AGENDA ITEM or FINAL CONTRACT REVIEW SUBMITTAL FORM

Agenda Item: Proposed North Fork Ambulance Health Service Distr

Action Requested:

Parties to the Agreement:

Term Begins: **Term Ends:** **Grant Contract #:**

Summary:

Please see the attached submitted for the Proposed North Fork Ambulance Health Service District

Fiscal Impact:

Submitted by: Josh Ost **Submitter's Email Address:** jost@gunnisoncounty.org

Finance Review: (●) Required ( ) Not Required

Comments:
No concerns, no Gunnison County fiscal impact. ln

Reviewed by: GUNCOUNTY1\lNienhueser Discharge Date: 5/7/2018

County Attorney Review: (●) Required ( ) Not Required

Comments:
There appear to be issues about whether the proposed plan fully meets the requirements of state law before it can properly be approved. CAO recommends that the plan not be approved until such issues are addressed.

Reveiwed by: GUNCOUNTY1\mhoyt Discharge Date: 5/10/2018 Certificate of Insurance Required Yes ( ) No (●)

County Manager Review:

Comments:

Reveiwed by: GUNCOUNTY1\mbirnie Discharge Date: 5/10/2018

( ) Consent Agenda (●) Regular Agenda ( ) Worksession Time Allotted: 20

Agenda Date: 5/15/2018

Revised April 2015

COLLINS COCKREL & COLE

A PROFESSIONAL CORPORATION

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May 4, 2018

VIA E-MAIL

Board County of Commissioners
Gunnison County
200 East Virginia Avenue
Gunnison, Colorado 81230

Re: Service Plan Submittal for Proposed North Fork Ambulance Health Service District

Dear Honorable Commissioners:

Pursuant to conversations Kathy Steckel and Jeff Moffett have had with County staff, the Board of the North Fork Ambulance Association is submitting the enclosed Service Plan for the proposed North Fork Ambulance Health Service District to Delta County, Gunnison County and Montrose County for approval under the Special District Act (Title 32, Article 1, Part 2, C.R.S.).

Under Section 32-1-202(1)(b), C.R.S., the proponents of the special district request that at its May 15th meeting, the Board of County Commissioners set June 19th as the date for the public hearing to approve the Service Plan.

Please contact me as soon as possible so that we can set the precise time for the public hearing and begin to provide publication and mail notice required by the Special District Act. We look forward to working with you and everyone at the County on this matter.

Sincerely,

Matthew P. Ruhland

Enclosure

cc: Kathy Steckel
Jeff Moffett

SERVICE PLAN
FOR THE
NORTH FORK AMBULANCE HEALTH SERVICE DISTRICT

1. INTRODUCTION.

This Service Plan is being submitted for the North Fork Ambulance Health Service District (the "**District**") to be located within Delta, Montrose and Gunnison Counties (collectively, the "**Counties**"). The District shall be an independent unit of local government, separate and distinct from the Counties. The District may choose to do business as "North Fork Ambulance" or a similar designation.

The North Fork Ambulance Association (the "**Ambulance Association**") is currently the only agency providing Emergency Medical Service in the North Fork Valley. The Ambulance Association, a 501(c)(3) non-profit entity, was established in 1969 with the intent of providing emergency medical care and transport to the people of the North Fork Valley in a timely manner. The Ambulance Association has successfully operated under this system for 49 years, growing and increasing its level of service as the community has expanded. However, through careful financial analysis and projections, the Ambulance Association's board (the "**AA Board**") has determined that for this service to continue, the current structure must evolve.

The AA Board has determined that the establishment of a health service district is the most effective way to ensure funding for the necessary ambulance services to this community while maintaining the response times and preserving the professionalism and high standard of care that the Ambulance Association is currently providing. It is fundamental that the transition from the Ambulance Association to the District is smooth and without interruption of services.

