

**INFORMAL MEETING OF MAY 2, 2016**

Informal Meeting of the City Council was held in the City Council Chamber, 2nd Floor, City Hall, on Monday evening, May 2, 2016.

CALL TO ORDER

Council President James Walsh called the informal meeting to order at 6:30 o'clock p.m.

ATTENDANCE

Eleven (11) Councillors were present, including President James Walsh and Councillors James Boone, Nathan Boudreau, Craig Cormier, Ronald Cormier, Scott Graves, Karen Hardern, James Johnson, Marc Morgan, Paul Tassone, and Matthew Vance.

Others in attendance were Mayor Mark Hawke, Fire Chief Richard Ares, Fire Captain Greg Lagoy, and Fire Private Eric Hulette, EMS Coordinator.

President Walsh welcomed the Mayor and Fire Department officials for discussion of implementing a Fire Department-operated BLS Ambulance Service. He said that the Mayor invited questions from Councillors and that Councillor Ronald Cormier submitted a series of questions.

President Walsh recognized Councillor Ronald Cormier.

Councillor Ronald Cormier addressed the Council, as follows:

“At the last council meeting, the Finance Committee was rebuffed in its request to have the issue of establishing a municipal ambulance service referred to the Council as a Committee of the Whole. This refusal to honor a request for a referral was unusual and disturbing at best. It was suggested that this would merely delay the process and that we had enough information presented in the past. I can assure you that our request for this presentation was not to delay but in fact to have an opportunity for all Councillors both new and old to have a chance to ask any questions and to have clarification of a number of significant issues. I and the other members of the Finance Committee felt that in the past when changes in ambulance service were instituted by the Mayor there was a great degree of displeasure from the members of the council at that time, as well as by the general citizenry.

Our goal then, and it should be the desire of all members of the City Council presently, was to provide an opportunity for transparency in the process of

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implementation of this significant change in emergency services and to prevent any misunderstanding by the council, the mayor, the fire department administration and the public. As part of our due diligence I have presented the Mayor with a long list of questions and issues concerning this process and I would invite him and the administrative members of the Fire Department to address them at this time. By doing so they can provide clarification of any questions that may have been asked or thought of. Having voted with the majority on item 9608, the partial salary portion of the creation of this endeavor, I would have been prepared to ask for reconsideration of this item if a proper forum for questions and information had not been provided.

Perhaps, Mr. President this approach will serve to inform all of us present and prevent misunderstandings from developing. I would also like to acknowledge the efforts of the President and Mayor in providing us with this opportunity to exercise our responsibilities as Councillors.”

Mayor Hawke addressed the questions that were submitted by Councillor Cormier, as follows:

1. Will additional clerical help be required for the maintenance of “run records” and submittal to either insurance companies or billing company?

Mayor Hawke: At this time, none are anticipated. If so, the cost would be borne through revenues.

2. Has a budget been established for the annual maintenance of the ambulance?

Mayor Hawke: Incorporated into the operating budget under a line item for gasoline, maintenance, and repairs.

3. It is assumed that all budget items, estimates and other related information are being presented by the responsible parties, including the Executive branch of our local government, with assistance provided by the Administration of the Department in question. In addition, it should be clear that the responsible committees of the City Council, in this case the Finance and Safety Committees, will be given an opportunity to endorse the plan in its entirety before any expenditures are made.

Mayor Hawke: Only via money orders. No plans or changes endorsed by the Council.

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4. Will the Finance and Safety Committees be allowed an opportunity to review any contracts that are to be developed concerning supplemental ambulance coverage?

Mayor Hawke: No Council action is necessary.

5. A review of contracts that are involved in the creation of this venture and those of private contractors involved as well as all liability issues should, in fact, be reviewed by the Law Department.

Mayor Hawke: Always reviewed by the Law Department.

