

MUNICIPAL SERVICE REVIEW

for

Coast Life Support District

Prepared by
Sonoma Local Agency Formation Commission

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Introduction

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (“the Act”) requires the Local Agency Formation Commission to conduct a municipal service review (“MSR”) prior to preparing or updating a sphere of influence for a city or district. The Coast Life Support District (“CLSD” or “the District”), which currently covers 270 square miles in Sonoma and Mendocino counties, is requesting amendment of its sphere of influence and annexation of all territory within the Fort Ross School District, all of which is within Sonoma County. Under the proposal, District boundaries and sphere of influence would be coterminous.

Sonoma is principal LAFCO and is responsible for taking action on the SOI amendment and annexation requests. In line with the Commission’s policy and procedures for proposals affecting more than one county, Sonoma LAFCO has consulted with the staff of Mendocino LAFCO, will involve Mendocino LAFCO and affected agencies it designates to review and comment on the MSR, and will carefully consider the recommendations of Mendocino LAFCO and other agencies in the Commission’s deliberations and final action regarding the proposal.

Municipal Service Reviews

Government Code Section 56430 directs the Commission to conduct a service review of the municipal services provided in the county or other appropriate area before or in conjunction with establishment or update of a sphere of influence. A municipal service review is an analysis of public services in which determinations are made regarding adequacies or deficiencies in service, cost effectiveness and efficiency, government structure options and local accountability. In response to the proposed amendment to the sphere of influence for the Coast Life Support District and annexation of lands, this service review examines emergency medical and ambulance services provided within District boundaries and those projected in the area proposed for annexation, as related to nine factors specified in the governing statute, as follows:

1. Infrastructure needs or deficiencies
2. Growth and population projections for the affected area
3. Financing constraints and opportunities
4. Cost avoidance opportunities
5. Opportunities for rate restructuring
6. Opportunities for shared facilities
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers

8. Evaluation of management efficiencies
9. Local accountability and governance

Coast Life Support District

A special act of the State Legislature established the bi-county Coast Life Support District in 1986 to provide emergency ambulance service to remote rural northern Sonoma and southern Mendocino coast communities, from Irish Beach in the north to just south of Sea Ranch, in the south, and also including Manchester, Point Arena, Gualala, Annapolis, and three Native American rancherias: Kashia, Manchester and Point Arena. Historically, private ambulance companies had served the coastal communities, but, by the mid-1980s, this approach was no longer considered viable, due to increasing costs and regulations. Faced with the possible loss of ambulance service, the coastal community responded by donating bailout funds until CLSD was formed.

Initially, CLSD contracted out for basic life support ambulance service and, as of 1988, for advanced life support ambulance service. In 1996, however, voters overwhelmingly approved a rate increase in the special tax assessed properties in the District that allowed the District to assume in-house operations, providing both cost savings and local control.

Although the original, and current, District boundaries follow the Point Arena Joint High School District, of approximately 270 square miles, the actual response area was not, initially, well-defined. After the District had stationed an advanced life support ambulance in Gualala in 1988, the predecessor agency to the Coastal Valleys Emergency Medical Service Agency, which provides oversight functions in Sonoma, Mendocino, and Napa counties (paramedic and emergency medical technician certification, treatment protocols, hospital and emergency medical services interface, and dispatch protocol, determined that the District ambulance should respond as far south as the Fort Ross area and the District service area should include nearly all of the Fort Ross School District. The District must conform to these determinations.

Although CLSD applied to Sonoma LAFCO to annex the Fort Ross area in 1994, because the Timber Cove Fire Protection District was just forming, it was decided that potentially competing interests would not be beneficial for the community, and no follow-through of the proposal occurred. The District has determined that it is appropriate, at this time, to initiate a sphere of influence amendment and annexation proposal to mesh its District boundaries with the service area it covers. Annexation would add +/- 42,000

square miles of primarily rural residential and timber and range land to the District; the District's sphere of influence would continue to be coterminous with its boundaries.

The mission of the District is to provide and assure high quality healthcare facilities, services and emergency care, as well as citizen health education and well being to all residents and visitors within the community that supports it.

The District responds to more than 500 calls for assistance each year. While primarily for medical aid, these calls can also involve fires, vehicle accidents, hazardous materials incidents, and requests from law enforcement officers. In 2003-04, of the 593 "911" calls, almost 65% resulted in transports to hospitals.