The Ambulance Association is currently funded through the following sources: 20% memberships, 52% billing, and 28% grants and donations. Membership dues paid to the Ambulance Association are voluntary payments made by about 1,800 of the 5,000 households and businesses in the Ambulance Association's service area (the "**Service Area**"). In 2017, the Ambulance Association responded to 774 calls; of those calls, approximately 522 were billable. Most private insurance companies, Medicare and Medicaid set limits for reimbursement, causing the Ambulance Association to write off over 50% of its billing. The Ambulance Association's current billing rates and write-offs are comparable to others in the industry.

The Ambulance Association serves a population of approximately 9,450 people, 23.5% of whom are over the age of 65, nearly double the State of Colorado (the "**State**") average. Considering this population and the fact that approximately 15.6% of the Service Area's population lives in poverty, Medicare and Medicaid billing and reimbursements are a substantial, yet potentially unreliable, source of revenue going

forward. Despite a forecast of a 3%-6% yearly increase in billable calls, income is not keeping pace with the rising costs of service.

The Ambulance Association's ten-year financial projection plan reflects maintaining a balanced and sustainable budget, including an allowance for a capital replacement plan for EMS equipment and ambulances, and the expansion of facility in three stations. The plan maintains the on-call labor model and allows for increases in pay to transition to part paid, part on-call crews over time.

This Service Plan is prepared and submitted in accordance with Article 1, Title 32, C.R.S. (the "**Special District Act**"). It is written as one of the initial steps in establishing the above-mentioned health service district. This Service Plan will be presented to the commissioners of each of the Counties for review and approval. In the event one or more of the Counties do not approve this Service Plan, it is understood that the District organization may still proceed in the County or Counties that have approved this Service Plan. If organized in fewer than all the Counties, the District could seek inclusion into the other County or Counties under the Special District Act.

The content of this Service Plan will provide the basis for the formation, operation and financial management of the District. This Service Plan has been designed with sufficient flexibility to enable the District to provide required services and facilities under evolving circumstances, without the need for numerous amendments. Any material modifications of this Service Plan shall be interpreted in accordance with Section 32-1-207, C.R.S.

The reasonableness of the assumptions in this Service Plan and the information in this Service Plan have been discussed in detail with the Ambulance Association's current staff and the AA Board, other agencies directly and indirectly involved with the Ambulance Association, a community advisory group, and individuals who have been actively involved in preparing previous service plans. The details of this Service Plan are well researched and any assumptions made within are reasonable. The Ambulance Association currently is, and the District shall be, subject to the provisions of the Colorado Emergency Medical Services Act. To the best of our knowledge, this Service Plan is in compliance with the municipal master plans in the Service Area.

2. **DISTRICT BOUNDARIES AND SERVICE AREA**.

The Service Area of the Ambulance Association currently covers the three rural communities of Crawford, Hotchkiss and Paonia and surrounding areas. The core population in the Service Area can be found in a triangle around these towns, but the population extends in all directions into more rural portions of Delta, Gunnison and Montrose Counties.

The Service Area currently includes approximately 1,550 square miles, 75 miles of paved two-lane highway and 300 miles of county road ranging from paved to primitive. The service from Hotchkiss extends west on Highway 92 to Payne Siding and east on Highway 133 to Paonia. From Paonia the Service Area continues north up Stephen's Gulch to the Mesa County Line and northeast of Paonia on Highway 133 into Gunnison County through Somerset to the top of McClure Pass. The Service Area extends southeast from Hotchkiss on Highway 92 through Crawford and into Montrose County, and runs to Mile Marker 56 at the Gunnison County Line on Black Mesa.

The three communities currently served by the Ambulance Association are bound together by a powerful landscape that encompasses mountains, rivers, desert and agricultural land. With elevations that range from 5,000 to 11,000 feet, the area allows for a variety of features. Notable among these features are: The Black Canyon National Park, The West Elk Wilderness, Curecanti National Conservation Area, waterways such as The North Fork of the Gunnison River, the Gunnison River and their major tributaries, the Anthracite, Muddy, Smithfork and Leroux Creeks. There are also scenic byways that reach past the recreational areas of Crawford and Paonia State Parks.

