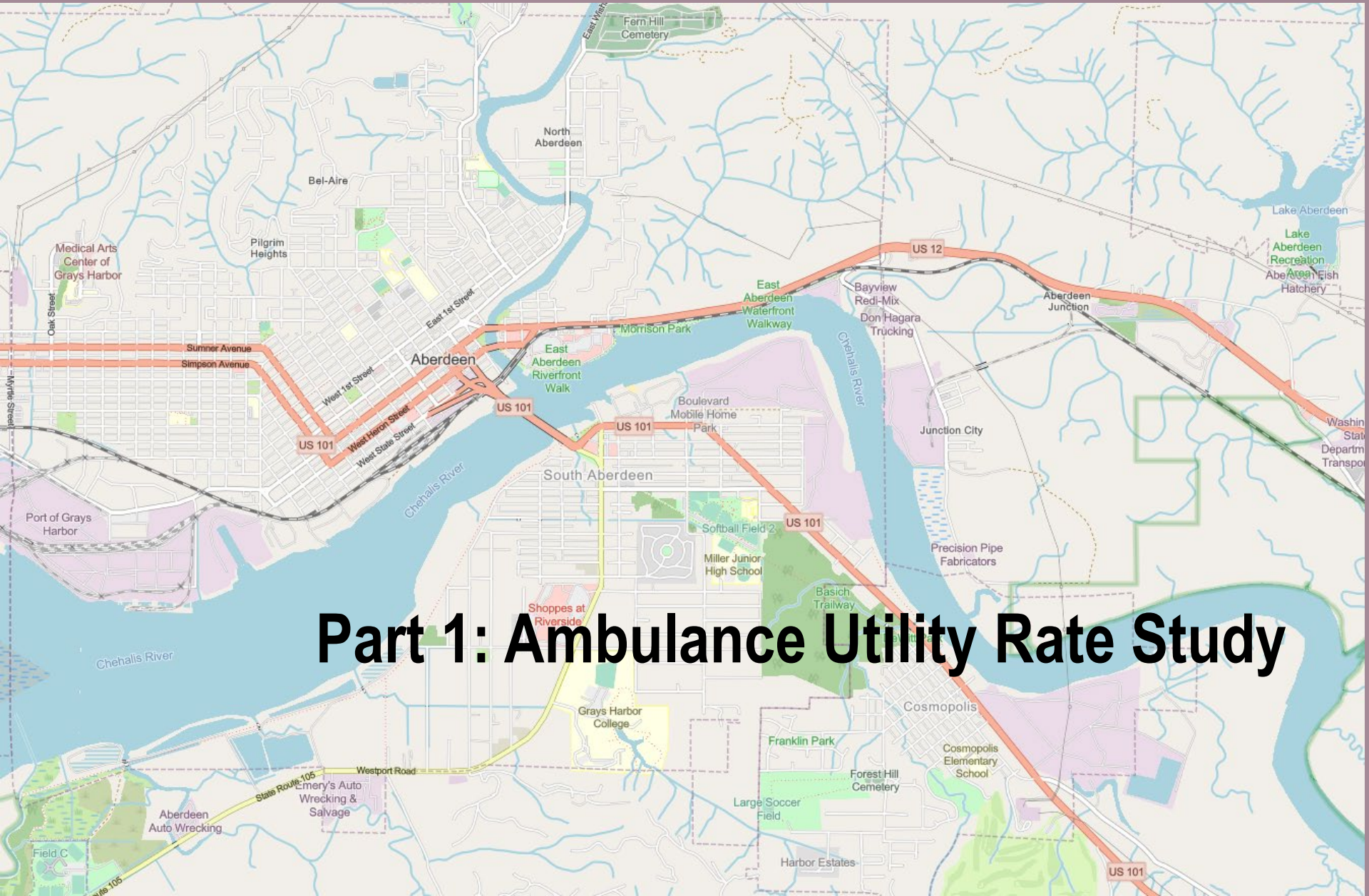
- Utility rate and fee consulting
- Utility management consulting
- Financial planning and analysis
- Economic services

Scope of Work



- **Part 1: Update previous ambulance utility rate study (2010)**
 - » Assumes current level of service
 - » No new stations or FTEs
- **Part 2: Review and update rates with contracted agencies**
 - » Review and recommend updated rates





Part 1: Ambulance Utility Rate Study

Ambulance Utility

RCW 35.21.766 authorizes cities to form an ambulance utility

Utility rates cannot exceed total costs

Rate revenue funds cost of operating utility (includes apparatus NOT capital spending or major facility renovation)

Cost of service study required

Availability – cost to be on standby and available to respond to incidents

Demand – cost to respond to incidents

Aberdeen Fire Department

Mission

To prevent harm to the public, and to protect property and the environment through fire suppression, fire prevention and emergency medical services 24 hours a day.

Values

Teamwork, Technical Ability, Customer Service.

Vision

To sustain a culture of excellence that supports the fire department's mission and values.