To meet the needs of the far-reaching communities it serves, the District currently operates an advanced life support paramedic ambulance, which is staffed by a paramedic and an emergency medical technician 24 hours a day, 365 days a year, from its station on Ocean Drive in Gualala. Also, since 1991, emergency medical technicians from the community have staffed two back-up basic life support ambulances, in Gualala and Point Arena. When they are paged and go on calls, the District pays them for their work. The basic life support units provide service when the advanced life support ambulance is responding to another call or transporting a patient to a hospital; when more than one ambulance is needed; when patient transport does not require the primary unit; or when stand-by service is needed at community events. The District also provides "after-hours urgent care," under contract with Redwood Coast Medical Services, the local medical clinic in Gualala. Here, people needing minor emergency care can be treated without leaving the area for a hospital; about 500 visits are handled annually. In addition, the District has developed a multi-level education program, to provide CPR and first aid classes to members of the community, to provide standardized emergency medical training and access to advanced skills to first response agencies, such as local fire departments, and to provide in-house emergency medical training to basic and advanced life support personnel. If the proposed annexation is approved, the District plans to station an additional basic life support ambulance, as a back-up unit, in the Fort Ross area, from which 12% - 15% of its service calls emanate.

A Board of Directors composed of seven registered voters residing within District boundaries, governs the District; District voters elect members, at large, for four-year terms. Current Board members have experience in medicine, fire suppression, law enforcement, fiscal policy, quality improvement, and business management. Two current Board members have volunteered to resign their positions to allow appointment of representatives from the Fort Ross area, if the proposed annexation is approved.

The District is staffed, full-time, by an administrator/operations manager, two paramedics, two emergency medical technicians, and one accounts receivable manager. Seven part-time and 10 “paid call volunteer” staff supplement fulltime personnel. In addition the District employs nine CPR and First Aid instructors and retains a Medical Director and Fiscal Officer, on contract. Especially because the service area is remote and transport times to care facilities are extended (the nearest hospital, in Fort Bragg, is one and a half hours away, and Santa Rosa hospitals are two hours’ distance), operational staff must demonstrate high levels of competency and a deep, well-rounded knowledge of emergency medicine to work for the District. Paramedics must have at least three years experience in an urban emergency medical service system and maintain certifications in Advanced Cardiac Life Support, and trauma and pediatric care; the District is the only ambulance provider in the Coastal Valleys Medical Service Region to require these. Advanced life support emergency medical technicians undergo a 25-hour orientation before they can work on the advanced life support ambulance. Also, CLSD is the only provider in the Coastal Valleys Region that provides expanded paramedic treatment protocol under a state-approved local optional scope of practice plan.

For Fiscal Year 2004-05, the District has adopted a budget of \$908,650. This compares with the 2003-04 budget of \$868,000. The 4.7 percent change reflects increases in salaries and benefits. Since 2000, the District has funded a new station in Gualala to house crews, garage ambulances, and provide a classroom dedicated to training for staff as well as the community.

Two primary revenue sources fund CLSD. A special parcel tax, approved at District inception and increased several times, provides about 60% of District revenue, with the balance deriving from patient transports. The special parcel tax is two-tiered. For emergency medical care, parcels are assessed by “unit of value,” which range from \$16.00 per year for a vacant buildable parcel, up to \$48.00 annually for a single family dwelling to a maximum of \$320.00 annually for a hotel, motel, restaurant, golf course, gas station, or theater. To fund after-hours urgent care, in 1997, voters approved a separate special parcel tax of \$18.00 per year for undeveloped parcels and \$36.00 per year for developed parcels. With the proposed annexation of the Fort Ross School District territory, approximately \$35,000 in additional revenues would be generated to provide upgraded services in that area and support the District’s mission.

Discussion of Municipal Service Review Factors and Determinations

As indicated above, the Commission is required, by statute, to make determinations regarding the nine factors enumerated in Government Code Section

56430, in a municipal service review. The following includes District comments relating to the factors as well as staff analysis. Determinations for Commission consideration follow.

1. Infrastructure Needs and Deficiencies

According to the Municipal Service Review Guidelines issued by the State of California Office of Planning and Research, “infrastructure” is defined as public services and facilities, and “infrastructure needs and deficiencies” refers to the status of existing and planned infrastructure and its relationship to the quality and levels of service that can or need to be provided.

The District reports that there are no infrastructure needs or deficiencies related to services provided currently or services proposed to be provided, in the area to be annexed.

