## STAFF REPORT

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| **Agenda Item:** | 7 | **Name:** | Miranda LeskinenSam Porter |
| **Proposed No**.: | 2019-B0097 | **Date:** | June 11, 2019 |

**SUBJECT**

A briefing on the Executive’s EMS levy renewal proposal and 2020-2025 proposed EMS Strategic Plan.

**SUMMARY**

The King County Medic One/EMS system is primarily funded with a countywide, voter-approved EMS levy. The current EMS levy expires at the end of 2019. In early May, the Executive transmitted the following proposed ordinances to Council:

**Proposed Ordinance 2019-0185**: if approved[[1]](#footnote-1), would place on the November 5, 2019 ballot a proposition authorizing a six-year property tax levy that would generate approximately $1.1 billion in levy proceeds during the levy period to support the King County Medic One/EMS system.

The initial levy rate is proposed at $0.265 per $1,000 assessed valuation (AV) based on the March 2019 economic forecast. For the owner of a home with a $500,000 AV, the annual levy cost would be $133 (at $0.265 per $1,000 AV). (For comparison, at the current EMS levy rate in 2019 of $0.218 per $1,000 AV, the cost for the same home owner would be $109 for 2020).

**Proposed Ordinance 2019-0186:** if approved, would accept and approve the 2020-2025 EMS Strategic Plan, which is the primary policy and financial document that would direct the Medic One/EMS system from 2020 to 2025 and forms the basis for the renewal EMS levy proposal.

Of note, the financial plan included in the EMS Strategic Plan reflects a $0.270 levy rate and projected revenues based on the August 2018 economic forecast. This differs from Proposed Ordinance 2019-0185, which reflects a proposed rate of at $0.265 based on an updated March 2019 economic forecast.

Each proposed ordinance has been dually referred, first to the Regional Policy Committee, as a mandatory referral, and then to the Budget and Fiscal Management Committee.

The RPC held an initial hearing on these proposed ordinances at its May 8th meeting; discussion and possible action on the proposed ordinances is scheduled for the June 12, 2019 RPC meeting. An amendment that would replace the transmitted Strategic Plan with an updated version that reflects a $0.265 levy rate, projected levy revenues and supplemental reserves based on the March 2019 economic forecast and make clarification and typographical corrections is included in the June 12th RPC meeting materials.

**BACKGROUND**

**King County EMS System.** King County’s Medic One/Emergency Medical Services (EMS) system provides residents of Seattle and King County with life-saving prehospital medical care through an internationally recognized tiered regional response system. This system relies upon coordinated partnerships with fire departments, paramedic agencies, dispatch centers and hospitals. Of note, the City of Seattle operates and funds a Medic One emergency services program that is separate from the county program but is part of the regional EMS delivery system. All EMS levy proceeds collected from taxable property within the City of Seattle are reimbursed and transferred to the City, per an Interlocal agreement between the County and City, and used solely for the Seattle Medic One EMS program, which is coordinated through the Seattle Fire Department.

As indicated in the 2018 EMS annual report, the use of a tiered response system ensures the most appropriate care provider responds to each 9-1-1 call. **The tiered regional Medic One/EMS system consists of five major components:**

1. EMS System Access: A patient or bystander accesses the Medic One/ EMS system by calling 9-1-1 for medical assistance. Bystanders’ reactions and rapid responses to the scene can greatly impact the chances of patient survival.
2. Dispatcher Triage: Calls to 9-1-1 are received and triaged by professional dispatchers who determine the most appropriate level of care needed. Dispatchers are trained to provide pre-arrival instructions for most medical emergencies and guide the caller through life-saving steps, including Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) instructions, until the Medic One/EMS provider arrives.
3. First Tier Response - Basic Life Support (BLS): BLS personnel, usually first to arrive on scene, provide immediate basic life support medical care that includes advanced first aid and CPR/AED to stabilize the patient.[[2]](#footnote-2) Staffed by firefighters trained as Emergency Medical Technicians (EMTs), EMTs are employed by 29 fire-based agencies across King County. EMTs are certified by the state and are required to complete initial and ongoing training.
4. Second Tier Response - Advanced Life Support (ALS): Paramedics respond to about 25 percent of all calls and usually arrive second on scene to provide emergency care for critical or life threatening injuries and illness. Regional paramedic services are provided by five agencies operating 26 Advanced Life Support (ALS) units throughout King County, including fire departments in Bellevue, Redmond, Shoreline, Seattle, and King County Medic One (KCM1, which operates in south King County).[[3]](#footnote-3) [[4]](#footnote-4) Paramedics receive more than 2,500 hours of intensive training through the University of Washington/Harborview Medical Center Paramedic Training Program.
5. Transport to Hospitals: Once a patient is stabilized, it is determined whether transport to a hospital or clinic for further medical attention is needed. Transport is most often provided by an ALS agency, BLS agency, private ambulance, or taxi for lower-acuity situations.

In addition to these components of the system, King County EMS oversees strategic initiatives and regional services. These core programs and services, managed by the EMS Division of Public Health – Seattle and King County, further provide for regional coordination and consistent quality across all jurisdictions in King County. These services include program supervision, BLS EMT staff training, dispatch training, medical data collection and analysis, financial oversight, contract administration, and division management. EMS regularly integrates initiatives that are aimed at preventing/reducing emergency calls and improving the quality of the services.