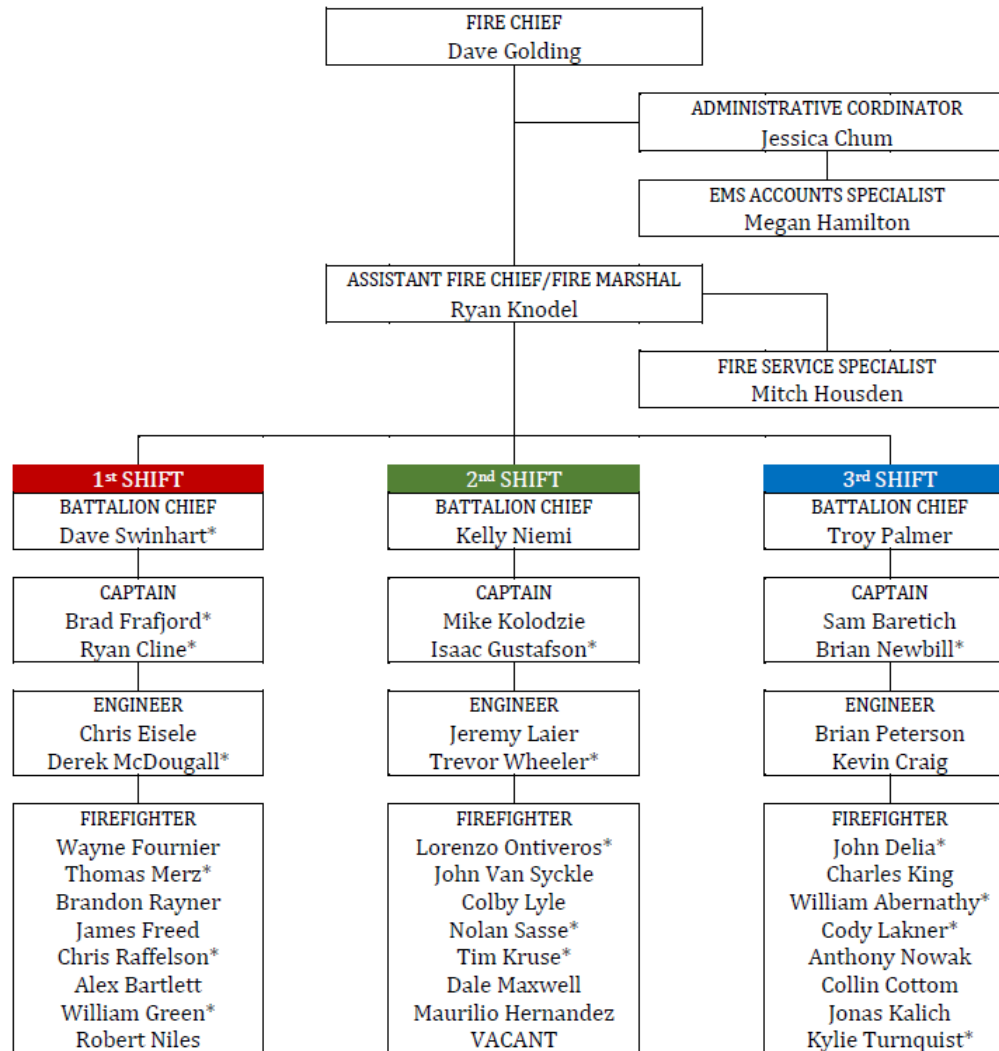


Previous versus Current Study

	Previous Study (2010)	Current Study (2024)
Fire Stations	2	2
Staff	33 Field Staff /2 Leadership/ 2 Admin FTEs	40 Field Staff /2 Leadership/ 2 Admin FTEs
Field Staff/1000 pop.	1.95 FTE/1000 pop.	2.33 FTE/1000 pop.
City Population	16,896	17,159
Billing Units	6,941	7,269
Net Rate Revenue Req.	\$1.71M	\$5.35M – 3.24M
Calculated Mo. Rate	\$20.51	\$58.72 - \$31.87
Calls for Service	3,472	5,589
Calls for Service/1000 pop	206	326



Organization Chart



*Paramedic



Fire and Emergency Services Funding

- **City Fire and Emergency Services funded from two sources:**
 1. General Fund (GF) – Fire suppression and call center
 2. Emergency Services Fund (ESF) – Ambulance Utility
- **FCS GROUP evaluated three funding scenarios**
 1. Maintain current GF and ESF funding split
 2. Maintain current GF and ESF funding split at 75% of current GF contributions
 3. Calculate Emergency Services full cost recovery based on historical calls for service (fire suppression vs emergency medical services)
- **FCS GROUP also asked to evaluate impact to Ambulance Utility rates from utilizing available fund balance**
 - » Intentional one-time use of reserves (fund balance) to offset rate increases
 - » “Burn down” reserves to approximately 80 days of operations (20% reserve target)