The District's eventual boundaries are expected to be consistent with the current Service Area of the Ambulance Association (the "**District Boundaries**"). A map of the expected District Boundaries is attached hereto as Exhibit A.

3. **PROPOSED POWERS, IMPROVEMENTS AND SERVICES**.

The Ambulance Association, licensed by Delta County as a Basic Life Support ("**BLS**") service, responds to approximately 750 calls a year and is available 24-hours a day, seven days a week, 365 days a year and the District is expected to continue this level of service.

The Ambulance Association currently has five ambulances: one for Crawford and two each for Hotchkiss and Paonia. Each station is currently staffed with a BLS on-call crew. The Ambulance Association also currently has three Quick Response Vehicles ("**QRV**") used by Advanced Life Support ("**ALS**") on-call crew members to respond to all emergency calls for service. These ALS providers can arrive on scene quickly to assess the patient and provide the level of care needed. ALS providers can administer measures in cardiac monitoring and care, advanced airway procedures, pain and seizure

management as well as simply providing reinforcement to the main ambulance crews for things like lift assists or taking a second call in the community. If the on-call ALS system is overwhelmed, the Ambulance Association currently has a contract for ALS intercept with the Delta County Ambulance District ("**DCAD**"), 30 miles to the west.

The Ambulance Association currently has eight ALS providers, 27 BLS providers and 15 CPR/EMR certified drivers. All on-call staff members are currently paid a small stipend from the Ambulance Association per hour based on their level of training. By maintaining a dedicated on-call staff, the Ambulance Association has been able to avoid the currently insurmountable cost of paying full-time employees to respond to such a low call volume. At some point in the future, it may become viable to consider full-time staff with housing, if the call volumes and revenues support it. The Ambulance Association currently employs a full-time executive director who, among a multitude of duties, will help navigate and facilitate the necessary changes to the Ambulance Association's structure. The Ambulance Association currently has seven board members: two from each community and a member at large. The District will be governed by a five-member board of directors (the "**District Board**"), with each director elected at large.

While the District will have the power to provide any and all services which health service districts are authorized by State statute to provide, the current intention is for the District to focus on medical transportation. The residents and property owners in the Service Area have come to depend upon the Ambulance Association for ambulance and emergency medical services. There is no other existing municipal or quasi-municipal corporation available to provide such level of services on a comparable basis within a reasonable period of time.

Upon organization of the District and the extension of its boundaries into all three Counties, the Ambulance Association is expected to cease its ambulance service, assign or sublease all leases related to facilities and improvements to the District, assign the contract for ALS intercept with DCAD to the District, and transfer all personal property to the District at a nominal cost. The District is expected to assume all functions currently provided by the Ambulance Association and will continue to maintain all applicable service standards established by the State and the Counties. The Ambulance Association may continue to exist and operate in some capacity, but does not intend to compete directly with the District. Further, the Ambulance Association and District may contract with each other to allow for either entity to assist the other entity in the provision of services. It is intended that the existing facilities and equipment, the on-call staff and employees of the Ambulance Association will be used in providing the District's services. The leases, contracts, and other property to be assigned, subleased and conveyed to the District upon its organization are shown on Exhibit B, attached hereto.

No new facilities are currently planned; however, the District Board is expected to refer to the Ambulance Association's ten-year plan and continue to plan for the future with the flexibility to construct new facilities, improve existing facilities and purchase

new improvements as determined by the District Board. Since no new facilities are planned, there is no need to prepare a preliminary engineering or architectural survey or a general description of the facilities to be constructed and the standards of such constructions. Any facilities or improvements constructed by the District in the future will be designed and constructed in accordance with the standards and specifications of the Counties and of other governmental entities having proper jurisdiction.

