

# CITY OF CALEXICO



## EMS User Fee Study

June 2018





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## Executive Summary

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As local governments (the “Jurisdictions”) deal with increased fiscal limitations in California, Service fees, or user fees (the “Fees”) have become an important source of revenue. A Fee is a payment made by an individual for a service (the “Service”) provided by a jurisdiction that primarily benefits that individual (the “User”). The primary objective of this user fee study (the “Report”) completed for the City of Calexico (the “City”), is to review, analyze and determine appropriate costs for the City to sustain ambulance services to the residents of Calexico.

The City has requested the preparation of a Report to analyze and determine the full cost of ambulance Services in order to (1) recover as much of the actual cost of providing the services as possible; (2) maintain fees comparable to neighboring agencies providing similar services; and (3) identify and recommend additions or deletions to the City’s existing service fee schedule (the “Fee Schedule”).

According to the law, for an agency to charge a fee, the agency must first adopt an ordinance or resolution establishing the schedule of new or increased fees. The agency must also make available to the public the data supporting the new or increased fee, provide notice for and hold a public board meeting, and consider any testimony regarding the new or proposed fees at said meeting, per the rules and regulations dictated by the law.

The tables within this report include a list of the ambulance service(s) provided by the City and the current assessed fees for those services. To provide context with other local agencies, a table that provides comparable fees charged by neighboring or similar jurisdictions is also included in the report.

Increasingly, jurisdictions not only want to cover the cost of staff labor directly associated with the services but also wish to recover associated support costs. While this cost analysis should enable the City to implement ambulance fees that offer a more sufficient cost recovery, it should be noted that City staff will ultimately decide the fee amounts for each service, based on policy and political considerations. In the case that the fee recommendations within this report are not adopted by the City Council (the “Council”), the City may continue to charge fees based on their most recently adopted fee schedule, per Resolution No. 92-75 (see Table 1).



**Table 1**

**Current Calexico Ambulance Call Fee Schedule**

Service Provided	Fees
ALS, Level 1 <sup>(1)</sup>	\$449
ALS, Level 1 Emergency	449
ALS, Level 2	449
BLS <sup>(2)</sup>	360
BLS, Emergency	360

<sup>1</sup> "ALS" means Advanced Life Support

<sup>2</sup> "BLS" means Basic Life Support

\* "AMA" means Against Medical Advice, this will be a new purposed fee

Sources: City of Calexico Fire Department; Willdan Financial Services.

After performing the analysis, we have determined the projected full cost of the ambulance services which City of Calexico provides. The results of the analysis include the forecast of the hiring of additional staff members, additions to dispatch members and the exclusion of the Fire Inspector is presented in Table 2 below.

**Table 2**

**Proposed New Fee Schedule for City of Calexico**

Fee Classification	Current User Fees	User Fees Charged <sup>(1)</sup>	% of Charges	Proposed New User Fee Rates	Projected Future User Fees Charged <sup>(2)</sup>
ALS, Level 1	\$449	\$8,980	0.53%	\$1,268	\$25,354.49
ALS, Level 1 Emergency	\$449	\$1,646,932	98.02%	\$1,307	\$4,793,091
ALS, Level 2	\$449	\$449	0.03%	\$1,326	\$1,326
BLS	\$360	\$7,920	0.47%	\$1,073	\$23,599
BLS, Emergency	\$360	\$15,840	0.94%	\$1,131	\$49,773
AMA	New	New	New	\$410	\$111,404
<b>Grand Total</b>	<b>N/A</b>	<b>\$1,680,121</b>	<b>100%</b>	<b>N/A</b>	<b>\$5,004,547</b>

<sup>(1)</sup>Current fee levels based off the current user fee rates applied to number of historical calls.

<sup>(2)</sup>Projected fee levels based off the purposed rates applied to number of historical calls.

Sources: Table 9 of the Report; City of Calexico; Willdan Financial Services.