2024 Fire and Emergency Services Expenses

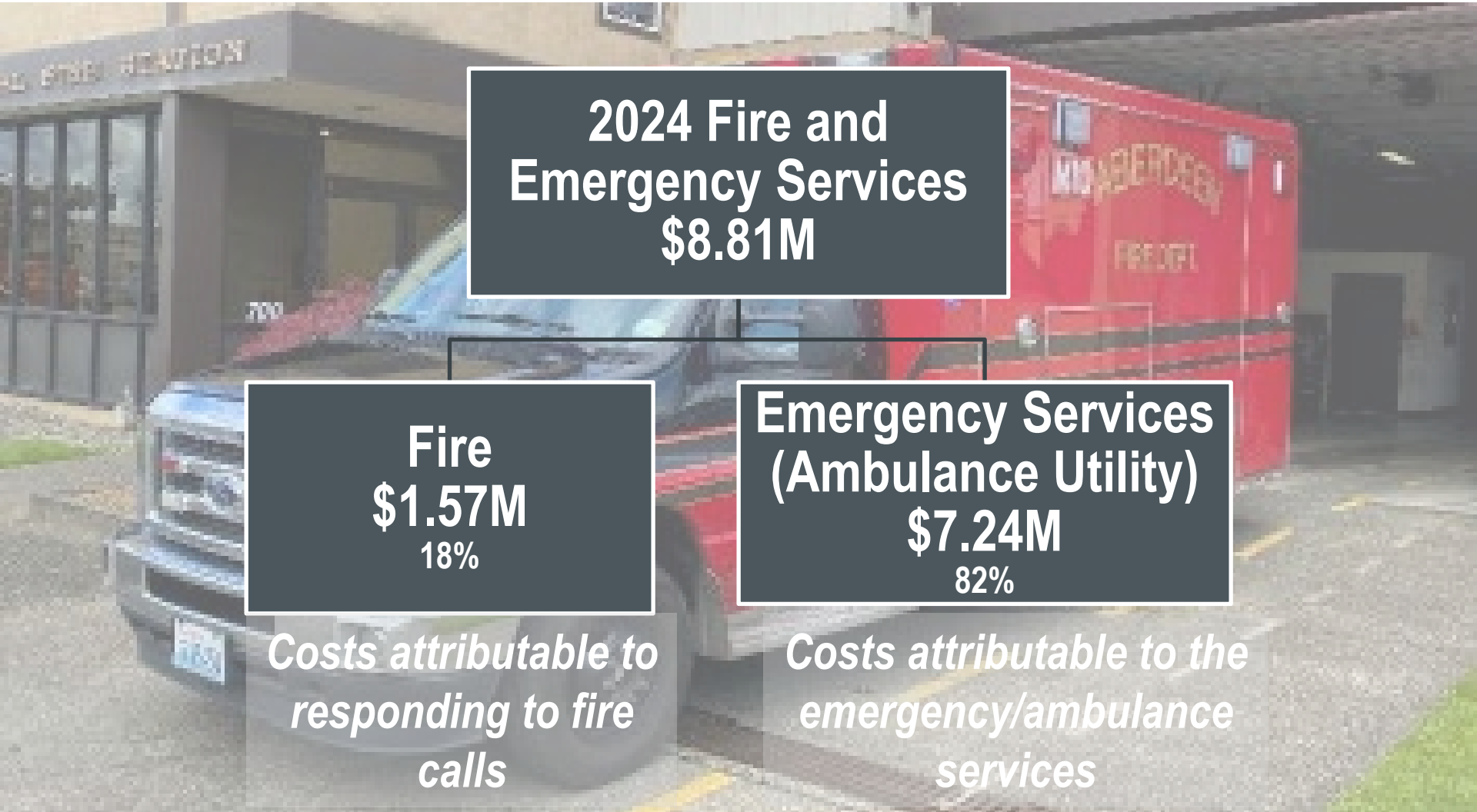
**2024 Fire and
Emergency Services
\$8.81M**

**Fire & Call Center
(General Fund)
\$3.68M
42%**

**Emergency Services
(Ambulance Utility)
\$5.13M
58%**



Cost Allocation – Fire and Emergency Services Based on Calls for Service





Allocation Between Availability and Demand

**2024 Emergency Services
(Ambulance Utility)
\$7.24M**

**Demand Costs
\$0.97M
13%**

**Availability Costs
\$6.27M
87%**

RCW 35.21.766(3a and 3b) requires apportioning the total costs between the availability (stand by) to respond to calls for service or to the demand placed on the utility while responding to a call for service.



Rate Scenarios

- **Three Scenarios presented:**
 - » **Scenario 1: Cost Recovery (no General Fund subsidy)**
 - » **Scenario 2: General Fund subsidized at 75% of current subsidy**
 - » **Scenario 3: General Fund subsidized**

**These scenarios would utilize the ending fund balance to support operations until reaching equivalent to 80 days of operating expenses*

**This forecast is based on the City's 2022 EMS Fund ending fund balance of \$3.9M and 2023 budgeted expenditures and revenues.*



Key Assumptions

Economic & Financial Factors 2024-2028	Annual Rate
General Inflation	3.0%
Labor Cost Inflation	5% (2024 - 2025) 2% (2026 - 2028)
Benefit Cost Inflation	3.0%
Annual Customer Growth	0.16%
Annual EMS Incident Growth	12.70%
Current Ambulance Utility Rate	\$27.96 / month



Determine 2024 Revenue Requirement

Scenario 1 – Full Cost of Service Cost Recovery w/ Fund Balance		
Demand Costs (\$970K)	Availability Costs (\$6.271M)	Total Costs (\$7.24M)
Demand Revenues \$1.88M	Availability Revenues \$8K	Total Revenues \$1.89M
Net Demand Costs \$910K	Net Avail. Costs (\$6.263M)	Total Net Costs (\$5.35M)
Net Revenue Requirement: \$5.35M		
Annual Billing Units: 7,269 Annual Rate: \$704.59 Monthly Rate: \$58.72		

82% / 18%

*Emergency Services / GF Cost Allocation Split
Rates Shown Reflect Draw Down of Fund Balance to 80
Days of O&M Expenditures by 2028 (Apx. \$1.8M)*



