ANNOTATED MINUTES

Thursday, July 29, 1999 - 9:00 AM
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

BOARD BRIEFING

Chair Beverly Stein convened the meeting at 9:07 a.m., with Vice-Chair Diane Linn, Commissioners Sharron Kelley and Serena Cruz present, and Commissioner Lisa Naito arriving at 9:12 a.m.

B-1 Mead Building - West District Probation Office. Presented by Larry Nicholas.

CHAIR STEIN, COMMISSIONER LINN, LARRY NICHOLAS AND KAREN JONES PRESENTATION AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION. ELYSE CLAWSON TO MEET WITH EACH COMMISSIONER FOR ADDITIONAL INFORMATION.

The briefing was adjourned and the regular meeting was convened at 9:40 a.m.

Thursday, July 29, 1999 - 9:30 AM
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

REGULAR MEETING

Chair Beverly Stein convened the meeting at 9:40 a.m., with Vice-Chair Diane Linn, Commissioners Sharron Kelley, Lisa Naito and Serena Cruz present.

CONSENT CALENDAR

UPON MOTION OF COMMISSIONER KELLEY, SECONDED BY COMMISSIONER LINN, THE CONSENT CALENDAR (ITEMS C-1 THROUGH C-5) WAS UNANIMOUSLY APPROVED.

DEPARTMENT OF COMMUNITY AND FAMILY SERVICES

C-1 Intergovernmental Agreement 0010275 with the Housing Authority of Portland for Rehabilitation and Construction Services for an Addition to an Existing Community Building at Fairview Woods for Head Start, Using Community Development Block Grant Funding

C-2 Renewal of Intergovernmental Agreement 0010655 with the Regional Drug Initiative, Providing Staff Assistance to Continue to Implement Programs and Services to Combat Drug Abuse in Multnomah County

DEPARTMENT OF ENVIRONMENTAL SERVICES

C-3 RESOLUTION Canceling Land Sale Contract 15777 with Lori R. Jacobs Upon Default of Payments and Performance of Covenants

RESOLUTION 99-156.

DEPARTMENT OF JUVENILE AND ADULT COMMUNITY JUSTICE

C-4 Amendment 1 to Intergovernmental Agreement 700788 with Portland School District No. 1 to Continue Funding Three Staff Positions Connected with the Family Resource Centers Providing Services to Youth and Their Families in the Grant/Madison and Marshall School Attendance Areas

DEPARTMENT OF HEALTH

C-5 Renewal of Intergovernmental Agreement 0010344 with the Oregon Health Division Center for Disease Prevention and Epidemiology for Grant Research Services Required by the Health Department's Tobacco Prevention Program

REGULAR AGENDA

PUBLIC COMMENT

R-1 Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.

NO ONE WISHED TO COMMENT.

DEPARTMENT OF JUVENILE AND ADULT COMMUNITY JUSTICE

R-2 Intergovernmental Agreement 9910883 with the State of Oregon Department of Corrections in Support of a Rotational Job Assignment to Assist in the Continued Development of a Statewide Offender Tracking System

COMMISSIONER KELLEY MOVED AND COMMISSIONER LINN SECONDED, APPROVAL OF R-2. MICHAEL HAINES EXPLANATION. AGREEMENT UNANIMOUSLY APPROVED.

DEPARTMENT OF SUPPORT SERVICES

R-3 Ratification of the 1998-2001 Collective Bargaining Agreement Between Multnomah County and the Multnomah County Deputy Sheriffs Association

COMMISSIONER KELLEY MOVED AND COMMISSIONER LINN SECONDED, APPROVAL OF R-3. DAVID RHYS EXPLANATION AND RESPONSE TO BOARD COMMENTS IN SUPPORT AND ACKNOWLEDGEMENT OF EFFORTS OF BARGAINING TEAM. AGREEMENT UNANIMOUSLY RATIFIED.

SHERIFF'S OFFICE

R-4 NOTICE OF INTENT to Seek $156,000 Grant Funding for the Driving Under the Influence Intensive Supervision Program

COMMISSIONER KELLEY MOVED AND COMMISSIONER LINN SECONDED, APPROVAL OF R-4. SHERIFF DAN NOELLE EXPLANATION. NOTICE OF INTENT UNANIMOUSLY APPROVED.