The District is expected to continue the Ambulance Association's current staffing model for the near-term future, and the District Board is expected to refer to the ten-year plan and continue to plan for the future with the flexibility to alter the staffing model, including a change to part-time or full-time employees, as determined by the District. The District Board may choose to adjust the pay of staff in order to maintain a wage which supports the time and energy each continues to invest in the District.

The AA Board has researched other restructuring options, including consolidation with DCAD, and has concluded that consolidation would not benefit the North Fork Valley at this time. Currently, with four times the number of calls for service, DCAD has a full-time staffing model which is supported by the taxpayers in their 300 square mile service area. In contrast, with five times the number of square miles in the Service Area, including significant portions of three counties, coupled with the lower level of call volume, the Service Area currently supports an on-call labor model. As the call volume increases with population growth, and revenue sources from billing and taxes increase, there may come a time when consolidation with DCAD may be of equal benefit to both areas. Each of these determinations will be made by the District Board, if and when appropriate, and the District will comply with all statutory requirements and obtain any necessary approvals at that time.

The District is being organized to grant the District Board flexibility to adjust to the future needs and conditions of the District and its constituents and to allow the District Board to react and make decisions accordingly.

4. **FINANCIAL PLAN**.

(a) District Revenues.

It is anticipated that the District will be funded by a proposed property tax levy which is expected to be 5.75 mills in 2019. The District Board will determine the actual mill levy rate annually subject to the terms of a Ballot Issue to be submitted for approval by the District's voters at an election required by Article X, Section 20 of the Colorado Constitution ("**TABOR**"). The expected initial mill levy of 5.75 mills is reasonable for the District taxpayers as it will impose an additional annual tax of $41.40 for every $100,000 of residential property value. The tax levy is expected to ensure the District has the flexibility to allow for a dynamic economic environment without placing too large of a burden on the taxpayers.

In addition, the District may bill for direct ambulance services, may apply for grants and shall have all the revenue raising authorities of a health service district, as provided in the Special District Act.

(b) Debt.

The Ambulance Association has no debt to be assumed by the District; the ten-year plan does not anticipate that any District debt will be necessary. However, the District may seek voter approval to issue general obligation debt in accordance with TABOR and other applicable State laws if deemed necessary by the District Board.

The interest rate on any debt is expected to be the market rate at the time such debt is issued. The proposed maximum interest rate on any debt is 18%. The proposed maximum underwriting discount is 5%. Debt, when issued, will comply with all relevant requirements of this Service Plan and applicable laws.

(c) Financial Plan.

The Financial Plan for the District is attached hereto as Exhibit C. As set forth in the Financial Plan, revenue assumptions, like all other financial information contained therein, are based on reliable historical data from the records, including those of the Ambulance Association. The District's tax base is expected to be stable, and the development and sale of real property is not expected to be necessary to assure economic security. If unforeseen changes result in operational shortfalls, the District Board will have to consider raising its service fees, seeking voter approval for a mill levy increase, seeking voter approval for the imposition of a sales tax, or making adjustments to services. The Financial Plan sets forth reasonably estimated projections, and such projections shall not serve as limitations on the District's financial capabilities except as otherwise expressly set forth in the Service Plan.

5. **CONCLUSION**.

The Ambulance Association has served its community with efficacy and passion since 1969. It has evolved with the community so as to become not just an ambulance service but a vital part of the emergency medical and trauma system. The survival of reliable ambulance service is vital to this community and after much research and discussion, the AA Board is convinced the establishment of the District is the only responsible and sustainable path to provide quality emergency care to our large, rural Service Area.

It is in the best interest of the area being served to have a financially stable, capable ambulance service that can serve the people with professionalism and compassion. Financial responsibility for this service should not be placed on the few who pay membership and may or may not need our services, but should instead be shared

fairly by all the residents and taxpayers who have a perpetual interest in the growth and reasonable progress of the proposed health service district.