Between 1998 and 2000, the District received a donation of land and built a station on Ocean Drive in Gualala, to meet the needs of the District community for the present and future. The building site, chosen for its demographically and geographically central location, includes crew quarters, apparatus bays for ambulances, and a classroom for training in-house staff, staffs of local first responder agencies, and community members. The station is located across the parking lot from Redwood Coast Medical Services, the local medical clinic with which the District contracts to provide after-hours urgent care. Reserve funds were used to pay for the majority of the capital costs of the station, with approximately 20% of the assessed value to be amortized over the remaining six years. The replacement cost of rolling stock – ambulances – is ongoing and is scheduled in both annual and long-term budgets. CLSD has increased the number of ambulances from one, when the District was formed, to four, presently. If the annexation of the Fort Ross School District territory is approved, an additional ambulance is planned to be stationed in that area, to be available if the primary ambulance is on call. The District will work to recruit emergency medical technicians from that community to serve as “paid-call volunteers,” like the arrangement in Gualala and Point Arena.

2. Growth and population projections for the affected areas

The District reports that formal and consistent baseline data, specific to CLSD, are not available. Although the 2000 U.S. Census indicates that the District service area has about 7,000 residents, the District, and others in the area, believe that approximately 12,000 people live, work, and visit. The District projects that population

will increase within District boundaries, especially in the Gualala and Point Arena areas. The greatest increase will be in those ages birth – 24; ages 45-54, and ages 75+. Data available for the area served by the Point Arena Unified School District indicates a steady increase in the number of Hispanic and Native American children, almost 27% of whom live below the poverty line. There has been a significant increase in the number of non-AFDC Medi-Cal recipients. This reflects a very significant increase in the young working poor, earning too much to qualify for AFDC but too little to afford medical insurance, which often covers a portion of the cost of ambulance services.

The District appears to be capable of providing services that can accommodate the growth and population projections for the affected territory, if sufficient funding continues to be available to the District. It appears, from past experience, that the community will be fully supportive of meeting District needs so that it may provide important life-saving and medically valuable services to residents and visitors alike, in this remote area.

3. Financing Constraints and Opportunities

The District reports that it relies on special parcel tax assessments for about 60% of its funding and ambulance user fees for about 40%. Currently, the projected five-year budget is deficit-free. However, in light of the complicated future of healthcare, and especially emergency medical care, a number of factors might impact the revenue sources. Although the number of times patients are transported to the hospital has increased by an average of five percent a year, the District reports that reimbursement of costs – from insurance carriers, private pay patients, Medicare and Medi-Cal – has been reduced, often substantially. Labor costs, especially for workers' compensation, have increased. The District has been able to maintain a modest upward revenue trend through an aggressive accounts receivable posture and an annual adjustment in the ambulance user fees. However assuming no change in fee-paying trends, the District states it is likely to return to voters for an increase in the special parcel assessment, within the next three – five years.

Annexation of the Fort Ross area will provide approximately \$35,000 in annual revenue to the District and allow for an on-call ambulance to be stationed in the area, if qualified personnel are available. Currently, the District provides service to this area but can charge only user fees because the territory is outside District boundaries. The Board of Directors has the power to establish "tax exempt zones," where the special tax assessment would not apply, if it found that a particular neighborhood would not receive CLSD services.

Those involved with the District – especially board members and administrators – are very aware of the financial constraints placed upon the provision of emergency medical and ambulance service, especially in a remote and far-flung area such as the Mendocino and Sonoma coast. The District practices long-range planning to assure a continued high level of service. The five-year budget plan is deficit-free. The District has an almost new station for crews and vehicles/equipment, which, it believes, will meet needs for the future. Since the inception of the District in 1986, the community has been overwhelmingly supportive, voting twice in favor of increasing parcel assessments. This is likely the result of the community's understanding of the need for quality emergency medical and ambulance service in this remote area; lack of such a service would increase costs substantially. Assessments provide about 60% of the District's revenue, an amount that will likely need to be increased, if reimbursement and payment for transport services remains static or drops and costs keep increasing. The District appears to be aware of both financial constraints and opportunities and works to reduce constraints and maximize opportunities.

4. Cost Avoidance Opportunities

The District reports that it has a long history of cost savings. When the District was first formed in 1986, it contracted out for basic life support ambulance service and, later, for advanced life support ambulance service until, in 1995, the District determined that it could reduce costs and gain greater local control by running these operations itself, which it has done since then. The District also avoids greater costs by associating with other agencies, including CalPERS for retirement; CA Special Districts Association for workers' compensation insurance; Volunteer Firefighters Insurance Services for vehicle and general liability insurance; Redwood Empire Dispatch Communications (REDCOM) for dispatch services; and the Association of Small Agency Ambulance Providers, for purchasing contracts for medical supplies. Two years ago, the District restructured its administrative staffing to better meet operational needs and was able to reduce personnel costs.