DEPARTMENT OF ENVIRONMENTAL SERVICES

R-5 RESOLUTION Authorizing the Chair to Approve Real Property Leases that Do Not Exceed $100,000 in Annual Rental

COMMISSIONER KELLEY MOVED AND COMMISSIONER LINN SECONDED, APPROVAL OF R-5. BOB OBERST EXPLANATION AND RESPONSE TO BOARD QUESTIONS. FOLLOWING DISCUSSION, COMMISSIONER NAITO MOVED AND COMMISSIONER CRUZ

SECONDED, AN AMENDMENT INSERTING TWO ADDITIONAL REQUIREMENTS: THAT THE LEASE IS WITHIN THE FAIR MARKET RENTAL VALUE; AND THAT THE CHAIR WOULD IMMEDIATELY NOTIFY THE BOARD OF THE SIGNING OF THE LEASE AND THE TERMS. COMMISSIONER LINN ASKED THAT THE COUNTY PURSUE OPPORTUNITIES TO UTILIZE SPACE FROM OTHER JURISDICTIONS SUCH AS SCHOOL DISTRICTS. COMMISSIONER KELLEY ADVISED SHE SUPPORTS THE AMENDMENT AND WILL NOT MAKE HER PROPOSED AMENDMENT TO EXEMPT ANY LEASES OF COUNTY OWNED PROPERTY TO OUTSIDE PARTIES WITHOUT BOARD APPROVAL. AMENDMENT UNANIMOUSLY APPROVED. CHAIR STEIN ADVISED SHE IS WORKING ON FACILITIES ISSUES IN TERMS OF ORGANIZATION AS WELL AS LARGER PLANNING AND WANTS TO BE GUIDED IN HER DECISIONS BY THE OVERALL THOUGHTS AND VALUES OF THE BOARD HAVING TO DO WITH FINANCIAL RESPONSIBILITY AND USING OTHER SPACES. COMMISSIONER NAITO SUGGESTED THAT THE BOARD DISCUSS LONG TERM FACILITIES PLANNING IN CONJUNCTION WITH THE BUDGET PROCESS OR IN SOME OTHER ANNUAL MANNER. IN RESPONSE TO A QUESTION OF COMMISSIONER LINN, MR. OBERST ADVISED THAT ONCE A LEASE HAS BEEN EXECUTED, IT IS A MATTER OF PUBLIC RECORD. RESOLUTION 99-157 UNANIMOUSLY APPROVED, AS AMENDED.

R-6 First Reading of an ORDINANCE Repealing Multnomah County Ordinance 903 Pertaining to Expiration Periods for Certain Single Family Dwellings Approved in the Exclusive Farm Use Districts

ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER LINN MOVED AND COMMISSIONER CRUZ SECONDED, APPROVAL OF FIRST READING. CHUCK BEASLEY EXPLANATION. ARNOLD ROCHLIN

TESTIMONY IN SUPPORT. ROY VAN RADEN TESTIMONY IN OPPOSITION. JEFF BACHRACH TESTIMONY IN OPPOSITION AND REQUEST THAT FINDINGS NINE AND ELEVEN BE OMITTED. MR. BACHRACH RESPONSE TO BOARD QUESTIONS. PLANNER CHUCK BEASLEY AND COUNTY COUNSEL JEFF LITWAK EXPLANATION IN RESPONSE TO TESTIMONY AND BOARD QUESTIONS, ADVISING TODAY'S ACTION IS LEGISLATIVE NOT QUASI-JUDICIAL; WAS APPROPRIATELY NOTICED; AND WILL HAVE NO AFFECT ON MR. BACHRACH'S CLIENTS QUASI-JUDICIAL CASE. COMMISSIONER CRUZ STATED SHE DISAGREES WITH MR. BACHRACH'S POSITION AND SUPPORTS THE PROPOSED ORDINANCE AS IT STANDS. FOLLOWING DISCUSSION, COMMISSIONER LINN MOVED AND COMMISSIONER NAITO SECONDED, AMENDMENT OMITTING FINDING NINE. MR. LITWAK AND MR. BEASLEY RESPONSE TO BOARD QUESTIONS, ADVISING STAFF HAS ONLY PROCESSED ONE APPLICATION UNDER ORDINANCE 903; THAT WITHOUT LEGISLATION THEY WOULD APPLY APPROPRIATE STATE REGULATIONS; AND THAT IT WOULD NOT MAKE A DIFFERENCE IF FINDING NINE WAS OMITTED. AMENDMENT APPROVED, WITH COMMISSIONERS KELLEY, LINN, NAITO AND STEIN VOTING AYE, AND COMMISSIONER CRUZ VOTING NAY. COMMISSIONER KELLEY ADVISED SHE DOES NOT SUPPORT REPEALING ORDINANCE 903. FIRST READING APPROVED, AS AMENDED, WITH COMMISSIONERS LINN, NAITO, CRUZ AND STEIN VOTING AYE, AND COMMISSIONER KELLEY VOTING NAY. SECOND READING THURSDAY, AUGUST 5, 1999.

