

Tools for Analyzing Regionalization 2

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*Costing and allocating regional services:
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Regionalizing Ambulance/EMS Services in Central & Northern Essex County

A Work in Progress

The Problem

- Most communities in the region contract with private companies for ambulance/EMS services.
- Municipalities in central & northern Essex County have fewer nursing homes and senior living facilities.
- Ambulance providers have fewer opportunities for non-emergency ambulance transports.
- Lacking nursing homes and senior facilities, municipalities were required to pay an additional fee to ambulance companies to supplement their revenue from transports.

Ambulance Service in Ipswich

- In 2006, Ipswich was charged a fee of \$426,000 by Lyons Ambulance Company.
 - Contract had been bid in 2001.
 - Only one bidder in 2001. Fee went up!
- Ambulance contract rebid in 2007. Four bidders.
- Action Ambulance wins bid with a fee of \$245,000

Regionalization Efforts

- Owner of Action Ambulance notifies Ipswich Town Manager in 2009 that the fee can be reduced or eliminated entirely through regionalization.
- Towns in central and northern Essex begin a series of meetings to organize a regional ambulance/EMS combination.
 - Topsfield, Ipswich, Hamilton, Georgetown and Rowley hold meetings at the Topsfield Fire Station.
- Joint RFP for ambulance/EMS services set as goal

Regionalization Efforts

- Meetings of managers/administrators and fire chiefs aimed at regionalization cause private ambulance companies to launch their own efforts to assemble regional combinations of adjacent towns.
- Lyons Ambulance succeeds in combining Hamilton, Wenham and Danvers.
 - Hamilton decides to withdraw from discussions in Topsfield.
- Rowley signs 3 year contract in 2009 with Action Ambulance with ALS delivered from an Ipswich base.
 - Ipswich fee reduced to \$175,000 in FY 2010
 - Ipswich fee eliminated completely in FY 2011

Regionalization Efforts

- Technical issues: Towns need to complete service zone plans prior to issuing a joint RFP.
- MAPC representative invited to attend a Topsfield meeting.
- Joe Domelowicz of MACP proposes a MAPC study funded through the *District Local Technical Assistance* program.
- MAPC agrees to fund the effort under DLTA in April 2010.

Regional Ambulance/EMS

- Report from MAPC to be delivered in September 2010.
- Joint RFP for Ambulance/EMS services still on track for Fiscal 2012.

Conclusions

- No political obstacles to a regional combination involving a privately operated public service.
- High level of cooperation and commitment from Town Managers/Administrators and Fire Chiefs.
- Selectmen in some communities not always supportive.
- Regional planning agency provides vital technical assistance.

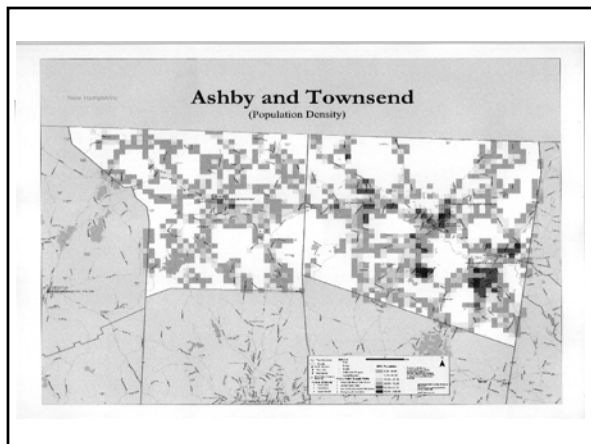
Analyzing and Allocating Regional Service Costs

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<http://www.mass.gov/dls>

Know the Service Environment

- Get a map -- Mass GIS data
- Demographic and socioeconomic indicators (e.g., income, land area, pop. density)
- Service demand indicators (e.g., 911 calls, permits issued, crime rate, fire responses)
- Performance indicators such as response time
- Topographical or other physical barriers



Develop Analysis Framework

- Method may vary depending on service being considered
- Part science, part art – be flexible/adapt as process unfolds
- Start with most recent fiscal year where full salary and expense cost data is available
- Measure existing service costs and compare with costs if regionalized during same period
- Minimize the number of moving parts in analysis

Measuring Baseline Service Costs

- Direct department salaries from budget and payroll records
- Direct expenses from budget and expenditure reports
- Employer share of indirect benefit costs such as health insurance, pension, Medicare and other benefits
- Building/liability insurance and debt service

Costs in a Regional Department

- Where might savings arise, if any?
- Need for only one department head or facility if regional
- Are economies of scale and other operating efficiencies possible?
- Additional costs to equalize salaries – analyze and compare union contracts
- Transition costs or state financial incentives

Determining Allocation Method

- Examine all allocation options
- Is the allocation reasonable in relation to relative benefits?
- Is it sustainable over time?
- Do potential savings get fairly allocated between partners?
- Is the allocation easy to understand

Comparing Fiscal Impacts

- Allocated share of regional costs compared to baseline community costs
- Does the regionalization save money for each community and/or improve services?
- Fiscal impacts should total sum of costs eliminated and added
- DLS can conduct analysis or provide technical assistance