Determine 2024 Revenue Requirement

Scenario 2 – Hybrid Approach
GF Subsidy at 75%
w/ Fund Balance

Demand Costs (\$642K)	Availability Costs (\$5.407M)	Total Costs (\$6.05M)
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Demand Revenues \$1.88M	Availability Revenues \$8K	Total Revenues \$1.89M
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Net Demand Costs \$1.24M	Net Avail. Costs (\$5.399M)	Total Net Costs (\$4.16M)
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Net Revenue Requirement: \$4.16M

Annual Billing Units: 7,269
Annual Rate: \$543.54
Monthly Rate: \$45.30

69% / 31%

Emergency Services / GF Cost Allocation Split

Rates Shown Reflect Draw Down of Fund Balance to 80

Days of O&M Expenditures by 2028 (Apx. \$1.5M)

FCS GROUP

Scenario 3 – Status Quo
GF Subsidy
w/ Fund Balance

Demand Costs (\$474K)	Availability Costs (\$4.656M)	Total Costs (\$5.13M)
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Demand Revenues \$1.88M	Availability Revenues \$8K	Total Revenues \$1.89M
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Net Demand Costs \$1.41M	Net Avail. Costs (\$4.648M)	Total Net Costs (\$3.24M)
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Net Revenue Requirement: \$3.24M

Annual Billing Units: 7,269
Annual Rate: \$382.49
Monthly Rate: \$31.87

58% / 42%

Emergency Services / GF Cost Allocation Split

Rates Shown Reflect Draw Down of Fund Balance to 80

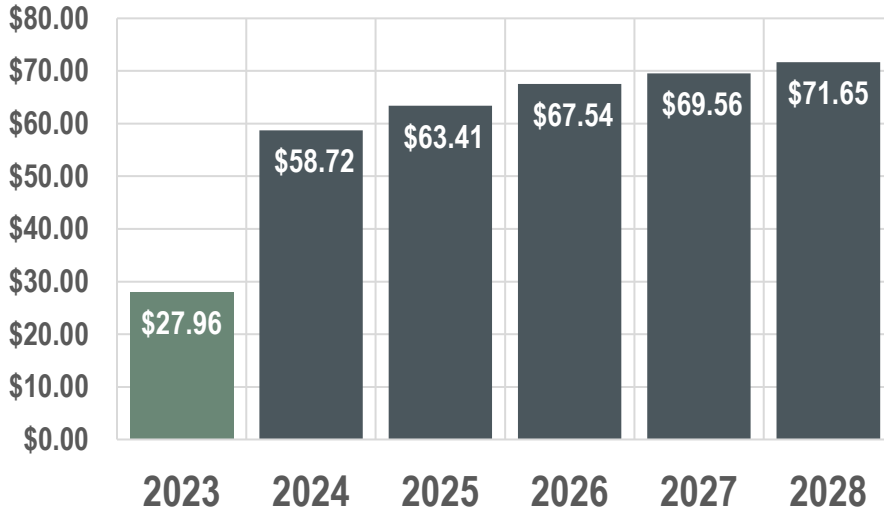
Days of O&M Expenditures by 2028 (Apx. \$1.25M)

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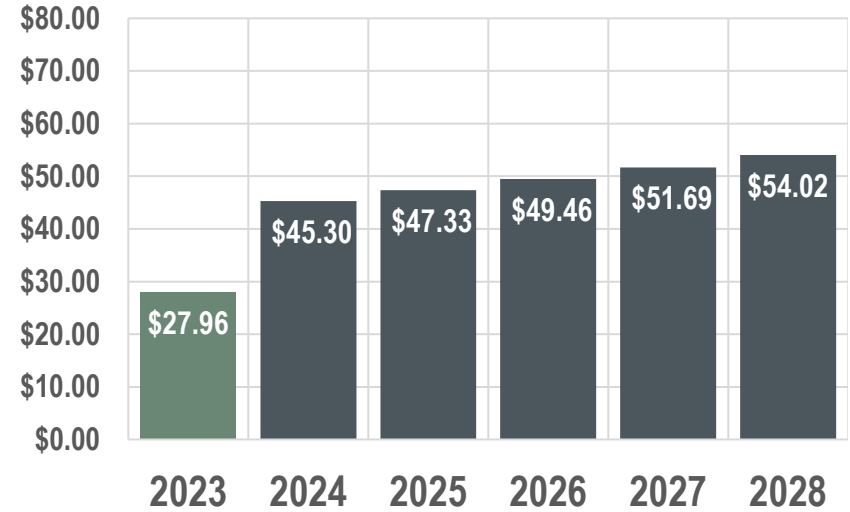