DEPARTMENT OF LIBRARY SERVICES

R-7 ORDER Approving Exemption from the Formal Bid Process a Contract for a Developer/General Contractor for the Construction of the Hollywood Branch Library

COMMISSIONER KELLEY MOVED AND COMMISSIONER LINN SECONDED, APPROVAL OF R-7. GINNIE COOPER EXPLANATION AND RESPONSE TO BOARD QUESTIONS. SUSAN HATHAWAY-MARXER TESTIMONY IN SUPPORT OF THE HOLLYWOOD BRANCH BEING AN IMPRESSIVE QUALITY BUILDING. BOARD COMMENTS IN SUPPORT. ORDER 99-158 UNANIMOUSLY APPROVED.

NON-DEPARTMENTAL

R-8 Second Reading and Possible Adoption of an ORDINANCE Amending MCC 11.300 and 11.305 to Exempt Car Sharing Programs from the Motor Vehicle Rental Tax

ORDINANCE READ BY TITLE ONLY. COPIES AVAILABLE. COMMISSIONER CRUZ MOVED AND COMMISSIONER KELLEY SECONDED, APPROVAL OF SECOND READING AND ADOPTION. NO ONE WISHED TO TESTIFY. ORDINANCE 934 UNANIMOUSLY APPROVED.

R-9 RESOLUTION Creating a Siting Advisory Committee to Recommend a Site for a New Child Abuse Center

COMMISSIONER NAITO MOVED AND COMMISSIONER CRUZ SECONDED, APPROVAL OF R-9 FOR PURPOSES OF DISCUSSION. LISA NAITO SUBMITTED WRITTEN MATERIAL AND PRESENTED A LIST OF KEY POLICY DECISIONS NEEDING BOARD CONSIDERATION. COMMISSIONER KELLEY ADVISED SHE HAS DAN STEFFEY, MIKE SCHRUNK, SHERIFF NOELLE AND LARRY NICHOLAS HERE TODAY TO ACCRESS THE SPECIFICS OF THE RESOLUTION. CHAIR STEIN STATED SHE FEELS THE RESOLUTION IS PREMATURE AND FOR THE PURPOSES OF TIME PROPOSED THAT THIS ISSUE BE DISCUSSED AS AN INITIAL BOARD BRIEFING ON AUGUST 10, WITH COMMISSIONER KELLEY BRINGING THE RECEIVING CENTER GROUP TO THE TABLE