Additionally, the EMS Advisory Committee, which has provided advisory support to the EMS Division since 1997 on regional Medic One/EMS policies and practices in King County, monitors the uniformity and consistency of the Medic One system.

**Funding of EMS Services.** The Medic One/EMS system is primarily funded with a countywide, voter-approved EMS levy. State law authorizes EMS levies and stipulates that revenues collected may only be used for EMS operations and support purposes.[[5]](#footnote-5) This type of levy is considered an excess levy and is collected outside the $1.80 limit for county taxing authority and the $5.90 limit for the maximum aggregate rate of $5.90 per $1,000 of assessed value for counties, cities, fire districts, library districts and certain other junior taxing districts[[6]](#footnote-6). In other words, an EMS levy does not impact the capacity of taxing districts whose levies are collected within the $5.90 limit.

Current state law permits EMS levies to be approved for six years, ten years, or on a permanent basis. EMS levies in King County have typically been approved for six-year periods. Past levy periods and rates are shown in Table 1.

**Table 1. EMS Levy History**

|  |  |
| --- | --- |
| **Levy Period** | **Rate per $1,000 AV** |
| 2014 - 2019 | $0.335 |
| 2008 - 2013 | $0.30 |
| 2002 - 2007 | $0.25 |
| 1999 - 2001[[7]](#footnote-7) | $0.29 |
| 1992 - 1997 | $0.25 |
| 1986 - 1991 | $0.25 |
| 1980 - 1985 | $0.21 |

2014-2019 EMS levy. The current EMS levy was approved by voters in November 2013 at a levy rate not to exceed 33.5 cents per $1,000 Assessed Valuation (AV). Levy revenues for the 2014-2019 EMS levy are anticipated to total approximately $732.7 million over the six-year collection period, providing annual revenues of approximately $113.5 million (2014 collections) to $131.5 million (2019 projected collections, based on March 2019 OEFA forecast). Annual[[8]](#footnote-8) levy amounts and rates for the current levy are identified in Table 2.[[9]](#footnote-9)

**Table 2. 2014-2019 EMS Levy Annual Tax Collections**

**Per the March 2019 OEFA Forecast**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| **Amount** | $113,541,015 | $116,769,207 | $119,879,727 | $123,483,769 | $127,489,160 | $131,539,324 |
| **Rate** | $0.335 | $0.302 | $0.282 | $0.263 | $0.239 | $0.218 |
| **2014-2019 Projected Net Total EMS Levy Proceeds** |
| **$732,702,202** |

The 2014-2019 EMS levy expires December 31, 2019.

**EMS Levy Renewal Planning.** Overseeing the development and vetting of the Medic One/EMS levy is the EMS Advisory Task Force. This 20-body group consists of elected officials from the county, cities, and fire districts, representing those who administer, authorize and are served by the system. The task force was charged with reviewing and endorsing Medic One/EMS program recommendations and a supporting levy rate. The EMS Advisory Task Force convened on January 18, 2018, beginning the levy renewal planning process.

The task force formed four subcommittees to conduct the bulk of the program and cost analyses. The subcommittees concentrated on the different program areas of Advanced Life Support (ALS), Basic Life Support (BLS), Regional Services, and Finance. Each subcommittee, chaired by an EMS Advisory Task Force member and comprised of subject matter experts from all aspects of the Medic One/EMS system, met regularly to determine how the programs would ensure the region can continue to provide world-class emergency medical services. Subcommittees reported back to the task force every two or three months. In addition, subcommittees involved both the ALS and BLS Working Groups, seeking their review and insight regarding some of the more complex issues.

At its September 18, 2018 meeting, the task force voted to adopt final programmatic and financial recommendations that informed the EMS Strategic Plan and renewal levy proposal transmitted to Council by the Executive.

Task Force Recommendations. The Task Force-recommended financial plan, based on the August 2018 economic forecast, would support a six-year EMS budget (2020-2025) with a levy rate of 27 cents per $1,000 Assessed Valuation (AV). (As noted earlier, the levy rate was subsequently revised to 26.5 cents by the Executive to reflect updated financial projections.)

An overview of the recommendations from the task force subcommittees is provided in Table 3.

**Table 3. Task Force Subcommittee Recommendations**

|  |  |
| --- | --- |
| ALS | * Continue using the unit allocation to fully fund Advanced Life Support
* Include a placeholder for adding a potential future unit
* Explore options to address paramedic workforce needs and other efficiencies
 |
| BLS | * Continue the Basic Life Support allocation; streamline the BLS funding sources and distribute it using agencies’ current assessed valuations and service levels
* Commit $4 million a year of levy funding to exploring a Mobile Integrated Healthcare model to address community needs that would be available to all agencies
* Establish guidelines to create consistency around data collection, measures and program reporting
 |
| Regional Services & Strategic Initiatives | * Continue delivering programs that provide essential support to the system
* Maintain regional focus on creating additional efficiencies and system effectiveness to improve patient care and outcomes
* Support strategic initiatives that leverage previous investments made by the region to improve patient care and outcomes (e.g. Vulnerable Populations Strategic Initiatives, etc.)
 |
| Finance | * Support financial policies that provide stability to the system by:
* Adapting existing reserve policies to meet county financial policies
* Incorporating sufficient reserves to mitigate unforeseen financial risk
* Pursuing an EMS levy length that ensures sufficient funding
* Support a financial plan that includes a 6-year budget of $1.1 billion with a 27-cent EMS levy to the Task Force for consideration and adoption (As noted earlier, the levy rate was subsequently revised to 26.5 cents by the Executive to reflect updated financial projections)
 |