6. There is a possibility that a service as recommended should be operated as an Enterprise-funded project? Has a timeline been developed that will serve as a guideline to establish this as an Enterprise Fund?

Mayor Hawke: No, not at this time. Operate for 1 to 2 years under the Fire Department budget – first year “start-up” and second year fully-operational. Eventually, move to an enterprise fund.

- 6.1. Is there a legal requirement that a service such as this be operated as an enterprise system?

Mayor Hawke: Not aware of one.

7. In the event that budget estimates are not sustainable is an alternate plan in place?

Mayor Hawke: If sufficient receipts are not generated to support the Ambulance, then the Fire Department budget would cover the shortfall.

8. This plan is a dramatic change of services for the Citizens of Gardner, what input from the citizenry has been solicited, if any?

Mayor Hawke: The same level of services will be provided.

9. What input has been solicited and/or received from the medical community?

Mayor Hawke: Both MedStar and Woods have publicly stated support for the Fire Department ambulance.

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10. Has a budget item been included for insurance costs?
- 10.1. Liability
Mayor Hawke: Included in the City's umbrella insurance policy.
- 10.2. Motor vehicle
Mayor Hawke: \$75,000 budget line item for motor vehicle insurance coverage which might change by an "X dollar amount" if a used ambulance is added to the fleet.
11. Has a budget been established for the cost of training and certifying the new firefighter/EMTs?
- Mayor Hawke: Yes, included in the budget presented.
12. What is the annual cost associated with re-certification?
- 12.1. Ambulance and related equipment
Mayor Hawke: \$500 license fee.
- 12.2. Personnel
Mayor Hawke: EMT Update \$2,000 training/recertification.
13. What is the total estimated capital cost to establish this subset of the Department and how will it be paid for until such time as the revenue stream is sufficient to cover the associated costs?
- Mayor Hawke: If the Department receives 170 transports per month for the first 4 months, then receipts are estimated to be \$300,000.
- 13.1. Does the amount include Overtime costs for vacation coverage?
- Mayor Hawke: Yes, it is built into the budget.
- 13.2. Is there an amount calculated to cover OT costs for sick days or injury days?
- Mayor Hawke: Yes, it is built into the budget.

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- 13.3. Has an amount been calculated to cover interest costs if the city is required to borrow money in order to establish the program?

Mayor Hawke: Interest costs would apply only to acquisition of an ambulance, as the City cannot borrow for salaries and operating expenses. In Year 2, \$55,000 included in the Budget for a lease payment for a new ambulance.

- 13.4. Are insurance costs included?

Mayor Hawke: Yes, it is in the City budget.

14. Will the existing command staffing formula be adequate to cover this venture?

Mayor Hawke: Yes, we are adding 2 per shift- 1 Lieutenant and five privates.

15. Union contracts may be affected, how will those changes be addressed?

Mayor Hawke: The Union is voting on May 10 to accept the negotiated changes.

- 15.1. How will dispatch be operated?

- 15.2. When will centralize dispatch take over?

- 15.3. When will the Department dispatch be eliminated?

Mayor Hawke: The Union Agreement has the Fire Captain, the Fire Chief, and Police Chief agreeing when Fire dispatch will be transferred to the Police HQ. The City will use the Gardner-Athol regionalization grant (\pm \$1M) to pay for infrastructure expenses associated with relocating FD dispatching.

Chief Ares: At the recent Dispatch Regionalization meeting, the Consultant advised that 12-18 months is expected for the transition.

16. The Mayor's attempt to eliminate certain debts was rebuffed. Will this affect budgeting in the next Fiscal Year?

Mayor Hawke: I certainly hope not!

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17. Has a Capital item been included for the cost of an ambulance?

Mayor Hawke: Year 1 budget includes \$8,000 for a used ambulance from Westminster (not a capital expense; therefore, not included on the CIP).

18. Will the increased costs associated with the establishment of this new service result in the need to either borrow in anticipation of revenue, or will it require cuts in the Fire Department or other Departments until such time as the anticipated revenue stream is adequate to cover costs?

