

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To: Matthew Fertal

From: Dave Bertka

Dept.: City Manager

Dept.: Fire

Subject: CONSIDERATION OF PARAMEDIC TAX
OVERRIDE RATE ORDINANCE FOR
FY 2010-11

Date: March 9, 2010

OBJECTIVE

To adopt the paramedic tax override rate for Fiscal Year 2010-11.

BACKGROUND

City of Garden Grove voters approved a property tax increase (override) to pay for emergency paramedic services in June 1974. The approved ballot measure established a property tax specifically to pay for a "mobile intensive care program" in an amount not to exceed 10 cents per one hundred dollars of assessed valuation.

City Resolution 4547-74, which authorized the ballot measure, stated the specific purposes for which the property tax was proposed; namely, to provide for (1) an emergency medical care system with a response time of 5 minutes, (2) to pay salaries, (3) to purchase and maintain vehicles, radio, telemetry and intensive care equipment and all necessary supplies.

From 1975 through 1984 the City Council set the tax at 10 cents per one hundred dollars of assessed valuation; and from 1985 to the present the tax has been set at 2.5 cents.

DISCUSSION

Over the years, the cost of providing paramedic services has increased. In order to maintain and pay for paramedic emergency medical care services, it is necessary to adjust the paramedic tax override to generate sufficient revenue to cover current program costs.

At the start of the program, there was one paramedic unit that serviced the entire City. In the late 1970's, as population and call volumes grew, a second paramedic unit was added. In the mid-1980's, it became necessary, due to continued increased call volume, to add a third paramedic unit to maintain the response standard time of 5 minutes. As demand for paramedic service continued to grow, it became necessary to expand once again to meet the standard five-minute response time. To meet this need two program enhancements were implemented: 1) a dispatcher call screening process and 2) three fire engines were converted to

paramedic assessment units by replacing a firefighter with a paramedic firefighter. The call screening process resulted in paramedic units being dispatched only to paramedic unit service calls. The paramedic assessment units allowed for faster paramedic response and greater paramedic availability.

As noted above, the volume of paramedic calls has greatly increased over the past 36 years. For the past five years, the Fire Department has averaged 10,946 calls for service per year. Of those calls, an average of 5,762 were for paramedic level service, representing 53% of the total.

As the paramedic program expanded to continue to meet the five-minute response standard, the cost to maintain the program also grew. The current property tax override of 2.5 cents per one hundred dollars of assessed valuation is no longer adequate to cover program costs. For a number of years, the City's General Fund has made up the difference between what the property tax override generated and the cost of providing paramedic service. Given current economic conditions, the City's General Fund can no longer afford to subsidize this cost and must close the gap between what is collected and the cost of providing service. The actual cost of providing paramedic service is \$6.7 million (see Attachment 1).

FINANCIAL IMPACT

The current property tax override of 2.5 cents per one hundred dollars of assessed valuation generates \$2.5 million dollars. The cost of providing paramedic service is \$6.7 million. An adjustment of an additional 3.5 cents per one hundred dollars of assessed valuation would address the shortfall between the program cost and revenue currently collected. Adjusting the rate to 6 cents will generate \$6 million annually, significantly reducing the City's General Fund subsidy of the paramedic program.


RECOMMENDATION

It is recommended that the City Council:

- Conduct the first reading and introduce the attached ordinance authorizing a property tax override of 6 cents/\$100 of assessed value specifically for the 2010-11 fiscal year paramedic program.



DAVE BERTKA
Fire Chief

Recommended for Approval

Matthew Ferial
City Manager

Advanced Life Support Costs Analysis
Paramedic Tax Reimbursement
FY2009-2010

5YR Average Total Calls for Service	10946
5YR Average Medical Aid Calls	8867
5YR Average Advanced Life Support (ALS)	5762
5YR Average ALS Ratio	0.5264

ALS Cost Analysis

	<u>Full Cost</u>
Direct Cost (Package 5200)	
Labor	3,882,900
Non labor	113,571
Capital Outlay	19,000
Equip Pool (Paramedic trucks)	60,864
Insurance	7,805
	<u>4,084,140</u>
Other Allocable Costs	
Dispatch Costs (52.6% of \$610000)	321,105
Fire Engines (52.6% of \$624,000)	328,475
Captain (52.6% of Cost (157,000*15))	1,239,678
Fire Engineer (52.6% of Cost (133,000*15))	1,050,173
Training Support	10,000
	<u>2,949,431</u>
Gross ALS Cost	<u>7,033,571</u>
Reimbursements	
Paramedic Pers Reimb	200,000
Medical Supply Reimbursement	100,000
Non Resident Reimb	25,000
	<u>325,000</u>
Net ALS Cost	<u><u>6,708,571</u></u>

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
ESTABLISHING THE AMOUNT OF MONEY FOR PARAMEDIC SERVICES
THAT MUST BE RAISED BY AN AD VALOREM TAX OVERRIDE AND THE
SETTING OF THE TAX RATE OF SAID OVERRIDE

THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES ORDAIN AS FOLLOWS:

SECTION 1: In June 1974, over sixty percent (60%) of the Garden Grove voters approved an ad valorem tax override to provide emergency medical care service (Paramedic Services) to the community and thereby incurring a debt consisting of personnel and equipment payment obligations.

SECTION 2: Property taxes for indebtedness approved by the voters prior to July 1, 1978; are authorized pursuant to Section 93 of the Revenue and Taxation Code.

SECTION 3: The City Council of the City of Garden Grove hereby declares it is necessary to raise an estimated \$6,000,000, through the use of an ad valorem tax override on the taxable property within the City of Garden Grove to maintain and pay for the emergency medical care services. Such indebtedness to be paid includes personnel salaries, training costs, equipment purchases, and maintenance of all equipment acquired previously for paramedic services purpose.

SECTION 4: The tax rate for the authorized ad valorem tax override as approved by voters of all assessable real and personal property for the Fiscal Year 2010-11 shall be 6.0 cents (\$.060) per one-hundred dollars (\$100) of assessed valuation, using as a basis the value of the property as assessed and equalized by the County of Orange, State of California, and shown on the 2010-11 assessment roll of said County.

SECTION 5: This Ordinance shall exclude from Section 4 annexations of assessable, real and personal property to the City of Garden Grove after July 1, 1978, indicated by the listing on the attached document designated Exhibit "A."

SECTION 6: This Ordinance shall take effect thirty (30) days after adoption and shall within fifteen (15) days of adoption be published with the names of Council Members voting for and against the same in a newspaper of general circulation, published and circulated in the City of Garden Grove.

EXHIBIT "A"

Listed Annexations Finalized After July 1, 1978 and
Not Subject to Paramedic Tax Override

Annexation No./ Reorganization No.	City Resolution Number	Date Completed
1-78	5573-78	August 8, 1978
2-78	5634-78	October 24, 1978
3-78	5637-78	November 28, 1978
4-78	5670-78	November 30, 1978
5-78	5671-78	November 30, 1978
7-78	5731-79	March 30, 1979
1-79	5813-79	July 30, 1979
141	7858-96	May 29, 1997