**2020-2025 EMS Renewal Levy Proposal (PO 2019-0185) - Overview**

The transmitted levy proposal (Proposed Ordinance 2019-0185) would support a six-year EMS budget (2020-2025) of $1.1 billion with a levy rate of 26.5 cents per $1,000 Assessed Valuation (AV). Again, this is lower than the 27 cents per $1,000 AV levy rate recommended by the EMS Advisory Task Force. As indicated in the Executive’s transmittal letter to PO 2019-0185, when the financial plan was updated using the most recent economic forecast (March 2019), it resulted in a levy rate that is less than the Task Force recommendation (which was based on the August 2018 forecast). As further indicated, although lower, the 26.5 cent levy rate “fully supports the programmatic and fiscal proposals that were developed and supported by the region, endorsed by the EMS Advisory Task Force on September 18, 2018, and affirmed in the Medic One/EMS 2020-2025 Strategic Plan”.

The 2020-2025 EMS proposed levy is expected to generate approximately $1.1 billion over the six-year collection period based on the March 2019 OEFA forecast, assuming a 26.5-cent levy, with an annual levy rate projected to vary from 26.5 cents to a low of approximately 23.4[[10]](#footnote-10) cents. As earlier noted, due to the limitations of state law[[11]](#footnote-11) total property tax collections in the county cannot exceed an increase of more than 1 percent per year plus new construction; if AV were to grow at a rate higher than one percent, as is projected over the life of the proposed levy, the levy rate would reduce to not exceed the allowed amount under state law. The estimated annual net[[12]](#footnote-12) levy amounts and rates for each of the six years are identified in Table 4.[[13]](#footnote-13)

**Table 4. Estimated Net Tax Collections for Proposed EMS Levy at 26.5 Cents *per* *March 2019 Economic Forecast***

**(Executive Proposal)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** |
| **Amount** | $172.185 M | $176.727 M | $180.849 M | $184.910 M | $188.980 M | $193.077 M |
| **Rate** | $0.265 | $0.257 | $0.256 | $0.248 | $0.242 | $0.234 |
| **Projected Net Total EMS Levy Proceeds** |
| **$1.096.7 B** |

**Summary of Levy Proposal Sections.** Proposed Ordinance 2019-0185 consists of twelve sections as follows:

SECTION 1. Approval of cities over 50,000 in population. Section 1 indicates that, per RCW 84.52.069, approval to place this countywide EMS levy proposal on the November 5, 2019 ballot will be obtained from the legislative authority of a majority of at least three-fourths of cities over 50,000 in population. [[14]](#footnote-14) [[15]](#footnote-15)

SECTION 2. Definitions. The following are defined terms in the proposed ordinance, which are defined the same for the 2014-2019 levy:

County: Refers to King County.

Levy: The levy of regular property taxes, for the specific purpose and term provided in this ordinance and authorized by the electorate in accordance with state law.

Levy Proceeds: The principal amount of monies raised by the levy, any interest earnings on the funds and the proceeds of any interim financing following authorization of the levy.

SECTION 3. City of Seattle reimbursement[[16]](#footnote-16). Section 3 identifies that the City of Seattle operates and funds a Medic One emergency services program that is separate from the county program but is part of the regional delivery system, and directs that all EMS levy proceeds collected from taxable property located within the legal boundaries of the City of Seattle shall be reimbursed and transferred to the city and used solely for the Seattle Medic One EMS program in accordance with RCW 84.52.069.

SECTION 4. Levy submittal to voters. Section 4 specifies the levy period as six consecutive years, with collection beginning in 2020 at a rate not to exceed $0.265 per $1,000 AV. This section also states that this levy is exempt from the rate limitations under RCW 84.52.043, but that it is subject in years two through six to the limitations imposed under chapter 84.55 RCW.

SECTION 5. Deposit of levy proceeds. Section 5 specifies that except for the levy proceeds transferred to the City of Seattle under Section 3 of this ordinance, all levy proceeds would be deposited in to the county EMS Fund.

SECTION 6. Eligible Expenditures. Section 6 specifies that, if approved by voters, all proceeds of the levy authorized in this ordinance would be used in accordance with RCW 84.52.069 (Emergency Medical Care and Service Levies).

SECTION 7. Call for special election. Section 7 calls for a special election to be held in conjunction with the general election on November 5, 2019. This section also includes draft ballot measure language.

SECTION 8. Interlocal agreement. Section 8 indicates that the County Executive is authorized and directed to enter into an Interlocal agreement with the City of Seattle relating to the Medic One program, to implement the provisions of Section 3 of this ordinance. Of note, the current ILA expires at the end of 2019, so a new ILA would be transmitted for County Council approval (subsequent to Seattle City Council approval).