Fees for ambulance medical supplies and supplemental services were also previously set in place and adopted by City Council. Table 3 (below) include a list of service(s), medications and the current fees which are charged to the user. Itemized medical service fees were not a part of this study, and as such the budget amounts for revenues and expenditures associated with these supplemental services have been deducted from the total operation budget.

**Table 3**

**Caalexico Ambulance Supply Full Fee Schedule**

<b>Service Provided</b>	<b>Current Fees</b>
Airways Nasal/Oral	\$12.00
Albuterol Caalexico	12.00
Assessment at Scene Caalexico	125.00
Atropine Caalexico	12.00
Backboard Caalexico	10.00
Bag Valve Mask Caalexico	12.00
Bandages Caalexico	10.00
Benadryl Caalexico	12.00
Burn Pack Caalexico	20.00
Cervical Collar Caalexico	20.00
Combitube Caalexico	75.00
CPR Caalexico	30.00
Defibrillator Caalexico	30.00
Diphenhydramine Caalexico	12.00
EKG Caalexico	70.00
Emesis Bag/Basin	12.00
Endotracheal tubes Caalexico	10.00
EOA Caalexico	35.00
Epinephrine Caalexico	12.00
Extra Crew Caalexico	50.00
Furosemide Caalexico	12.00
Glucagon Caalexico	100.00
Glucometer Caalexico	10.00
Head Bed Caalexico	15.00
Heat/Cold Pack Caalexico	10.00
Intubation Caalexico	15.00
Isolation Kit Caalexico	18.00
IV Solutions Caalexico	20.00
IV start kit Caalexico	12.00



**Table 3**

**CALEXICO Ambulance Supply Full Fee Schedule**

<b>Service Provided</b>	<b>Current Fees</b>
Lidocaine Calexico	12.00
Linen/Gloves/Decon Calexico	15.00
MAST Calexico	50.00
MILE1 Calexico	10.00
Naloxone Calexico	12.00
Night Call Calexico	20.00
OB Kit Calexico	20.00
Oxygen Calexico	35.00
Oxytocin Calexico	12.00
Pneumatic anti-shock garment	50.00
Restraints Calexico	10.00
Splints card board Calexico	10.00
Suction Calexico	15.00
Wait Time Calexico	50.00

*Sources: City of Calexico Fire Department; Willdan Financial Services.*



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## Introduction

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Fees in California are required to conform to the statutory requirements of the law, the California Constitution (the “Constitution”), and the California Code of Regulations (the “Code”). According to the law, fees may not exceed the reasonable cost of providing the service for which they are collected unless the excess fee is approved by a two-thirds (2/3) vote of the electorate.

Fees are imposed because they aid in the ultimate recovery of costs associated with providing specific services benefiting the user, thereby reducing the use of general fund monies for such purposes. The City believes that its general fund may be subsidizing costs associated with providing services that benefit ambulance users and the current fees may not account for the costs associated with the service delivery. Additionally, the City has expressed that a combination of factors, including the location, demographics of the fire department service area and the current charge collection limitations imposed by the health industry have significantly impacted the total amount the City is able to collect from ambulance users after services have been rendered. To correct such deficiencies, the City has requested a review and subsequent update of its fee schedule. This Report summarizes current Fees for ambulance related services provided by the City, analyzes the total costs associated with delivering ambulance-related services to the fire department service area and identifies the fees recommended by the City for adoption (which are less than or equal to the full cost of providing the service).



The substantial increase costs of routine ambulance-related services have led many local agencies to establish or increase related fees. The ambulance/EMS fees for several California agencies are presented in Table 4 below. These comparable rates may provide guidance with in policy decisions with adopting appropriate fees.