Mayor Hawke: No. Anticipated receipts should offset projected expenses.

Councillor Vance: If actual receipts fall short of projections, how will the shortfall be addressed?

Mayor Hawke: Mid-year changes to the budget would be necessary or, worst case scenario, the City could resort to appropriations from Free Cash or the Stabilization Fund. Maximum exposure for the year would be \$300,000.00.

19. Collection of ambulance charges are an issue. How have they been addressed?

- 19.1. What percentage of charges do collection companies retain?

Chief Ares: An RFP is being assembled to send to billing companies that are used by many area departments. Companies charge based on amounts collected, not billed. Once the operation is up and running, expect about 4% of the total amount collected to pay the billing company for billing and collection services.

Councillor Vance: Why is the range of fees from a low of 2% to a high of 7%?

Chief Ares: Billing companies use a certain formula which average 4%.

- 19.2. We have been given some statistics on the number of runs that are done during the course of a year. What is the breakdown on collections?

Chief Ares: There is no way to tell at this time.

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President Walsh: Would other communities be able to tell?

Chief Ares: The Department could inquire with MedStar for actual numbers.

19.2.1. What percentage is paid by insurance companies?

19.2.2. What percentage of the payment by an insurance company is in full or is it pro-rated.

Chief Ares: There is no definitive method to determine who has insurance. The Department could provide an estimate based on the number of runs and amounts collected.

Mayor Hawke: The City's BLS transport base rate would be \$440, which is the lowest of any community in North Central Massachusetts.

19.2.3. What percentage of calls are refusal of transport and how is that cost covered?

Chief Ares: Data is not maintained for refusals to transport. Persons waiving transport are required to sign a form waiving care.

19.2.4. What percentage of calls is private pay?

Chief Ares: Not known/unable to determine.

19.2.5. Will any transfers be made by the city run agency?

Chief Ares: No transports to nursing homes.

19.2.6. In the event that non-insured or other reasons cause non-payment for services rendered, has an amount been budgeted to cover this short fall that could occur?

Mayor Hawke: Costs for billing services are based on collections, not on amounts billed.

19.3. It is assumed that the city run ambulance will be for basic life support.

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Mayor Hawke: Yes, at this time.

Councillor Marc Morgan: ALS is the big moneymaker. Understanding is that the emergency vehicle that transports the patient collects the fees.

Chief Ares: Leominster paramedics ride along with the ALS transporter.

- 19.3.1. A contract will need to be negotiated with a private firm to supply back up service as well as Advanced Life Support. Who will be responsible for keeping track of these additional services and who will be responsible for the billing?

Mayor Hawke: The City maintains the current contract.

- 19.3.2. If ALS or back up runs become uncollectible or service is refused will the City be responsible for the private contractor's costs?

Mayor Hawke: No.

20. May we have a complete itemized breakdown of all costs associated with establishing this new venture including but not limited to the following:

- 20.1. Ambulance purchase cost (used)

Mayor Hawke: \$8,000.

- 20.2. Ambulance purchase or lease cost in the future.

Mayor Hawke: \$55,000 per year lease. One vehicle to start the BLS operation and acquire a backup in the second year.

- 20.3. Ambulance maintenance costs such as tune ups, fuel, tires, batteries, etc.

Mayor Hawke: Within Fire Department budget line items.



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20.4. Ambulance equipment costs:

20.4.1. Permanent equipment such as radios, etc.

Mayor Hawke: Expenses are included in the budget proposal.

20.4.2. Ongoing renewable equipment

20.4.3. Certification requirements

20.5. Insurance costs

20.5.1. Liability

20.5.2. Motor vehicle

Mayor Hawke: Outlined earlier in the meeting.

20.6. Manpower costs

20.6.1. Salaries

Mayor Hawke: Salaries and overtime for 7 FF/EMT's are included in the budget proposal.