SECTION 9. Local voters’ pamphlet. Section 9 indicates that the Director of Elections is authorized and requested to prepare and distribute a local voters’ pamphlet, pursuant to K.C.C. 1.10.010, for the special election called for in the ordinance. This section specifies that the cost of the pamphlet is to be included as part of the cost of the election.

SECTION 10. Exemption. Section 10 states that the property taxes authorized by the levy would be included in the real property tax exemption program authorized by RCW 84.36.381, which exempts some seniors, disabled individuals and veterans, if that statute is amended by the state legislature during the term of the levy.

SECTION 11. Ratification. Section 11 ratifies and confirms certification of the proposition by the Council Clerk to the Director of Elections.

SECTION 12. Severability. Section 12 states that if any provision of the ordinance is held invalid, the remaining provisions or the application of the provisions to other persons or circumstances would not be affected.

**2020-2025 Proposed EMS Strategic Plan (PO 2019-0186) - Overview**

The EMS Strategic Plan is the primary policy and financial document, based on the recommendations of the EMS Advisory Task Force, that would direct the Medic One/EMS system from 2020 to 2025 and forms the basis for the renewal levy proposal that the Council would ask voters to approve to support the EMS system for 2020-2025. As stated in Proposed Ordinance 2019-0186, which would accept and approve the 2020-2025 EMS Strategic Plan, the recommendations contained in the Strategic Plan would inform and update the provision of emergency medical services throughout King County during 2020-2025. Throughout the levy period, if approved by voters, members of the EMS Advisory Committee would convene on a quarterly basis to review implementation of the Strategic Plan and other proposals, including strategic initiatives and medic unit recommendations.

NOTE: The transmitted financial plan reflects a 27 cents initial levy rate reflective of the August 2018 economic forecast rather than the 26.5 cents initial levy rate included in the renewal levy proposal (PO 2019-0185) reflective of the most recent economic forecast in March 2019. The meeting materials for PO 2019-0186 for the June 12th RPC meeting includes a proposed amendment that would replace the transmitted Strategic Plan with an updated version that reflects a $.0265 levy rate, projected levy revenues and supplemental reserves based on the March 2019 economic forecast and make clarification and typographical corrections.

The proposed 2020-2025 Strategic Plan recommends spending County EMS levy funds in 2020-2025 in the following main areas:

|  |  |
| --- | --- |
|  | **% of KC EMS Expenditures**  |
| Advanced Life Support Services (ALS) | 55.7% |
| Basic Life Support Services (BLS), incl. Mobile Integrated Healthcare (MIH) | 25.1% |
| Regional Support Services (RS) | 11.9% |
| Strategic Initiatives (SI)  | 1.0% |
| Reserves | 6.3%**100.0%** |
|  |

**Advanced Life Support (ALS).** As of 2018, there are 26 medic units in Seattle and King County managed by five area agencies, four of which are fire-based with firefighters trained as paramedics and one (KCM1) that operates as a paramedic-only agency.[[17]](#footnote-17) The standard unit allocation is the basis for funding each full-time, 24-hour medic unit. As indicated in the transmitted Strategic Plan, this allocation model is based on covering ALS-related expenses to prevent cost-shifting to agencies, and was developed to ensure a fair and equitable distribution of funds across agencies. As further indicated, annual comparison of costs on a unit basis allows the region to understand differences between agencies, share efficiencies or identify potential new costs being experienced early by one or two agencies, which help document and justify ALS allocation costs and evaluate if the allocation is fully covering eligible program costs.

Total projected ALS service expenses during the 2020-2025 levy period are approximately $519.2 million.

**Basic Life Support (BLS).** The EMS levy, since the first levy, has provided BLS agencies with an allocation to help offset costs of providing EMS services. Agencies use the allocation to pay for a variety of EMS-specific items including personnel, equipment and supplies.

Total projected BLS service expenses during the 2020-2025 levy period are approximately $442.8 million.

Mobile Integrated Healthcare (MIH). The proposed Strategic Plan additionally recommends, consistent with the Task Force BLS Subcommittee, committing levy funds to exploration of a MIH model to address community needs region wide. As outlined in the proposed Strategic Plan, it is intended that levy funding for MIH to support approaches that facilitate appropriate cross-linkages between individuals accessing 9-1-1 and broader healthcare settings and resources. In addition to emergency and urgent healthcare services (including urgent care), the Plan describes that this approach may include referrals and activities coordinating with primary care, behavioral healthcare, sobering facilities, fall prevention services, and other complementary services to mitigate future 9-1-1 utilization.

Total projected MIH service expenses during the 2020-2025 levy period are approximately $26.3 million.

**Regional Services & Strategic Initiatives (RS/SI).** Regional Services and Strategic Initiatives, which are overseen by the EMS Division of Public Health, support the direct services activities and key elements of the Medic One/EMS system. Examples of regional services include standardized EMT and emergency dispatch training, EMT and paramedic continuing education, collective paramedic service planning, and administrative support and financial management of the regional EMS Levy Fund.[[18]](#footnote-18) Strategic initiatives include pilot programs and operations aimed to improve the quality of system services and manage the growth and cost of the system. As indicated in the transmitted Strategic Plan, strategic initiatives have the potential (upon successful completion) be incorporated into Regional Services as ongoing programs.

