FIRST AMENDMENT TO FIRE AND EMERGENCY MEDICAL DISPATCHING SERVICES AGREEMENT WITH CITY OF MANTECA

RECOMMENDATION

It is recommended that the City Council approve a motion authorizing the City Manager to execute a First Amendment to the Fire and Emergency Medical Dispatching Services Agreement with City of Manteca (COM) that will provide changes to the payment terms for call receipt and dispatching services provided to COM by the Stockton Fire Department Emergency Communications Division (ECD), with additional revenues generated from this First Amendment intended to be used for technology and equipment requirements of the Stockton ECD. It is further recommended that the City Manager take appropriate actions to carry out the purpose and intent of this motion.

Summary

The Stockton Fire Department (SFD) Emergency Communications Division currently provides call receipt and dispatching services for City of Manteca. City of Manteca currently pays SFD a rate of $11.35 for medical calls and $22.69 for all other types of calls. Dispatch call rates were established in the agreement which was executed in 2007, and allowed for annual cost-of-living adjustments based on changes in the Consumers Price Index, however, the contract limited any rate increases to a not to exceed amount of 4.5%.

Subsequently, the 2013 Efficiency Study completed by Management Partners for Stockton Fire Department’s dispatch services recommended an option of a Semi-Regional Fire Dispatch Center with full cost recovery by the City from contracting agencies in San Joaquin County. SFD currently provides dispatch services to COM Fire Department on rates that are charged on a per-call basis, but are not providing full cost recovery. Accordingly, the proposed amendment to the City’s existing agreement with COM will establish updated rates effective January 1, 2015, and will have an escalation provision that will adjust the rates annually to provide for a phased-in, full cost recovery beginning July 1, 2015. On July 1, 2016, the rates per call will be based on the Stockton Fire Department Emergency Communications Division current fiscal year budget divided by the total number of dispatch calls in the prior calendar year.

There is no additional cost associated with this proposed amendment to the Emergency Dispatch Services Agreement (Attachment A) since the City currently provides dispatch services to COM. This amendment will increase revenues collected from COM which will offset operating costs. It is proposed that the additional revenue be designated to provide funding for technology and equipment needs of the Stockton ECD as recommended in the Management Partners Report.

The COM City Council has approved the amendment to the Emergency Dispatch Services Agreement at their October Council Meeting.
DISCUSSION

Background

The City of Stockton Emergency Communications Division has been providing fire and emergency medical dispatch services to City of Manteca since the 1990’s. The current agreement with COM was executed in 2007, which initially established a dispatch service rate of $9.68 for medical calls and $19.36 for all other types of calls. The terms of the agreement allowed for cost-of-living adjustments to be calculated and applied to the existing rate annually based on the changes in the Consumers Price Index, however the contract limited any rate increases to a not to exceed 4.5%. The compounded annual cost-of-living adjustments since 2007 resulted to the increase in rates of $11.35 for medical calls and $22.69 for all other types of calls for the current fiscal year. This agreement provided an average of approximately $75,000 annually in revenue to the City for the past three years.

Present Situation

On April 15, 2014, the City Council approved and accepted the Stockton Regional Fire Dispatch Threshold Analysis Report completed by Management Partners, which provided options and various recommendations for developing operational and financial efficiencies in Stockton Fire Department’s Emergency Communications Division. One of the options in the Threshold Analysis Report recommends a Semi-Regional Fire Dispatch Center with full cost recovery from contracted agencies in the San Joaquin County.

SFD currently provides dispatch services to City of Manteca (COM) on rates established on a per-call basis that do not provide full cost recovery. The current provision in the agreement, increasing the dispatch service rate based on an annual cost-of-living adjustment, does not allow the City to fully recover the cost of providing dispatch services to COM.

As recommended by Management Partners in the Threshold Analysis Report, staff is working towards a Semi-Regional Fire Dispatch Center and recommends a phased-in rate that would provide partial cost recovery beginning January 1, 2015, and full cost recovery beginning July 1, 2015. The proposed First Amendment to the City’s existing agreement with City of Manteca will establish a single rate of $35.74 per call effective January 1, 2015, and $45.74 per call beginning July 1, 2015. Beginning July 1, 2016, the rates per call will be based on the Stockton Fire Department Emergency Communications Division current fiscal year budget divided by the total number of dispatch calls in the prior calendar year. The rate will be re-calculated every fiscal year using this formula to capture the actual cost per dispatched call, thus providing for full cost recovery from COM.

Dispatch service rates are included in the Fire Department section of the FY2014-15 Adopted Fee Schedule as informational item only. These rates are charged by City of Stockton solely to City of Manteca based on the terms of the existing agreement between the two jurisdictions. Attached is a copy of page F-40 (Attachment B) of the FY2014-15 Adopted Fee Schedule with the proposed changes in dispatch service fees to be charged to City of Manteca for the remainder of the current fiscal year. The proposed fees in the First Amendment will align the payment terms of the existing Dispatching Services Agreement with COM to the Lathrop-Manteca Fire District (LMFD) Dispatching Services Agreement, which was approved by the City Council on June 10, 2014. Future agreements with agencies interested in contracting with the City of Stockton for emergency dispatching services
will be aligned with the agreements with COM and LMFD.

The Management Partners Report identified much needed technology and equipment upgrades, maintenance and replacement requirements for the Stockton ECD. Staff proposes to establish appropriations for and expend the additional revenues generated from this amendment in Fire Department’s ECD account to provide funding for the required maintenance, replacement and enhancement of fire dispatch equipment and technology to keep and advance the existing operations of Stockton ECD.

FINANCIAL SUMMARY

The City currently generates approximately $75,000-$80,000 annually in revenue from the existing dispatching services agreement. Based on the three-year average of 5,488 dispatched calls, revenues are estimated to increase as follows:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Estimated Increase in Revenue</th>
<th>Percentage Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2014-15</td>
<td>$57,500 or 71%</td>
<td></td>
</tr>
<tr>
<td>FY2015-16</td>
<td>$167,900 or 200%</td>
<td></td>
</tr>
</tbody>
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(Based on existing rate and new rate of $35.74 beginning January 1, 2015)

There are needed technology replacements and upgrade costs to the City of Stockton for the continuance of providing emergency dispatch services for the COS. Most of the costs of the Emergency Communications Division (ECD) are generally fixed costs, regardless of how many incidents are dispatched, or the number of agencies for whom the Fire Department provides dispatch services. The services currently being provided to COM is within current staffing capabilities and within the existing ECD budget. However, new revenues generated from this amendment, as detailed above, will provide additional funds to partially offset these fixed costs and will provide funding for ECD’s technology and equipment needs.

The department is estimating that additional revenues generated from the amended dispatching services agreement with COM for the first two years will be used to fund immediate technology and equipment needs of the ECD. For the first year, the revenues generated will be recorded to account 010-2660-342. Staff is developing plans to upgrade the equipment. Should purchases be made this fiscal year, these additional revenues will be used for that purpose and Council approval will be sought as necessary. For subsequent fiscal years, revenues and appropriations will be incorporated in the annual budget process for the Fire Department Emergency Communications division and technology internal service funds.

Staff estimates that the cumulative revenues from all three dispatch contracts, Lodi, Manteca and Lathrop-Manteca, will assist in funding the technology updates and enhancements of the ECD.

Attachment A - First Amendment to Fire and Emergency Dispatching Services
Attachment B - FY2014-15 Fee Schedule New Rates Dispatch Services