20.6.2. Overtime anticipated

Mayor Hawke: Overtime costs associated with BLS services would be drawn from the Ambulance budget. He said that in the current fiscal year, FD OT is expected to reach \$300,000. Most municipal Fire-operated ambulance services operate via an Enterprise Fund.

20.6.3. Fringe benefits

Mayor Hawke: Budget includes health insurance for six Family and one Individual plan.

Councillor Graves: Noted retirement contributions by the City and pension costs for seven new FF. If retiree lives to age 95,

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that's 40 years of pension payments, citing 55 retirement age of for FF/EMT's.

Mayor Hawke: Current employee contributions to the retirement system are 9% plus 2% for income exceeding \$32,000/year. He envisions that the contribution rate would increase to 10% + 2%.

Councillor Graves: How much will the additional FF/EMT's cost the taxpayer?

Mayor Hawke: We are working our way to "full-funding" the retirement system.

Chief Ares: Studies have shown that the average firefighter lives for seven years after retirement. He added that hopefully, ambulance-run revenues cover the added expenses.

Mayor Hawke: Possibility that some or all new FF might not require health insurance through the City (spouse coverage).

- 20.6.4. Retraining
- 20.6.5. Recertification

20.7. Other expected costs should be provided to all involved as soon as possible.

Councillor Morgan: How will the City control expenses and account for the revenues and expenditures for this new operation?

Mayor Hawke: There is no additional cost to the City to account for revenues and expenses.

Councillor Ronald Cormier: Goal is to maintain separate accounting for the Ambulance service. – Itemization of all expenses.

Mayor Hawke: The City can itemize most expenses associated with the ambulance operation; however, certain items such as oil and gasoline are drawn from the Fire Department's operating budget.

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Mayor Hawke: With regard to overtime control, the Department operates on a “platoon system,” 42-hour work week, 4 days on, 2 days off, with 1 “floater.” If all goes well, revenues should be sufficient to cover any overtime for ambulance services.

Councillor Graves: Why wouldn't the City establish an Enterprise Fund at this time?

Mayor Hawke: That is the plan; however, it will be several months before the new FF/EMT's are on-board (Civil Service lists) and that it is too late in the budget preparation season to implement an Enterprise Fund.

Councillor Ronald Cormier: Would like to have at least one year of actual revenues and expenditure data before embarking on an enterprise system.

Councillor Tassone: What is the downside?

Mayor Hawke: Bad timing. A service operating within an Enterprise system must be financially self-sustaining.

Councillor Tassone: When will the FD-operated ambulance service begin?

Chief Ares: January 1, 2017 is the target to implement the service.

Councillor Graves: The City has all of the run data from MedStar, so we can project that the City should have the same number of runs.

Chief Ares: Using the transport figures from the January, 2015 Presentation, the Department projects that it would transport approximately 25% fewer patients than MedStar, since the FD would be engaged with other calls.

Mayor Hawke: Budget estimates compute that the same seven FF/EMT's move up the FF pay scale for seven years – unlikely that the seven FF/EMT's assigned to the ambulance would remain on that assignment for seven years.

Chief Ares: New hires will be assigned to the ambulance.



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President Walsh: Elements of the \$300,000 Ambulance budget? Revenues and expenditures?

Mayor Hawke: 2,800 annual transports; Initial 680 transports at \$440 per transport = \$300,000. Expenses include salaries, holiday pay, clothing, supplies, etc. Not accounting for oil and gasoline for the ambulance.

President Walsh: Cost to add the ambulance service should affect the City's Liability insurance significantly more than \$300 per year.

President Walsh: Our experience by adding an ambulance might change that. There are indirect costs that are not included in the \$300,000 budget that the City is not in a position at this time to determine.

The meeting was adjourned at 7:12 p.m.

Accepted by the City Council: *May 16, 2016*