Comparison of Monthly Rate Scenarios

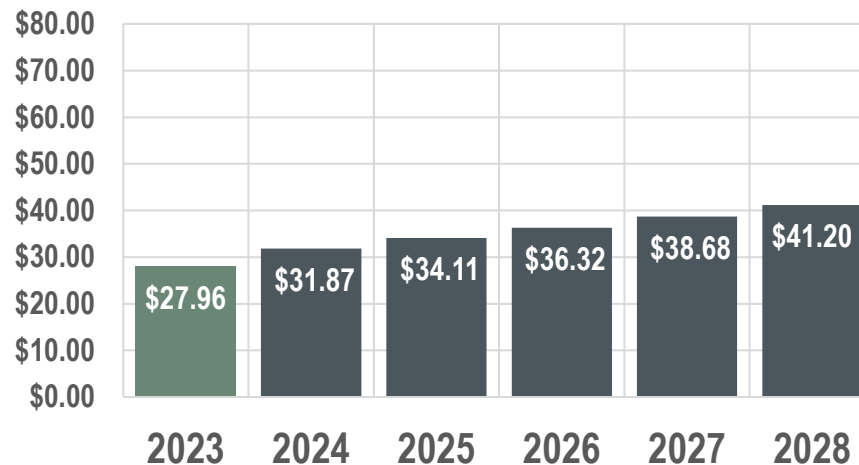
Scenario 1: Cost Recovery



Scenario 2: GF Subsidy at 75%



Scenario 3: GF Subsidy





Comparison of Monthly Rate Scenarios

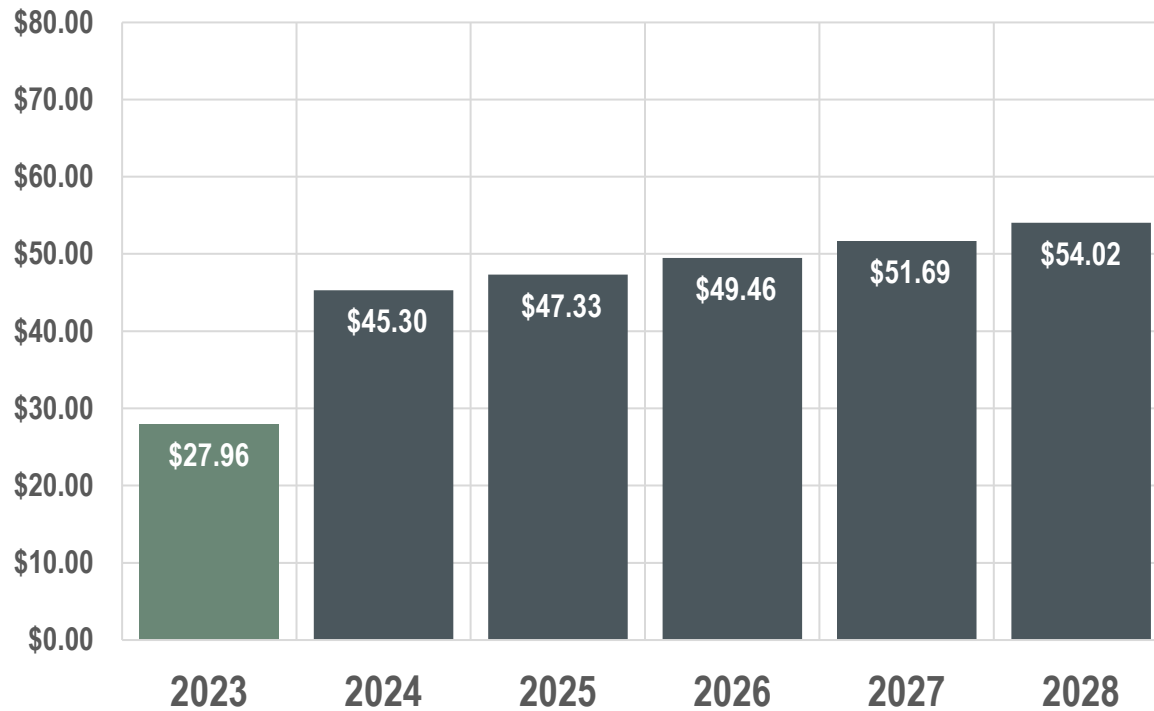
Rate Scenario	Monthly Rate (2024)	General Fund Subsidy (2024)
Cost Recovery	\$58.72	\$1.57M
GF Subsidy at 75%	\$45.30	\$2.76M
GF Subsidy	\$31.87	\$3.68M