EXHIBIT A
Map of District Boundaries

North Fork Ambulance Health Service District

Delta County GIS

GIS Disclaimer:

This GIS map data is not a legal document or a survey instrument; Delta County assumes no responsibility for any use of the map data or any loss from using the map data. The data is provided on an"as is" basis with no guarantee to be spatially accurate, complete or current. Due to the dynamic nature of data, some inconsistencies will exist.

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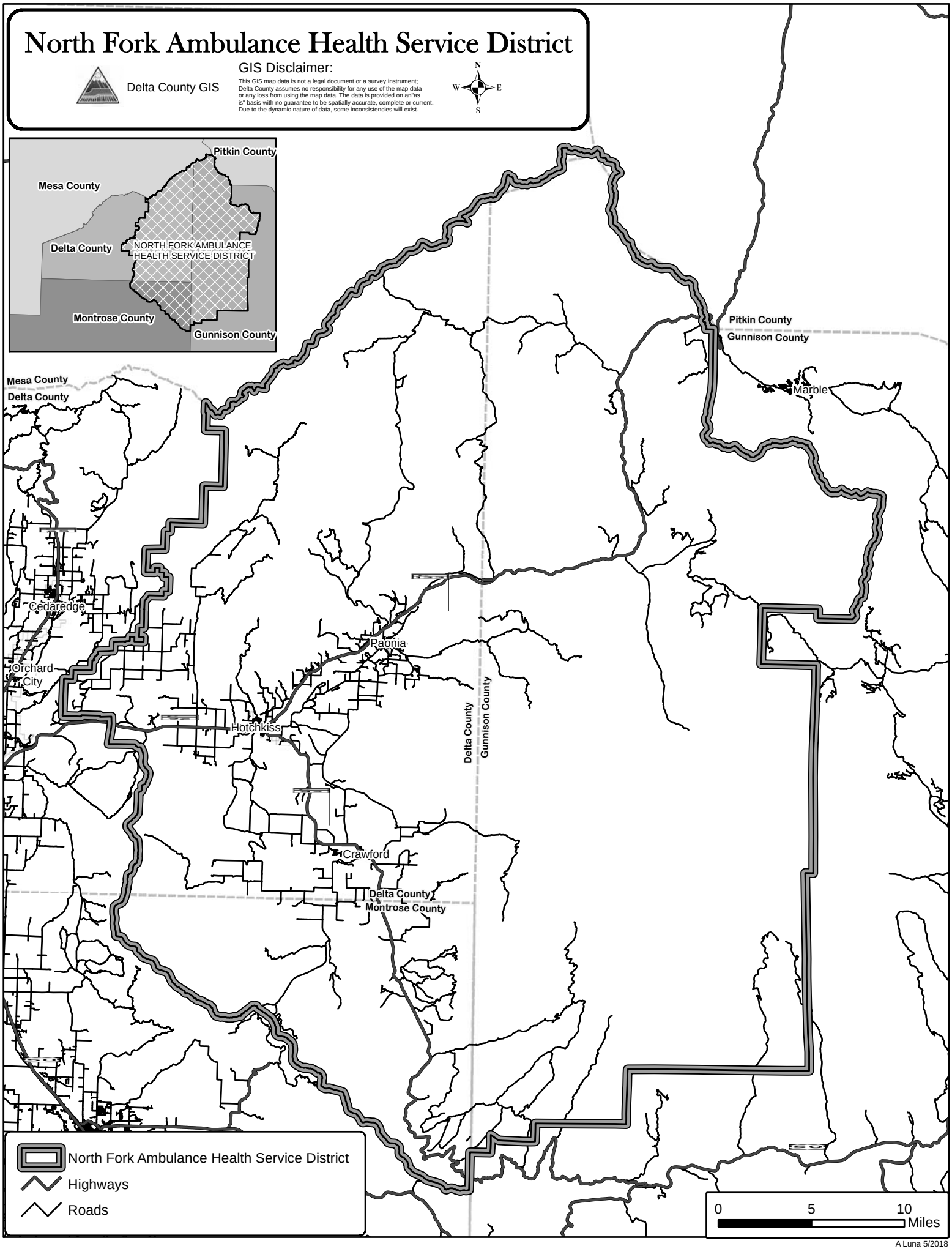

A Luna 5/2018

EXHIBIT B

List of Leases, Contracts and Property to be Conveyed to the District

Leases:

Long Term Lease Agreement with Delta County Fire Protection District #4, dated January 31, 2007, as may be amended.