FOR A BRIEFING ON SEPTEMBER 9, CONTINUING THE DISCUSSION DURING THE SEPTEMBER 22 FACILITIES PROJECTS BRIEFING, AND THAT THE BOARD CONSIDER THE RESOLUTION AFTER THAT. COMMISSIONER NAITO MOVED AND COMMISSIONER CRUZ SECONDED, TO CONTINUE THE RESOLUTION TO AUGUST 12 FOLLOWING THE AUGUST 10 BRIEFING. COMMISSIONER NAITO EXPLAINED HER CONCERN WITH THE PROPOSED TIMELINE AND DESIRE TO MOVE WITH SPEED AT THIS POINT IN ORDER FOR THE BOARD TO MAKE KEY POLICY DECISIONS, DETERMINE WHAT THE NEXT STEPS SHOULD BE AND TO DEAL WITH A SEPARATION OF POWERS ISSUE. COMMISSIONER CRUZ ADVISED SHE FEELS COMFORTABLE WITH EITHER CHAIR'S PROPOSAL OR COMMISSIONER NAITO'S PROPOSAL AND LOOKS FORWARD TO ADDRESSING POLICY ISSUES. CHAIR STEIN URGED THE BOARD TO ADOPT HER PROPOSAL IN ORDER NOT TO MAKE THIS A PIECEMEAL ISSUE, HAVE TO LOOK A BOND MEASURE AND DISCOVER HOW MUCH MONEY THERE IS AVAILABLE IN ORDER TO DETERMINE WHAT SIZE SITE WE WANT. COMMISSIONER KELLEY ADVISED THE CHAIR HAS ALREADY GROUPED THE BRIEFINGS TOGETHER IN SEPTEMBER, SO THE AUGUST 12 DATE IS TOO SOON. COMMISSIONER NAITO ADVISED SHE INTENDS TO AMEND HER RESOLUTION TO ACCOMMODATE WHAT A MAJORITY OF THE BOARD WANTS TO MOVE FORWARD WITH, THAT THE ISSUE WAS TO GET THE MATTER BEFORE THE BOARD, TO MOVE FORWARD WITH DELIBERATIONS. COMMISSIONER LINN ADVISED SHE WANTS TO CONSIDER ALL POLICY ISSUES, FEELS A SENSE OF URGENCY ABOUT THIS, WOULD LIKE TO SEE AN ALTERNATIVE PLAN, AND SUGGESTED THAT THE BOARD HAVE A BRIEFING ON AUGUST 10 TO LOOK AT SOME OVERALL POLICY ISSUES

AND TALK THEM THROUGH AS A BOARD, AND ADVISED THAT SHE WOULD LIKE TO BE PRESENTED WITH PROS AND CONS OF DIFFERENT APPROACHES AT THE SEPTEMBER 9 BRIEFING. FOLLOWING DISCUSSION, COMMISSIONER NAITO AMENDED HER AMENDMENT, AND COMMISSIONER CRUZ SECONDED, TO CONTINUE THE RESOLUTION TO SEPTEMBER 9 FOLLOWING THE AUGUST 10 AND SEPTEMBER 9 BRIEFINGS. CHAIR STEIN COMMENTS IN OPPOSITION. COMMISSIONER LINN COMMENTS IN SUPPORT. AMENDMENT TO CONTINUE RESOLUTION TO THURSDAY, SEPTEMBER 9, 1999 APPROVED, WITH COMMISSIONERS LINN, NAITO AND CRUZ VOTING AYE, AND COMMISSIONERS KELLEY AND STEIN VOTING NAY.

The regular meeting was adjourned at 11:10 a.m. and the briefing was convened at 11:15 a.m.

Thursday, July 29, 1999 - 11:00 AM
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

BOARD BRIEFING

B-2 Emergency Ambulance System Performance Briefing. Presented by Gary Oxman, MD, MPH, Health Officer and Bill Collins, Emergency Medical Services Administrator. 1 HOUR REQUESTED.

GARY OXMAN AND BILL COLLINS PRESENTATION AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION. CITY AUDITOR GARY BLACKMER DISCUSSED AUDIT MEMORANDUM HE AND COUNTY AUDITOR SUZANNE FLYNN WILL PROVIDE TO THE BOARD BY AUGUST 11, 1999. STAFF TO PROVIDE ADDITIONAL INFORMATION TO BOARD MEMBERS PRIOR TO BOARD CONSIDERATION OF AMBULANCE CONTRACT SCHEDULED FOR THURSDAY, AUGUST 12, 1999.

There being no further business, the meeting was adjourned at 12:34 p.m.

Thursday, July 29, 1999 - 2:00 PM
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

BOARD BRIEFINGS

Chair Beverly Stein convened the meeting at 2:01 p.m., with Vice-Chair Diane Linn, Commissioners Sharron Kelley, Lisa Naito and Serena Cruz present.

B-3 Portland Development Commission and the Portland Office of Financial Administration Briefing Regarding Proposed Formation of an Urban Renewal District Along North Macadam Boulevard. Presented by Felicia Trader and Tim Grewe.

DAVE WARREN, FELICIA TRADER, RICK SAITO, JOHN SPENCER AND ABE FARKAS PRESENTATION AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION. BOARD COMMENTS IN SUPPORT. MS. TRADER TO DISCUSS WITH EAST COUNTY CITIES.