The District appears to be cognizant of and focusing on cost avoidance opportunities. No other ambulance or emergency medical service operates within the District area, which limits the extent to which necessary costs can be avoided. However, the District utilizes the offerings of various professional and state or local organizations to reduce its costs. In addition, annexation of the Fort Ross School District area, if approved, will allow the distribution of the District's special parcel tax assessment to a greater area, securing a funding source for the services that the District already provides.

5. Opportunities for Rate Restructuring

The District states that ambulance fees are based on actual costs of providing the service, as required by Medicare law. Medicare sets the standard for the overall type and amount of service reimbursement. Whether a patient is covered by Medicare or not, she/he is billed at the same (Medicare) rate. The District indicates that its fees are comparable with fees throughout the Coastal Valleys EMS Region, including Sonoma, Napa, and Mendocino counties, and that total cost variations generally reflect mileage costs to deliver a patient to a distant hospital. The District updates ambulance fees annually, based on costs of providing the service. However, reimbursements are not generally paid according to the same schedule; the District routinely “writes off” over \$300,000 annually between Medicare and Medi-Cal alone.

It appears that the District takes the opportunity to assess its rate structure, generally reviewing its budgetary needs and comparing fees with others in the tri-county region on an annual basis. Since it is the only ambulance provider in the area, it could increase its rates substantially; however, this could potentially lose the District the support of the community, which appears to be an important determinant. The District's records indicate that it is collecting just 33% of billings from “private pay” patients (about 15% of the patient population) compared to an historical average of 50%; this, combined with information that the number of insured patients is decreasing, that the number of older people living within District boundaries is increasing and Medicare reimbursements are decreasing, and that the population dependent on Medi-Cal has increased from 25% to 30% while Medi-Cal reimbursements are also being reduced, all suggest that the District needs to be very cognizant of its rate structure while, at the same time, making sure that it has sufficient operating funds. The high level of training of the District's emergency medical staff and its contract with a local medical clinic to provide after-hours urgent care are assets not necessarily available from other service providers.

In line with its enabling legislation, the District has established “tax exempt” zones, which do not receive District services. Currently, this is limited to one ranch in Mendocino County but could include a neighborhood within the proposed annexation boundary that the District believes would be better served by an ambulance from Guerneville.

6. Opportunities for Shared Facilities

The District states that, due to the type of services provided, opportunities to share facilities are limited to fire/first responder agencies and medical facilities. The District station, newly built in 2000, contains sufficient space for District vehicles and

equipment and on-duty crew. The District's meeting room, also housed at the station, is used for training classes, which include fire/first responder agencies and medical clinic staff as well as in-house staff and members of the community. The District rents space from the Redwood Coast Fire Protection District to house its on-call ambulance and would like to initiate a similar arrangement with a fire/first responder department in the Fort Ross area, if the annexation proposal is approved.

It appears that the District is making full use of its own facility, for its on-duty staff as well as for housing vehicles and equipment. Community members and staff from fire/first responder agencies and the local medical clinic are recipients of training classes and seminars in areas of interest and need, offered or sponsored by the District. In its efforts to provide service throughout its vast territory, the District has stationed an on-call ambulance in Point Arena, at a fire station, and plans to do the same in Fort Ross, if the annexation proposal is approved. Due to the remoteness of the District, it does not appear that there are additional opportunities for shared facilities.

7. Government Structure Options

The District states that it is the only emergency medical and ambulance service provider in the coastal areas from Irish Beach, in Mendocino County, to Fort Ross, in Sonoma County. At the present time, the District boundaries are not completely aligned with the District's service area, in that the District has been directed, for many years, to serve the Fort Ross area, which is outside District boundaries. At the same time, property owners in the Fort Ross School District do not pay the special tax assessed to parcels within the District. The service area and boundary will coincide if the proposed annexation is approved, and the District's sphere of influence will be coterminous with the District boundaries.

The seven members of the District's Board of Directors are elected at large, with a focus on maintaining as geographically diverse a board as possible. The District states that two Directors have volunteered to resign to facilitate the appointment of residents from the proposed annexation area.

Given the remoteness of the region and the District's positive "track record" in providing emergency medical and ambulance services, at less cost and with more local control than previous private providers, continuing with a single-purpose district to provide these services is a positive choice. Aligning the District boundaries with its service area makes for a logical and orderly approach to the provision of services and the funding to support such efforts.