Lease and Construction Agreement with the Town of Paonia, as may be amended.

Lease Agreement with the Town of Crawford, dated March 7,2018.

Contracts:

Contract for Advance Life Support Intercept with the Delta County Ambulance District, dated March 20, 2018.

Vehicles:

Ambulances:

Unit Number	Make / Model / Year	Box Make
3156	Ford / F-350 / 2010	McCoy Miller
3157	Ford / F350 / 2010	McCoy Miller
3158	Ford / E-350 / 1996	McCoy Miller
3159	Ford / E-350 / 2003	McCoy Miller
3160	Ford / E-350 / 2005	McCoy Miller

Quick Response Vehicles:

Unit Number	Make / Model / Year
3161	Toyota/ 4Runner / 2016
3162	Toyota/ 4Runner / 2016
3163	Toyota/ 4Runner / 2016

Equipment:

5 Lifepak 15 AED/Cardiac Monitor
5 Stryker Cots
5 Lucas CPR device
5 Patient Care equipment
5 ePCR computer tablets
3 AEDs (QRVs)

3 Stations: office equipment, desk, chairs, file cabinet, fax machine copy machine, desktop computer

EXHIBIT C
Financial Plan

North Fork Ambulance

Revenue & Expense Forecast 2019 - 2023

Moderate	Forecast				
	2019	2020	2021	2022	2023
GENERAL FUND					
Total Ambulance Billing	$764,209	$810,749	$860,123	$912,505	$968,076
Total Tax Revenue	$897,236	$906,208	$915,270	$924,423	$933,667
Grant Income	$60,000	$30,000	$60,000	$30,000	$70,000
Other/Stand-By Revenue	$812	$824	$837	$849	$862
Total Uncollectable Billing	-$454,380	-$482,052	-$511,409	-$542,553	-$575,595
TOTAL REVENUES	$1,267,877	$1,265,730	$1,324,822	$1,325,224	$1,397,011
EXPENDITURES					
Total Marketing/Advertising Expense	$13,579	$13,864	$14,156	$14,453	$14,756
Tot. Gen. Overhead, incl 3% TABOR reserve	$62,362	$62,605	$64,691	$65,023	$67,504
Total Office Equipment/Computer Expense	$14,651	$14,959	$15,273	$15,594	$15,921
Total Insurance Expense	$24,504	$25,019	$25,544	$26,080	$26,628
Total Payroll & Benefits Expense	$551,023	$654,259	$704,127	$759,718	$819,472
Total Staff Development Expense	$2,042	$2,085	$2,129	$2,173	$2,219
Total Professional Services Exp.	$10,721	$10,946	$11,175	$11,410	$11,650
Total Travel Expenses	$1,583	$1,616	$1,650	$1,684	$1,720
County treasurer fees	$26,917	$27,186	$27,458	$27,733	$28,010
TOTAL OVERHEAD EXPENSE	$707,382	$812,539	$866,203	$923,870	$987,880
Operations Expense					
Total EMS Operation Exp.	$38,441	$39,248	$40,072	$40,914	$41,773
Total EMS Transport Expenditures	$45,375	$47,193	$49,103	$51,108	$53,214
Total Apparatus/Vehicle Expenses	$16,655	$17,097	$17,552	$18,019	$18,498
TOTAL EMS Educational Expenses	$15,450	$15,914	$16,391	$16,883	$17,389
TOTAL OPERATIONS EXPENSE	$115,921	$119,452	$123,117	$126,923	$130,874
Capital Expenditures					
EMS Tools & Equipment	$0	$62,520	$0	$65,040	$0
Building Improvements	$100,000	$100,000	$50,000	$100,000	$50,000
Vehicle Purchase & Improvement	$153,150	$0	$159,450	$0	$165,750
TOTAL CAPITAL EXPENDITURES	$253,150	$162,520	$209,450	$165,040	$215,750
TOTAL EXPENDITURES	$1,076,452	$1,094,511	$1,198,770	$1,215,832	$1,334,505
NET PROFIT /(LOSS)	$191,424	$171,219	$126,051	$109,392	$62,506
Dec 31 - Estimated Cash Reserves	$191,424	$362,643	$488,695	$598,086	$660,592