Staff Recommendation



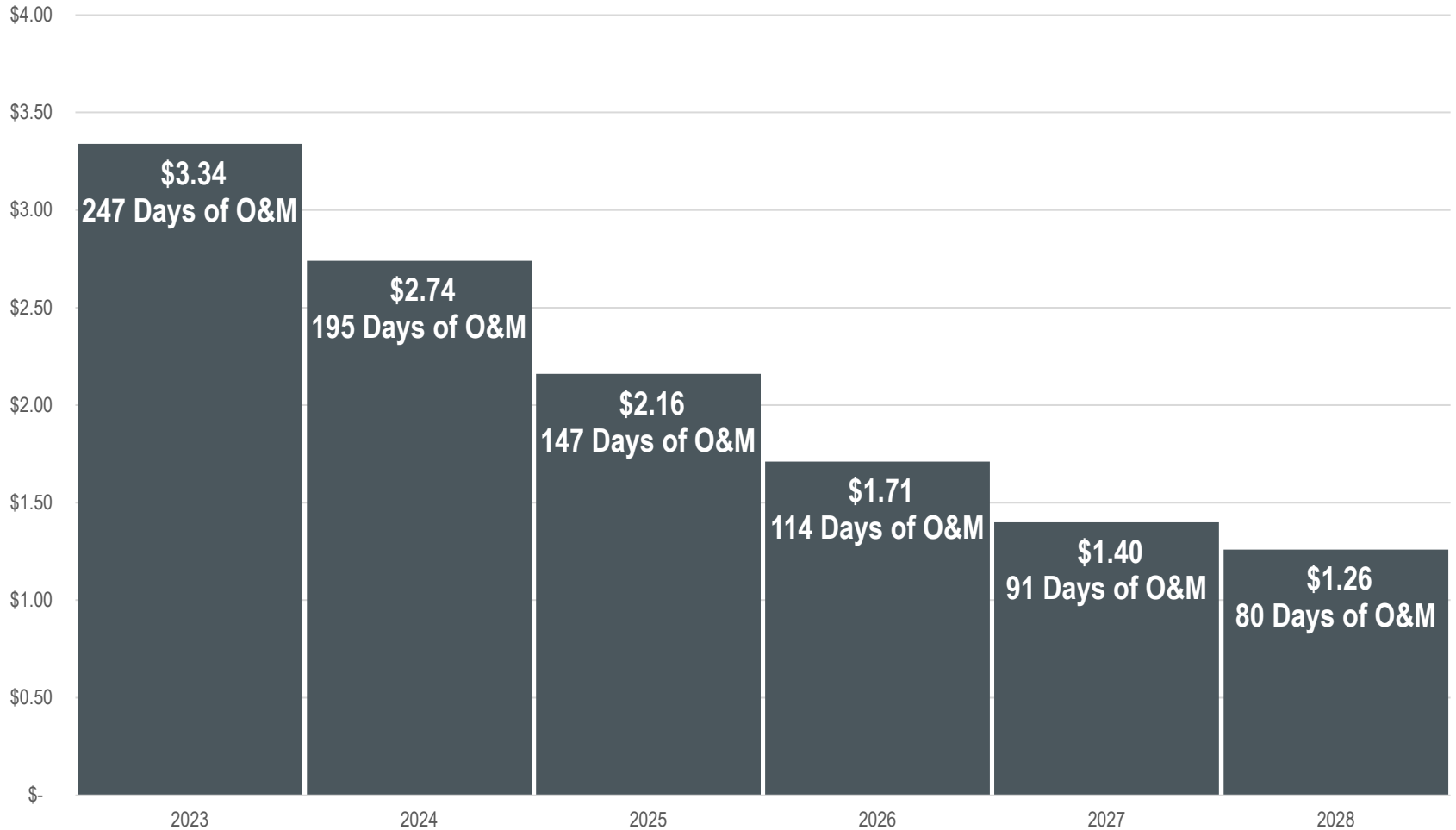
Staff Recommendations

- **City Staff Recommends:**
 - » Scenario 2: 75% GF Subsidized Monthly Rate





Ending Fund Balance (\$M) (2023-2029)



* Depicts GF subsidized scenario, all scenarios remain above 80 days in all years.