According to the transmitted Plan, the EMS Division worked with various stakeholders to develop particular proposals and bring ideas back to the Task Force RS Subcommittee for review, and that all subcommittees were updated as proposals evolved.

Total projected expenses during the 2020-2025 levy period are approximately $78.9 million for Regional Services expenses and approximately $6.7 million for Strategic Initiatives expenses. A list of RS activities planned for the 2020-2025 levy, if approved, is provided in Appendix A of the proposed Strategic Plan.

A summary of programmatic recommendations from the proposed 2020-2025 EMS Strategic Plan is provided in Table 5.

**Table 5. 2020-2025 EMS Strategic Plan Programmatic Recommendations Summary**

|  |
| --- |
| **ALS Program Allocations** |
| Starting levy span with 26 medic units: * 19 medic units - King County
* 7 medic units - Seattle
 |
| 0 additional units planned$11.6 million “placeholder” reserve in the event service demands require additional units over the span of the proposed levy  |
| Determine costs using a revised unit allocation methodology consisting of:*Unit Cost Allocation* of direct paramedic services costs (salaries, benefits, medical supplies, pharmaceuticals, vehicle O&M, etc.)*Program Administration Allocation* includes costs related to the management and supervision of direct paramedic services *ALS System Cost Allocation* addresses costs that can vary during the levy period such as retirements – note that 30% of EMS workforce is eligible to retire in 2019 *Equipment allocation* for equipment with a lifespan of more than one year (vehicles, defibrillators, stretchers, coms equipment, etc.)Average Unit Allocation over span of levy is $3.2 million[[19]](#footnote-19) |
| 4 Reserve/Contingency categories to cover unanticipated, one-time expenses * Operational Contingencies (Budgeted under ALS): ALS Operational Reserves with limited access for Regional Services, $1M/yr.
* Expenditure Reserves: ALS Capacity; Equipment/Vehicles
* Rainy Day: 90 days expenses, Disaster response & risk abatement; can replenish expenditure reserves
* Rate Stabilization: Available to replenish Rainy Day Reserve and address reduced revenue above Rainy Day Reserve funding
 |
| Equipment allocation: 8-year medic unit life cycle (4 years primary, 4 years back-up).ALS equipment inflator is proposed as the Transportation Equipment Producer Price Index. |
|  |
| **BLS Program Allocations** |
| Allocate funds to BLS agencies using methodology that is based on 50% Assessed Valuation and 50% Call Volumes; use updated data that better reflects agencies’ current Assessed Valuation and service levels; increase funding to ensure consistency in the first year. Consolidate the funding for the BLS Core Services program and the BLS Training and QI Initiative with the allocation to simplify contract administration; maintain designated programmatic funding and usage requirements.  |
|  |
| **MIH Program Allocations** |
| Transitions the funding from the EMS Efficiencies & Evaluation Studies, and Community Medical Technician into MIH exploration. Distributes $4 million each year across all agencies using the BLS allocation methodology of 50% AV and 50% call volumes for the first year, and inflates each agency’s funding in the subsequent years of the levy by CPI-W + 1%.  |
|  |
| **Regional Service and Strategic Initiative Program Allocations** |
| Fund regional services that focus on superior medical training, oversight and improvement; innovative programs and strategies, regional leadership, effectiveness and efficiencies. Move BLS Core Services program out of Regional Services budget and into BLS allocation  |
| Convert or integrate 5 Strategic Initiatives with other programs to supplement system performance. Explore a Mobile Integrated Healthcare, or MIH, model to address community needs:* Convert BLS Efficiencies into ongoing programs
* Transition E&E into MIH exploration
* Convert RMS into ongoing programs
* Integrate the BLS Training and QI SI into the BLS allocation

Support existing and new Strategic Initiatives that leverage previous investments made to improve patient care and outcomes:* Continue implementing next stages of Vulnerable Populations (VPSI)[[20]](#footnote-20) - $2.0M
* Develop 2 new Initiatives: AEIOU[[21]](#footnote-21) - $1.8M and STRIVE[[22]](#footnote-22) - $2.9M

Transition Community Medical Technician into MIH exploration Provide regular updates to past audit recommendations  |
|  |
| **Inflator**  |
| All programs, **except for the ALS equipment allocation**, are proposed to be increased by the local CPI-W + 1%. ALS equipment inflator is proposed as the Producer Price Index. |

**Financials – Overview.**

Reserves. The Finance subcommittee, as part of its analyses, looked at the recommendations within the perspective of the levy planning economic environment, economic forecasts, and the potential for changes in the economic forecasts (analyses of ‘what if’ scenarios to evaluate how changes to the proposed revenue and expenditures could impact the system’s ability to weather an economic downturn).[[23]](#footnote-23) As indicated in the proposed Strategic Plan, subcommittee members unanimously agreed that the Financial Plan must include adequate reasonable reserves and contingencies to fund unanticipated or one-time costs, and supported preparing for a potential economic downturn by fully funding programmatic and County required Rainy Day Reserves (90-day funding), with any additional funding placed in Rate Stabilization Reserves to supplement existing reserves and/or be used to buy down a future levy rate. The proposed Financial Plan includes $41.6 million in programmatic reserves and estimated $9.2 million supplemental reserves with a 26.5 cents levy.