North Fork Ambulance

Revenue & Expense Forecast 2024 - 2028

Moderate	Forecast				
	2024	2025	2026	2027	2028
GENERAL FUND					
Total Ambulance Billing	$1,027,032	$1,089,579	$1,155,934	$1,226,330	$1,301,014
Total Tax Revenue	$943,004	$952,434	$961,958	$971,578	$981,294
Grant Income	$40,000	$75,000	$40,000	$80,000	$40,000
Other/Stand-By Revenue	$875	$888	$901	$915	$928
Total Uncollectable Billing	-$610,649	-$647,837	-$687,290	-$729,146	-$773,551
TOTAL REVENUES	$1,400,262	$1,470,063	$1,471,503	$1,549,677	$1,549,685
EXPENDITURES					
Total Marketing/Advertising Expense	$15,066	$15,383	$15,706	$16,036	$16,372
Tot. Gen. Overhead, incl 3% TABOR reserve	$67,935	$70,370	$70,761	$73,462	$73,825
Total Office Equipment/Computer Expense	$16,256	$16,597	$16,946	$17,301	$17,665
Total Insurance Expense	$27,187	$27,758	$28,341	$28,936	$29,544
Total Payroll & Benefits Expense	$846,042	$872,431	$901,143	$929,720	$960,823
Total Staff Development Expense	$2,266	$2,313	$2,362	$2,411	$2,462
Total Professional Services Exp.	$11,894	$12,144	$12,399	$12,660	$12,925
Total Travel Expenses	$1,756	$1,793	$1,830	$1,869	$1,908
County treasurer fees	$28,290	$28,573	$28,859	$29,147	$29,439
TOTAL OVERHEAD EXPENSE	$1,016,692	$1,047,362	$1,078,347	$1,111,542	$1,144,963
Operations Expense					
Total EMS Operation Exp.	$42,650	$43,546	$44,460	$45,394	$46,347
Total EMS Transport Expenditures	$55,428	$57,755	$60,201	$62,775	$65,482
Total Apparatus/Vehicle Expenses	$18,991	$19,497	$20,018	$20,552	$21,101
TOTAL EMS Educational Expenses	$17,911	$18,448	$19,002	$19,572	$20,159
TOTAL OPERATIONS EXPENSE	$134,980	$139,246	$143,681	$148,292	$153,088
Capital Expenditures					
EMS Tools & Equipment	$67,560	$0	$70,080	$0	$72,600
Building Improvements	$100,000	$50,000	$100,000	$50,000	$100,000
Vehicle Purchase & Improvement	$0	$172,050	$0	$178,350	$0
TOTAL CAPITAL EXPENDITURES	$167,560	$222,050	$170,080	$228,350	$172,600
TOTAL EXPENDITURES	$1,319,232	$1,408,658	$1,392,107	$1,488,184	$1,470,651
NET PROFIT /(LOSS)	$81,030	$61,405	$79,396	$61,493	$79,034
Dec 31 - Estimated Cash Reserves	$741,623	$803,028	$882,424	$943,917	$1,022,950