**Table 4**  
**Current Calexico Ambulance Call Fee Schedule**

	<b>Emergency Base Rate</b>	<b>Mileage</b>	<b>Oxygen</b>
<b>Imperial (Current)</b>	\$1,200.00	\$16.00	\$65.00
<b>Imperial (Proposed)</b>	\$1,900.00	\$18.00	\$70.00
<b>San Diego</b>	\$1,925.54	Did Not Report	Did Not Report
<b>Riverside</b>	\$1,647.01	\$40.05	\$171.30
<b>El Dorado</b>	\$1,427.00	Did Not Report	\$80.00
<b>Napa</b>	\$1,961.03	\$40.60	\$140.10
<b>Kern</b>	\$1,972.00	Did Not Report	\$80.00
<b>San Luis Obispo</b>	\$2,336.96	\$38.72	\$81.72
<b>Santa Barbara</b>	\$2,256.53	\$44.09	\$44.09
<b>Ventura</b>	\$1,682.00	\$34.75	\$110.00
<b>San Mateo</b>	\$2,499.00	\$60.41	Did Not Report
<b>Yolo</b>	\$1,975.00	Did Not Report	Did Not Report

*Sources: City of Calexico Fire Department; Willdan Financial Services.*

This Report identifies operational costs and related indirect costs associated with ambulance services. The full cost amount is compared to the current fees for ambulance services. If the full cost exceeds the amount of fees being charged, the Report will identify how much the general fund subsidizes the costs of providing the ambulance services. If the full cost is lower than the current fees collected, the study will identify how much the City is overcharging for ambulance services.

The City has reviewed the full cost of providing services and has recommended fee amounts for each of the ambulance services that are the subject of this Report. Those fee amounts will be presented to the City Council for review and adoption.





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## Cost Components

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The City has requested Willdan Financial Services to analyze fees for the City’s ambulance services (the “Ambulance Services”). The City currently provides 24-hour Ambulance Services to the Calexico Fire Protection Service Area (the “Service Area”), which includes the community of Calexico and surrounding areas. The annual costs associated with providing the services are partially funded by user fees and property taxes. The City also incurs costs related to operations and maintenance of the facilities, equipment, personnel and administrative overhead necessary to provide Ambulance Services.

It is common for jurisdictions, such as City, to update user fee schedules periodically to ensure that the fees imposed on users provide sufficient revenue to cover the cost of the services. Since the City provides Ambulance Services to a growing population that is increasingly remote, the costs involved with each service incident increase over time. At the request of the City, the details contained in this Report focus on recommended fees intended to assist the City in recovering as much of the ongoing costs for Ambulance Services as possible.

As costs associated with the provision of services fluctuate over time, a significant element in the development of any fee schedule is its ability to remain flexible with the current costs factors. We recommended that the City include authorization for a five (5) year annual inflation adjustment in the ordinance adopting the new fee schedule. This will authorize the Council, either by ordinance or resolution, to increase or decrease the fees based upon published information such as (i) the Consumer Price Index (CPI) Los Angeles – Riverside – Orange, All Urban Consumers or (ii) the Employee Cost Index for State and Local Government Employees, Total Compensation as released by the United States Department of Labor’s Bureau of Labor Statistics. In accordance with an annual inflation factor, and shortly after January 1 of each calendar year, the City may consider increasing or decreasing fees based on the percentage change in the selected adjustment factor.



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## Methodology

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A variety of methods exist for analyzing the full cost of a particular service provided by a public agency. Based on the information available and the nature of the City’s ambulance services, we have determined that the following is the most appropriate methodology:

- **Macro Cost vs. Revenue Method:** This approach evaluates the appropriateness of current fees by comparing the total cost of each service category (i.e. Advanced Life Support (“ALS”), Basic Life Support (“BLS”) and Against Medical Advice (“AMA”) with projected total revenues and expenditures. Costs are estimated by apportioning 100% of costs associated with the projection of each ambulance staff member among the various service categories. This method analyzes whether a category of fees is creating a revenue surplus, creating a revenue deficit or breaking even. The advantages of this approach are the ability and relatively easy to calculate and it addresses the reasonable criteria in broad scope. Tables 5 and 6 below show the allocation of the City’s Fire Department budget to Ambulance services.