B-4 Discussion of Commissioner Intergovernmental and Liaison Appointments. Presented by Beverly Stein and Bill Farver.

BOARD DISCUSSION AND CONSENSUS. STAFF TO RESEARCH POSSIBLE ORDINANCE AMENDMENT REGARDING BOARD REPRESENTATION ON ANIMAL CONTROL ADVISORY COMMITTEE.

B-5 Review and Discuss the 1999-2000 Budget Process and Recommendations for the 2000-2001 Process. Presented by Dave Warren.

BILL FARVER AND DAVE WARREN PRESENTATION AND RESPONSE TO BOARD QUESTIONS AND DISCUSSION REGARDING LEVIES AND THE NEED TO TALK WITH OTHER JURISDICTIONS ABOUT THEIR LEVIES; DISCUSSION THAT THE BOARD GET BACK TO A MISSION AND GOALS RETREAT, AND POSSIBLE

AN ANNUAL RETREAT IN EARLY DECEMBER TO DISCUSS LARGER BUDGET ISSUES. BOARD CONSENSUS TO MEET IN EARLY SEPTEMBER FOR TIMING LEVY DISCUSSION, AFTER GETTING MORE INFORMATION FROM ELECTIONS. BOARD WANTS IN DEPTH REVIEW OF THE THREE PUBLIC SAFETY BUDGETS (MCSO, DJACJ & DA).

There being no further business, the meeting was adjourned at 4:00 p.m.

OFFICE OF THE BOARD CLERK
FOR MULTNOMAH COUNTY, OREGON

Deborah L. Bogstad

Deborah L. Bogstad

MULTNOMAH COUNTY, OREGON

BOARD OF COMMISSIONERS

Beverly Stein, Chair
1120 SW Fifth Avenue, Suite 1515
Portland, Or 97204-1914
Phone: (503) 248-3308 FAX (503) 248-3093
Email: mult.chair@co.multnomah.or.us

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Phone: (503) 248-5213 FAX (503) 248-5262
Email: sharron.e.kelley@co.multnomah.or.us

ANY QUESTIONS? CALL BOARD CLERK DEB BOGSTAD @ 248-3277
Email: deborah.l.bogstad@co.multnomah.or.us

INDIVIDUALS WITH DISABILITIES PLEASE CALL THE BOARD CLERK AT 248-3277, OR MULTNOMAH COUNTY TDD PHONE 248-5040, FOR INFORMATION ON AVAILABLE SERVICES AND ACCESSIBILITY.

JULY 29, 1999
BOARD MEETING

FASTLOOK AGENDA ITEMS OF INTEREST

Thursday meetings of the Multnomah County Board of Commissioners are cable-cast live and taped and may be seen by Cable subscribers in Multnomah County at the following times:

Thursday, 9:30 AM, (LIVE) Channel 30
Friday, 10:00 PM, Channel 30
Sunday, 1:00 PM, Channel 30

Produced through Multnomah Community Television

Thursday, July 29, 1999 - **9:00 AM**
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

BOARD BRIEFING

B-1 Mead Building - West District Probation Office. Presented by Larry Nicholas. 30 MINUTES REQUESTED.

Thursday, July 29, 1999 - **9:30 AM**
(OR IMMEDIATELY FOLLOWING BOARD BRIEFING)
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

REGULAR MEETING

CONSENT CALENDAR - 9:30 AM

DEPARTMENT OF COMMUNITY AND FAMILY SERVICES

C-1 Intergovernmental Agreement 0010275 with the Housing Authority of Portland for Rehabilitation and Construction Services for an Addition to an Existing Community Building at Fairview Woods for Head Start, Using Community Development Block Grant Funding

C-2 Renewal of Intergovernmental Agreement 0010655 with the Regional Drug Initiative, Providing Staff Assistance to Continue to Implement Programs and Services to Combat Drug Abuse in Multnomah County

DEPARTMENT OF ENVIRONMENTAL SERVICES

C-3 RESOLUTION Canceling Land Sale Contract 15777 with Lori R. Jacobs Upon Default of Payments and Performance of Covenants

DEPARTMENT OF JUVENILE AND ADULT COMMUNITY JUSTICE

C-4 Amendment 1 to Intergovernmental Agreement 700788 with Portland School District No. 1 to Continue Funding Three Staff Positions Connected with the Family Resource Centers Providing Services to Youth and Their Families in the Grant/Madison and Marshall School Attendance Areas

DEPARTMENT OF HEALTH

C-5 Renewal of Intergovernmental Agreement 0010344 with the Oregon Health Division Center for Disease Prevention and Epidemiology for Grant Research Services Required by the Health Department's Tobacco Prevention Program

REGULAR AGENDA

PUBLIC COMMENT - 9:30 AM

R-1 Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.