*Proposed Financial Policy Changes*. The proposed 2020-2025 financial plan incorporates changes made by the EMS Division in late 2017 to modify the reserve categories established in the 2014-2019 EMS Strategic Plan in order to be consistent with updated County Financial Policies (e.g. instituting a 90-day Rainy Day Fund equaling 90 days of expenditures). Additionally, the proposed 2020-2025 Financial Plan includes financial policy recommendations from the Task Force Finance Subcommittee to convert ALS Operating Reserves into Operating Contingencies and reconfigure the ALS Operating Allocation into three distinct parts (unit cost allocation, program administration allocation and system cost allocation) to better accommodate different types of costs and enhance full funding (refer also to Table 5).[[24]](#footnote-24)

Revenues. The proposed 2020-2025 EMS Financial Plan is based on an EMS property tax levy as the primary source of funding. The revenue forecast is built on assumptions including the forecast assessed valuation (AV), new construction, and a 99 percent collection (factors in a one percent delinquency/undercollection rate). Revenues, consistent with County financial policies, are forecast at a 65 percent confident level.[[25]](#footnote-25) Other considerations include the division of property tax revenues between the City of Seattle and the County EMS Levy Fund (shown in Table 6), interest income on fund balance, and other revenues[[26]](#footnote-26) received by property tax funds at King County. Of note, revenue needs were reduced by including carryover related to reserves of approximately $20 million from the 2014-2019 EMS Financial Plan (shown in Table 7).

*Please note that Tables 6 and 7 are reflective of an updated EMS financial plan, dated May 30, 2019 that includes estimated revenues and supplemental reserves based on the March 2019 economic forecast and a 26.5 cents levy rate.*

**Table 6. 2020-2025 Forecast Net**[[27]](#footnote-27) **Property Tax Revenue per Financial Plan, dated May 30, 2019 (in millions; 26.5 cents levy rate)**

***Note: Forecast revenue about 1 percent is due to new construction***

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **Total** |
| **City of Seattle** | $70.4 | $72.5 | $74.4 | $76.4 | $78.3 | $80.1 | $452.1 |
| *Proportion* | *40.9%* | *41.0%* | *41.2%* | *41.3%* | *41.4%* | *41.5%* | *-* |
| **KC EMS Fund** | $101.8 | $104.2 | $106.4 | $108.5 | $110.7 | $113.0 | $644.6 |
| *Proportion* | *59.1%* | *59.0%* | *58.8%* | *58.7%* | *58.6%* | *58.5%* | *-* |
| **Total** | **$172.2** | **$176.7** | **$180.8** | **$184.9** | **$189.0** | **$193.1** | **$1,096.7** |
| Annual Growth in Total Levy | - | 2.6% | 2.3% | 2.3% | 2.2% | 2.2% | - |

Expenditures. EMS expenditures, as described in the proposed Strategic Plan, are based on the recommendations of the Task Force subcommittees and are inflated yearly based on forecasts from the County Office of Economic and Financial Analysis (OEFA), and reserves and contingencies are based on programmatic needs and updated for compliance with current County financial policies. Anticipated revenues and expenditures to support EMS programs and reserves for 2020-2025 are summarized in Table 7.

**Table 7. 2020-2025 EMS Projected Revenues, Expenditures and Reserves per Financial Plan, dated May 30, 2019 (in millions; 26.5 cents levy rate)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Revenues** | **Seattle[[28]](#footnote-28)** | **County** | **Total** |
| 2020-2025 Property tax forecast | $452.1 | $644.6 | $1,096.7 |
| Other revenue (KC EMS Fund) |  | $8.0 | $8.0 |
| Carryforward reserves from 2014-2019 |  | $20.0 | $20.0 |
| Total Revenues | $452.1 | $672.6[[29]](#footnote-29) | $1,124.7 |
| **Expenditures** |  |  |  |
| ALS | $149.1 | $370.1 | $519.2 |
| BLS | $302.2 | $140.6 | $442.8 |
| Mobile Integrated Healthcare (MIH) |  | $26.3 | $26.3 |
| Regional Services |  | $78.9 | $78.9 |
| Strategic Initiatives |  | $6.7 | $6.7 |
| Total Expenditures | $451.3 | $622.6 | $1,073.9 |
| **Reserves[[30]](#footnote-30)** |  |  |  |
| ALS Reserves |  | $13.8 | $13.8[[31]](#footnote-31) |
| Rate Stabilization Reserves Rainy day fund (90 day) |  | $27.8 | $27.8 |
| Total Programmatic Reserves |  | $41.6 | $41.6 |
| **2020-2025 TOTAL** **(Expenditures w/ Reserves)** | **$451.3** | **$664.2** | **$1,115.5** |
| **Supplemental Reserves/Revenue** | **$0.8** | **$8.4** | **$9.2** |

**NEXT STEPS AND KEY DATES**

The following are key dates this year by which the RPC and Council must complete their respective review processes and the Council must pass legislation to place a levy renewal proposal before the voters in 2019 for their approval.[[32]](#footnote-32), [[33]](#footnote-33)

Deadlines for the general ballot on November 5, 2019:

Last regular council meeting with minimum processing time (10 days) is July 24th

Last regular council meeting to pass as emergency is July 31st

Last special council meeting to pass as emergency is August 6th

Elections Division deadline for receiving effective ordinance is August 6th

The Regional Policy Committee (RPC) added EMS levy renewal to its 2019 committee work program as a subject matter for mandatory referral of legislation.[[34]](#footnote-34) The RPC held an initial hearing on Proposed Ordinances 2019-0185 and 2019-0186 at its May 8, 2019 meeting; discussion and possible action on the proposed ordinances is scheduled for the June 12, 2019 RPC meeting. If the RPC takes action on the legislation at its June 12th meeting, the Budget and Fiscal Management Committee would then consider the legislation at its June 25, 2019 meeting.