**Table 5**

<b>Summary of Incidents</b>		
	<b>Total Calls</b>	<b>Call Allocation</b>
Ambulance	4,027	84%
Fire	781	16%
<b>Total</b>	<b>4,808</b>	<b>100%</b>

*Sources: City of Calexico, Fire Department; Willdan Financial Services.*



Table 6

**Summary of Charges**

	<b>Total FY 2017/18 Expenditures</b>	<b>Total User Fees Charged <sup>(1)</sup></b>	<b>FY 2017/18 Deficit</b>
Ambulance Budget	\$5,004,547	\$1,680,121	(\$3,324,426)
<b>Total</b>	<b>\$5,004,547</b>	<b>\$1,680,121</b>	<b>(\$3,324,426)</b>

(1) Assuming Existing Rates are not changed and the Fire Department charged for all calls logged

Sources: City of Calexico, Fire Department; Willdan Financial Services.

Utilizing the Macro Cost vs. Revenue Method approach, the City's total Fire Department operational budget for providing ambulance services to the Calexico fire protection service area in fiscal year 2018/19 is projected to be \$5,004,547. However, based on the current EMS fees, only \$1,680,121 is estimated to be charged to users for ambulance services, resulting in a deficit of \$3,324,426. To move towards recovering the projected full costs associated with sustaining the ambulance services, the City is considering increasing the existing fees. This Report will provide the analysis needed to justify the increase.



## Cost Recovery

When using the Macro Cost vs. Revenue Method approach, we must allocate the budget to each individual service using an allocation methodology. The factors used to allocate the costs include call category breakdown, level of care and time per call, salaries of all individuals whom respond and aid to the calls, and the budget of operating expenses. The tables below show the results of this allocation.

Tables 7 summarize the call categories and average times associated with each level of service, from Dispatch to cleared patient. As mentioned above the time breakdown will assist in the determination of City's cost recovery and applying the appropriate service fee.

Table 7

### Callexico EMS Response

Name	Dispatch Time (Alarm to Dispatch)	Reaction Time (Dispatch to Enroute)	Response Time (Dispatch to Arrival)	Scene Time (Arrival to Cleared)	Transport Time (Cleared to At Destination)	Patient Care (Alarm to Transfer of Care)	Destination Time (At Destination to Cleared Dest.)	Call Length (Dispatch to In Serv.)
ALS, Level 1	0:07:00	2:08:00	5:06:00	18:00:00	25:21:00	45:00:00	23:00:00	65:00:00
ALS, Level 1 Emergency	0:07:00	2:08:00	5:06:00	20:00:00	27:21:00	47:00:00	27:00:00	67:00:00
ALS, Level 2	0:07:00	2:08:00	5:06:00	23:00:00	30:21:00	50:00:00	28:00:00	68:00:00
BLS	0:07:00	2:08:00	5:06:00	16:00:00	23:21:00	35:00:00	24:00:00	55:00:00
BLS, Emergency	0:07:00	2:08:00	5:06:00	18:00:00	25:21:00	40:00:00	23:00:00	58:00:00
AMA	0:07:00	2:08:00	5:06:00	14:00:00	21:21:00	N/A	N/A	N/A
<b>Average Total Response</b>	<b>0:07</b>	<b>2:08</b>	<b>5:06</b>	<b>18:10</b>	<b>25:31:00</b>	<b>41:45:00</b>	<b>25:00:00</b>	<b>62:36:00</b>

Sources: Callexico Fire Department; Willdan Financial Services.



Table 8 shows the number of projected annual calls and their call categories which are estimated to be logged for fiscal year 2018/19. The total for the annual call log is applied as a reference point to forecast future operating expenses and adjusted service fees.