8. Evaluation of Management Efficiencies

The District has established the following as a Mission Statement: "To provide and assure high quality healthcare facilities, services and emergency care, as well as citizen health education and well being to all residents and visitors within the community that supports it." The District has developed a Long-Range Plan to implement this goal, and it is updated annually as the upcoming year's budget is developed. The District reports that it is revising its Personnel Policy Manual and is implementing recommendations from an Occupational Safety & Health Program Review and Hazard Identification Survey, completed by its workers' compensation provider. An outside auditor conducts audits on a bi-annual basis. No current litigations or grand jury inquiries involving the District are pending or being reviewed at the present time.

The Coast Life Support District provides a valuable service to remote communities along the Sonoma and Mendocino coastline. The District appears to be aware of its role as *the* emergency medical and ambulance service provider in these areas and works diligently to maintain the trust of the community at large. The District regularly develops an annual budget to meet operational needs and a long-range plan to address future needs. It has, in place, personnel policies and operating procedures to clarify roles and responsibilities. The District appears to be willing to be the subject of surveys, inquiries, studies, and audits, whose purpose is to enhance or improve the services it provides.

9. Local Accountability and Governance

The District states that its seven-member Board of Directors meets the third Thursday of each month at District headquarters in Gualala; all seats are filled. Two directors have volunteered to resign in favor of residents of the Fort Ross area who might want to be on the Board, if the annexation proposal is approved. Meetings, noticed in the local newspaper and posted at the local post office, are open to the public and follow Brown Act procedures. The District reports that it maintains three telephone lines for incoming calls as well as a website, which is being updated to provide agenda and minutes information as well as training and other educational information. The District sponsors a twice-weekly local radio program promoting health care resources in the District's area. In addition, District staff participates on a variety of professional committees and boards in Mendocino and Sonoma counties.

The seven-member District Board of Directors strives to represent a geographically diverse cross-section of the District territory. If the proposed annexation is approved, the Board intends to have one – two representatives from the Fort Ross

area. The District holds its meetings, which are open to the public, on a regular basis and appears to work to inform the community of its activities and operations, via its website, open door policy, and regular public service announcements.

Recommended determinations pursuant to Government Code Section 56430

1. Regarding infrastructure needs and deficiencies, the Commission determines that the District currently has no unmet infrastructure needs or deficiencies. A headquarters completed in 2000 will meet District needs for the future.
2. Regarding growth and population projections for the affected area, the Commission determines that the District is capable of meeting service level needs of an expanded District. The District currently provides service in the Fort Ross area and, with annexation, will be able to collect the special tax assessment now paid by District property owners; this would allow for placement of a back-up ambulance in that area and also provide some financial security as the District grapples with financial impacts of lowered reimbursements and payments for services provided.
3. Regarding financial constraints and opportunities, the Commission determines that the instability of reimbursement/payment for emergency medical and ambulance services requires constant vigilance by the District and that the expansion of District boundaries, through annexation, to include an area that is already served will provide needed funding to balance the cost of providing that service.
4. Regarding cost avoidance opportunities, the Commission determines that the District appears to utilize opportunities to avoid or reduce costs.
5. Regarding opportunities for rate restructuring, the Commission determines that fees for District services are generally comparable with others in the Coastal Valley EMS Region providing similar services. Fee variations largely relate to mileage charges associated with the District's remoteness from hospitals. The District Board appears to be aware of the need to balance the required level of revenues from transport and emergency medical services with the ability/willingness of the community and insurance plans to pay.
6. Regarding opportunities for shared facilities, the Commission determines that the District shares facilities with other fire/first responder agencies for its back-up ambulance in Point Arena and with fire/first responder agencies, a local health

care clinic, and the community for health education training. Approval of the proposed annexation will provide an additional opportunity for sharing facilities for a back-up ambulance in the Fort Ross area.

7. Regarding government structure options, including advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines that, given the remoteness of the region, which the District serves, and earlier failure of private companies to provide emergency medical and ambulance service, due to increasing costs and regulations, the District provides a valuable and very necessary service to the public.
8. Regarding evaluation of management efficiencies, the Commission determines that the District works diligently to implement its mission, utilizing a long-range plan, annual budget, defined policies and procedures for personnel and operations.
9. Regarding local accountability and governance, the Commission determines that the District operates with a high level of representation and accountability. The District Board strives for a wide geographical distribution in its representation, meets regularly at noticed and open meetings and provides opportunities for public information and education through its website, public notices, and an open-door policy.