Following action at the Budget and Fiscal Management Committee (BFM), the legislation would be considered by the full Council. If there are any changes by the BFM Committee or by the full Council resulting in a new version of the legislation not considered by the RPC, the new version would need to be re-referred to the RPC for subsequent consideration.

It is important to again note that current state law requires that a majority of at least three-fourths of cities over 50,000 in population must approve the levy proposal in order for a countywide EMS levy to be placed on the ballot.[[35]](#footnote-35) This requirement is usually accomplished by each city passing a resolution endorsing the levy; the City of Seattle usually supports the levy by passing legislation approving an Interlocal agreement with King County to provide EMS services. Executive staff have indicated that they will work with the cities on this process, and that this work is done concomitantly with the legislative process at the County Council.

Status of Approval by Cities over 50,000 in Population (as of 6/5/19). Of the eleven cities in King County with a population over 50,000, EMS Division staff indicate that seven (64%) of these cities have already approved legislation endorsing the levy (Auburn, Burien, Federal Way, Kent, Redmond, Sammamish and Shoreline). Renton City Council received an EMS briefing on May 20th. Bellevue and Seattle[[36]](#footnote-36) are anticipated to take action on legislation on June 17th, and Kirkland is anticipated to take action on legislation on July 2nd.

**INVITED**

* Michele Plorde, Director, Emergency Medical Services Division, Public Health – Seattle & King County (PHSKC)
* Helen Chatalas, Assistant Division Director, Emergency Medical Services Division, PHSKC

**ATTACHMENTS**

1. Proposed Ordinance 2019-0185 (EMS levy proposal)
2. Proposed Ordinance 2019-0186 (2020-2025 EMS Strategic Plan)
3. 2020-2025 Medic One/EMS Strategic Plan
1. Per RCW 84.52.069, a majority of at least three-fourths of cities over 50,000 in population must approve the levy proposal in order for a countywide EMS levy to be placed on the ballot. [↑](#footnote-ref-1)
2. Community Medical Technician (CMT) units may be dispatched to respond to low-acuity calls. [↑](#footnote-ref-2)
3. A contract with Snohomish County Fire District 26 provides EMS services to the Skykomish and King County Fire District 50 area, from Baring to Stevens Pass. [↑](#footnote-ref-3)
4. Ordinance 18479, enacted in March 2017, approved a Memorandum of Agreement (MOA) regarding the merger of Vashon Island’s advanced life support paramedic services into the KCM1 program, and Ordinance 18495, enacted in April 2017, approved a corresponding transition MOA. [↑](#footnote-ref-4)
5. RCW 84.52.069(5) states that *“Any tax imposed under this section [RCW 84.52.069] may be used only for the provision of emergency medical care or emergency medical services, including related personnel costs, training for such personnel, and related equipment, supplies, vehicles and structures needed for the provision of emergency medical care or emergency medical services.”* [↑](#footnote-ref-5)
6. RCW 84.52.043 [↑](#footnote-ref-6)
7. In the fall of 1997, voters failed to approve a six-year levy for Medic One. In February 1998, a three-year EMS levy was approved by the voters, which provided for the second half of 1998 expenditures and for the ensuing three years (1999-2001). [↑](#footnote-ref-7)
8. Factoring in a one percent undercollection rate. [↑](#footnote-ref-8)
9. These calculations exclude the City of Milton, as the portion of the city within King County is excluded from the county’s EMS levy through an exemption in state law (RCW 84.52.069(10)). [↑](#footnote-ref-9)
10. Typo correction from 5/8/19 RPC staff report. [↑](#footnote-ref-10)
11. Chapter 84.55 RCW. [↑](#footnote-ref-11)
12. Factoring in a one percent undercollection rate. [↑](#footnote-ref-12)
13. These calculations exclude the City of Milton, as the portion of the city within King County is excluded from the county’s EMS levy through an exemption in state law (RCW 84.52.069(10)). [↑](#footnote-ref-13)
14. Prior to a 2018 change in state law (Chapter 136, Laws of 2018), approval to place a countywide EMS levy proposal on the ballot was required from every city in the county with a population in excess of 50,000. [↑](#footnote-ref-14)
15. Cities in King County with a population over 50,000: Auburn, Bellevue, Burien, Federal Way, Kent, Kirkland, Redmond, Renton, Sammamish, Seattle and Shoreline. [↑](#footnote-ref-15)
16. Of historical note, all levy proceeds collected in Seattle are reimbursed and transferred to the city per an agreement with the county in place since the establishment of the countywide EMS levy. All other levy proceeds are deposited into the county Emergency Medical Services Fund, which is also identified in Section 5 of PO 2019-0185 (Deposit of Levy Proceeds). [↑](#footnote-ref-16)
17. Units may respond to areas where the municipal boundaries or the fire agency’s response district crosses into neighboring counties. As indicated in the Strategic Plan, if service into these areas exceeds established levels, the receiving jurisdictions reimburses for such services as outlined in EMS policies. [↑](#footnote-ref-17)
18. The EMS Division of PHSKC is responsible for managing the levy fund in accordance with the EMS Strategic Plan, the EMS Financial Plan, EMS financial policies, and ordinances and motions as adopted by the County Council. EMS Division responsibilities include the review and evaluation of allocations, and the management of RS/SI, contingencies and reserves as reflected in the Strategic Plan, the EMS Financial Plan and associated County ordinances. [↑](#footnote-ref-18)
19. This is a $0.9 million increase in the average unit allocation from the 2014-2019 EMS levy. As indicated by executive staff, the increase is attributable to inflation; increased funding for management and supervision of direct paramedic services; and increased funding related to retirements, hiring and training of new paramedic staff (related to forecasts of retirement eligibility). [↑](#footnote-ref-19)
20. The VPSI, as described in the Strategic Plan, seeks opportunities to improve interactions between EMS and vulnerable populations, such as the elderly or persons with limited English proficiency. For 2020-2025, the Strategic Plan recommends continuing outreach efforts with community partners and fire departments. Additionally, the initiative proposes enhancing support to Equity and Social Justice work related to workforce diversity and to regional activities relating to improving mental wellness among EMS providers by continuing current outreach and education efforts (e.g. trainings, supporting pilot studies and ensuring access to programs on the regional and local levels). [↑](#footnote-ref-20)
21. The Accelerating Evaluation and Innovation: an Opportunity for Unprecedented Quality