**Table 8**

**Summary of Services provided by Calexico Fire Department**

<b>Calexico EMS Fee Classification</b>	<b>Service Calls</b>
ALS, Level 1	20
ALS, Level 1 Emergency	3,668
ALS, Level 2	1
BLS	22
BLS, Emergency	44
AMA	272
<b>Grand Total</b>	<b>4,027</b>

*Sources: Table 5; City of Calexico; Willdan Financial Services.*

The table below (Table 9), summarizes the methodology which was used in order to calculate the estimated total operating cost and the results of the cost analysis for each service type. Each call category depends on a different set of procedures involved in care, personnel who aid in that care and administration actions. These are important factors in calculating the budget allocation to cover full cost for the District.

**Methodology formula steps:**

1. Convert Average Time Invested per Call into Total Hours Spent;
2. Total Hours Spent per Call Category ÷ Total Hours (4,277) x Total Operating Budget (\$5,004,547) = Budget Allocation per Call Category;
3. Budget Allocation ÷ Call Received per Call Category = Full Cost Recovery per Call Category.



**Table 9**

**Fee Calculation Methodology - Revised**

Fee Classification	Calls Received	Average Time Invested per Call (minutes)	Total Hours Spent	Budget Allocation	Full Cost Recovery
ALS, Level 1	20	65	21.67	\$25,354	\$1,268
ALS, Level 1 Emergency	3,668	67	4,095.93	4,793,091	1,307
ALS, Level 2	1	68	1.13	1,326	1,326
BLS	22	55	20.17	23,599	1,073
BLS, Emergency	44	58	42.53	49,773	1,131
AMA	272	21	95.20	111,404	410
<b>Total</b>	<b>4,027</b>	<b>334</b>	<b>4,277</b>	<b>\$5,004,547</b>	<b>N/A</b>

Sources: Table 5; Table 6; Table 7 of the Report; City of Calexico; Willdan Financial Services.

The City’s projected expenditures for ambulance services for fiscal year 2018/19, as identified in Table 10, were allocated between the six proposed user fee categories based on the projected percentage of total fees charged for each ambulance service category in 2018. The total projected expenditures for each user fee category were then divided by the total number of projected incidents associated with each user fee category that the City’s EMS department responded to in 2018. The City may recover up to 100% of the full cost of providing these services.

**Table 10**

**Proposed New Fee Schedule for City of Calexico**

Fee Classification	Current User Fees	User Fees Charged <sup>(1)</sup>	% of Charges	Proposed New User Fee Rates	Projected Future User Fees Charged <sup>(2)</sup>
ALS, Level 1	\$449	\$8,980	0.53%	\$1,268	\$25,354.49
ALS, Level 1 Emergency	\$449	\$1,646,932	98.02%	\$1,307	\$4,793,091
ALS, Level 2	\$449	\$449	0.03%	\$1,326	\$1,326
BLS	\$360	\$7,920	0.47%	\$1,073	\$23,599
BLS, Emergency	\$360	\$15,840	0.94%	\$1,131	\$49,773
AMA	New	New	New	\$410	\$111,404
<b>Grand Total</b>	<b>N/A</b>	<b>\$1,680,121</b>	<b>100%</b>	<b>N/A</b>	<b>\$5,004,547</b>

<sup>(1)</sup>Current fee levels based off the current user fee rates applied to number of historical calls.

<sup>(2)</sup>Projected fee levels based off the purposed rates applied to number of historical calls.

Sources: Table 9 of the Report; City of Calexico; Willdan Financial Services.



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## Conclusion

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Based on the research and analysis conducted in this Report, the following is concluded:

- The City's current Fees are found to be insufficient to cover the projected costs associated with providing Ambulance Services to the City of Calexico Fire Protection Service Area. The City currently runs a deficit of approximately \$3,324,426 as reflected in Table 6.
- The City has decided to adopt new fees based on full cost recovery for future years along with a five (5) year inflator to keep pace with increasing costs. The inflation factor will be based on (i) the Consumer Price Index (CPI) Los Angeles – Riverside – Orange, All Urban Consumers or (ii) the Employee Cost Index for State and Local Government Employees, Total Compensation as released by the United States Department of Labor's Bureau of Labor Statistics.



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