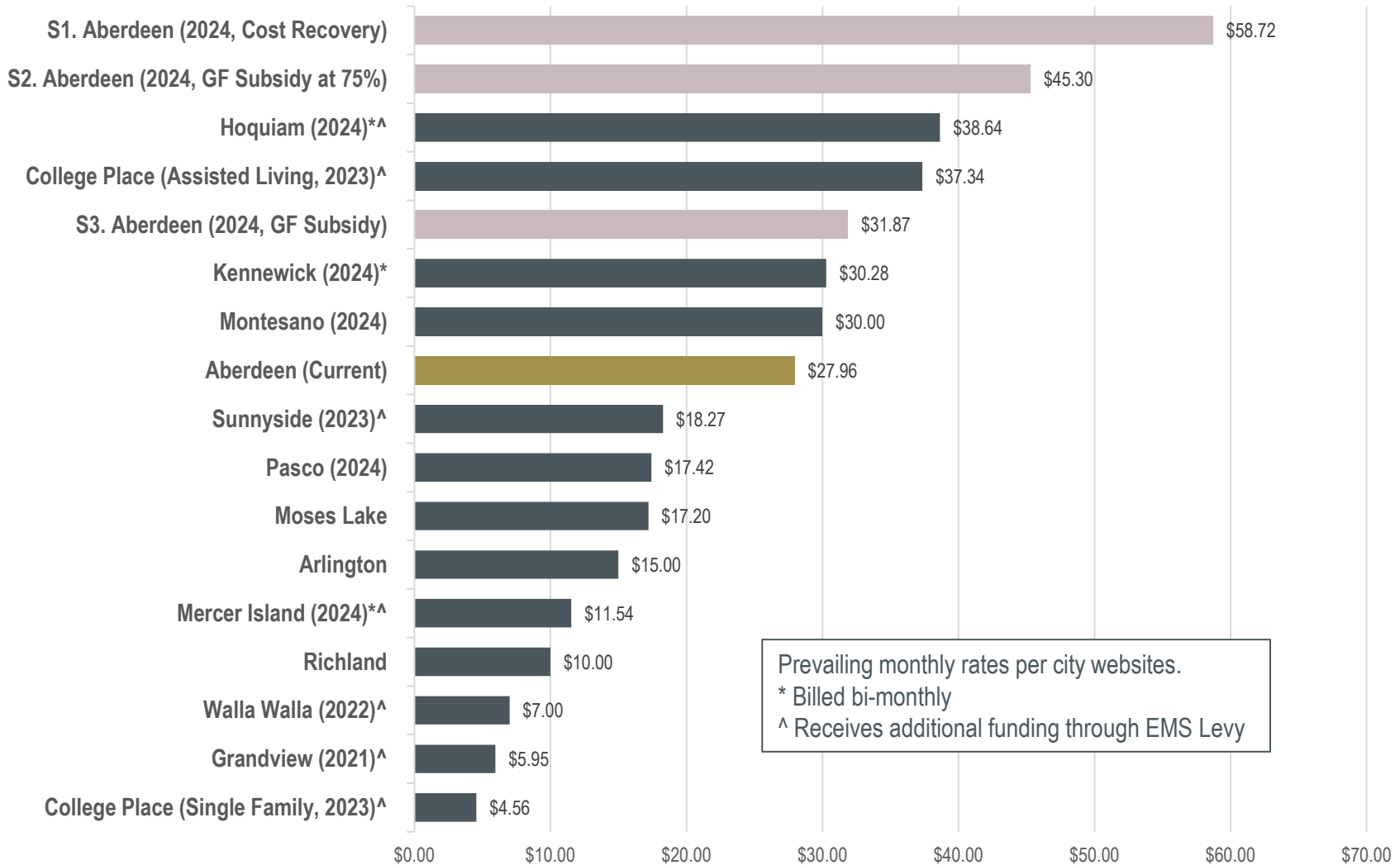
Capital Funding Assumptions

- **No capital funding costs included in the rates forecasted**
- **Rates used to fund apparatus replacement**
 - » An annual cash contribution from current rate revenue
 - » Funding pays for apparatus replacement
 - » Accumulate fund balances
- **Fund Balance Targets**
 - » 60 days (16.7%) to 90 days (25%) days annual O&M
 - » If operations were to suddenly stop, Ambulance Utility would be able to operate for another 60 to 90 days before all resources are exhausted
 - » For comparison, budgeted GF EFB ranges from 14% to 22% of Expenses in 2023 and 2024*

*2024 Final Budget, p24



Survey of Ambulance Utility Rates





Part 2: Contracted District Rates



Scope of Work

- **Review contracted ambulance transport rates with neighboring Districts and Agencies**
- **Determine updated ambulance transport rates**
 - » Utilize results from Ambulance Utility Rate Study



Guiding Principles

- **Rates assessed should reflect the cost to serve**
- **Cost to serve should reflect the actual cost of service (travel distance, transport to local medical care facility, return to home station)**



Current Contracted Jurisdictions

- » **Fire District #15 (2023)**
- » **Grays Harbor Fire District #10 (2023)**
- » **Cosmopolis (2023)**
- » **Dept of Corrections (2022)**
- » **Bigelow Drive HOA (2007)**



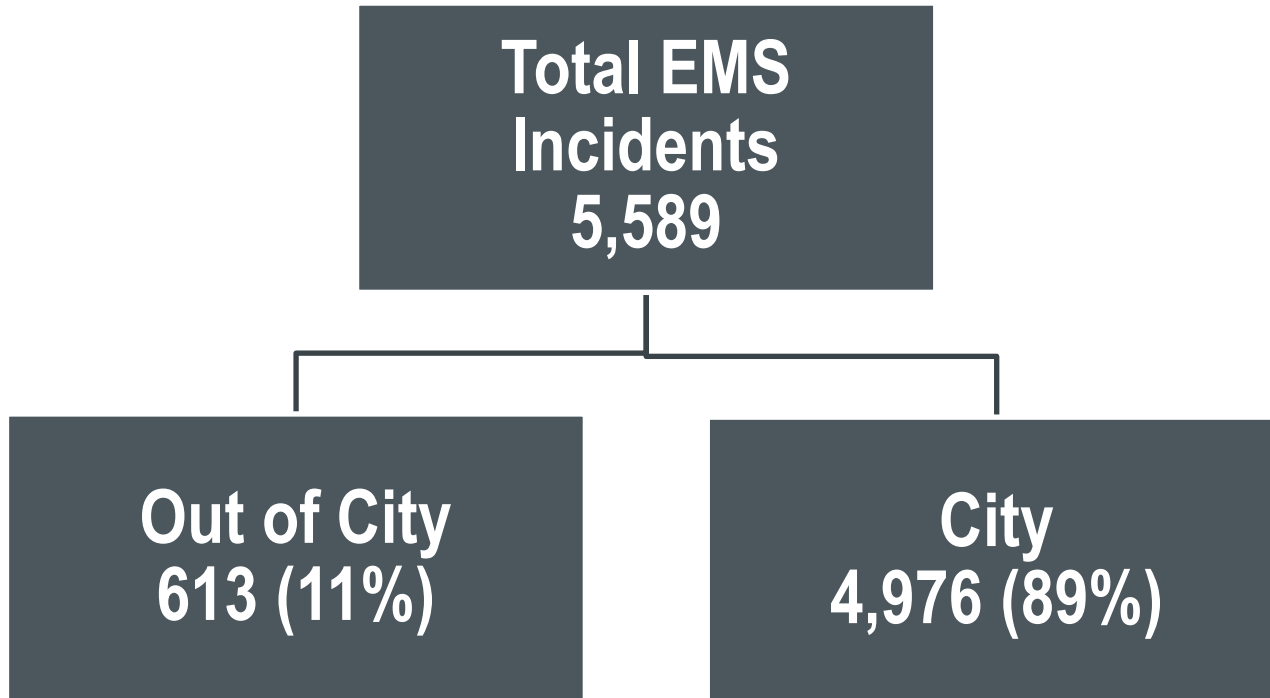
Commonly Served Out-of-City Jurisdictions

Jurisdictions	Incidents (FY 2024)
Cosmopolis	255
SCCC (DOC)	159
Junction City & FD#10	130
North River FD#15	24
South Beach	20
Hoquiam	16
Other	6
Fire District #2	3
Total:	613 Incidents
% of Overall Incidents:	11%

Based on FY23 Calls Data.