Improvement (AEIOU), as described in the proposed Strategic Plan, addresses the challenge and need to leverage the electronic data record to generate meaningful clinical information intended to improve patient care. According to Executive staff, AEIOU would build upon the technological work accomplished over the past decade to enhance the integration across dispatch, EMS agencies and hospital data. Of note the timeline for implementation has yet to be determined due to dependencies on a number of other partners. [↑](#footnote-ref-21)
22. As described in the proposed EMS Strategic Plan, EMS Online Strategic Transition in Regionalized Innovation, Value and Education (STRIVE) would modernize the online KC EMS continuing medical education platform to meet the changing needs of the eLearning environment. Executive staff indicate that the current online platform is outdated, and does not meet the learning management needs of the region. As further indicated, this initiative includes plans to assess the current needs of EMS partners and upgrade or update the EMS Online system to better integrate as a region. [↑](#footnote-ref-22)
23. As noted in the transmitted Strategic Plan, since the City of Seattle funds reserves separately from EMS levy funds, the Finance Subcommittee focused on appropriate reserves for the County EMS Levy Fund. [↑](#footnote-ref-23)
24. While the process for approving and accessing EMS reserves funds is proposed to remain the same for 2020-2025, a streamlined process is recommended for approving and accessing contingency funds, whereby ALS contingency requests would proceed to the ALS Working Group for its review and recommendation to the EMS Division Director. The Director could either approve or forward requests to the EMSAC Financial Subcommittee and EMSAC for their review. For other contingency requests, both the Division Director and the EMSAC Financial Subcommittee would review the requests. Requests requiring additional appropriation authority would require Council approval. [↑](#footnote-ref-24)
25. Confidence level is defined as the chance that actual revenues will meet or exceed forecasted levels. [↑](#footnote-ref-25)
26. In addition to income on the KC EMS Fund balance, other misc. revenues include County revenues distributed proportionately to property tax funds, such as lease and timber tax revenues. [↑](#footnote-ref-26)
27. Factoring in a one percent undercollection rate. [↑](#footnote-ref-27)
28. The City of Seattle, as described in the proposed Strategic Plan, places all funds not targeted for ALS into BLS; other city funds are used for programs (e.g. Health One Pilot Program) similar to those in the KC EMS Fund. [↑](#footnote-ref-28)
29. Typo correction from 5/8/19 RPC staff report. [↑](#footnote-ref-29)
30. Note: Reserves roll over year-to-year during the levy period. [↑](#footnote-ref-30)
31. Includes $1M for ALS equipment to cover unplanned/unforeseen costs related to equipment, and $12.8M for ALS capacity (including $1.2M for costs relating to avoiding adding new units and $11.6M as a placeholder for new units). [↑](#footnote-ref-31)
32. Council Clerk's memorandum on Deadlines for Adoption of Ballot Measures in 2019 [↑](#footnote-ref-32)
33. State law (RCW 84.52.069) requires a simple majority (no less than 51 percent) voter approval for renewal of a six-year or ten-year EMS levy. [↑](#footnote-ref-33)
34. Attachment A to RPC2019-01.1. [↑](#footnote-ref-34)
35. RCW 84.52.069(6) [↑](#footnote-ref-35)
36. Subject to introduction of legislation. [↑](#footnote-ref-36)