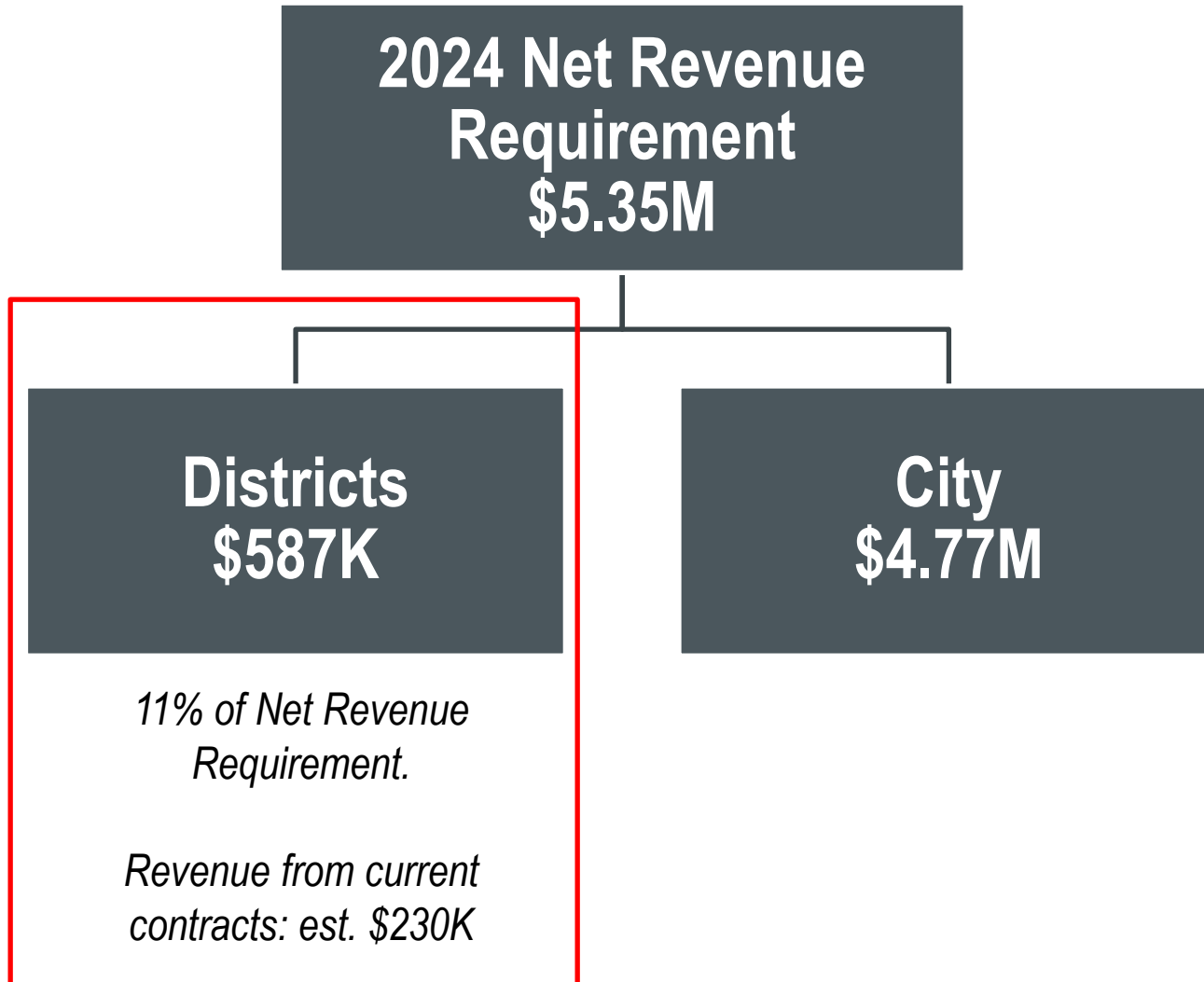


Step 1: Allocation of Calls for Service





Step 2: Allocation of Cost to Serve based on Demand for Services from Contracted Districts





Step 3: Determine District Rate

2024 Net Revenue
Requirement
\$587K

Rate
\$957.85/ per
Incident

Incidents*
613

**Estimated 2024 Incidents (based on 2023
Incidents + 12.7% EMS Incident Growth Rate)*



Discussion & Next Steps

- **Conclusions: Key Policy Decisions**
 - » Maintaining current GF subsidy is a City policy decision
 - » Establishing reserves target to 80 days of O&M is a City policy decision
 - » Calculated full cost rates represent one data point. City can elect to assess full cost or less than full cost. This is also a City policy decision.
- **Council questions or additional direction to staff and consultants?**
- **Council direction on updated Ambulance Utility charge?**
- **Updated District rates will require renegotiation of each District agreement**
 - » Consider legal counsel on one agreement template for all contracted out-of-city jurisdictions