DEPARTMENT OF JUVENILE AND ADULT COMMUNITY JUSTICE - 9:30 AM

R-2 Intergovernmental Agreement 9910883 with the State of Oregon Department of Corrections in Support of a Rotational Job Assignment to Assist in the Continued Development of a Statewide Offender Tracking System

DEPARTMENT OF SUPPORT SERVICES - 9:33 AM

R-3 Ratification of the 1998-2001 Collective Bargaining Agreement Between Multnomah County and the Multnomah County Deputy Sheriffs Association

SHERIFF'S OFFICE - 9:38 AM

R-4 NOTICE OF INTENT to Seek $156,000 Grant Funding for the Driving Under the Influence Intensive Supervision Program

DEPARTMENT OF ENVIRONMENTAL SERVICES - 9:45 AM

R-5 RESOLUTION Authorizing the Chair to Approve Real Property Leases that Do Not Exceed $100,000 in Annual Rental

R-6 First Reading of an ORDINANCE Repealing Multnomah County Ordinance 903 Pertaining to Expiration Periods for Certain Single Family Dwellings Approved in the Exclusive Farm Use Districts

DEPARTMENT OF LIBRARY SERVICES - 10:10 AM

R-7 ORDER Approving Exemption from the Formal Bid Process a Contract for a Developer/General Contractor for the Construction of the Hollywood Branch Library

NON-DEPARTMENTAL - 10:40 AM

R-8 Second Reading and Possible Adoption of an ORDINANCE Amending MCC 11.300 and 11.305 to Exempt Car Sharing Programs from the Motor Vehicle Rental Tax

R-9 RESOLUTION Creating a Siting Advisory Committee to Recommend a Site for a New Child Abuse Center

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Thursday, July 29, 1999 - **11:00 AM**
(OR IMMEDIATELY FOLLOWING REGULAR MEETING)
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

BOARD BRIEFING

B-2 Emergency Ambulance System Performance Briefing. Presented by Gary Oxman, MD, MPH, Health Officer and Bill Collins, Emergency Medical Services Administrator. 1 HOUR REQUESTED.

Thursday, July 29, 1999 - **2:00 PM**
Multnomah County Courthouse, Boardroom 602
1021 SW Fourth Avenue, Portland

BOARD BRIEFINGS

B-3 Portland Development Commission and the Portland Office of Financial Administration Briefing Regarding Proposed Formation of an Urban Renewal District Along North Macadam Boulevard. Presented by Felicia Trader and Tim Grewe. 30 MINUTES REQUESTED.

B-4 Discussion of Commissioner Intergovernmental and Liaison Appointments. Presented by Beverly Stein and Bill Farver. 30 MINUTES REQUESTED.

B-5 Review and Discuss the 1999-2000 Budget Process and Recommendations for the 2000-2001 Process. Presented by Dave Warren. 1 HOUR REQUESTED.

MEETING DATE: JUL 29 1999
AGENDA NO: B-1
ESTIMATED START TIME: 9:00

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: Mead Building Briefing

BOARD BRIEFING: DATE REQUESTED:
REQUESTED BY:
AMOUNT OF TIME NEEDED:

REGULAR MEETING: DATE REQUESTED: July 29, 1999

AMOUNT OF TIME NEEDED: 30 minutes

DEPARTMENT: Environmental Services DIVISION: Administration

CONTACT: Larry F. Nicholas TELEPHONE #: x83355
BLDG/ROOM #: 455/224

PERSON(S) MAKING PRESENTATION: Larry F. Nicholas

ACTION REQUESTED:

[X] INFORMATIONAL ONLY [ ] POLICY DIRECTION [ ] APPROVAL [ ] OTHER

SUGGESTED AGENDA TITLE:

Mead Building Briefing - West District Probation Office

BOARD OF COUNTY COMMISSIONERS
99 JUL 21 AM 10:07
MULTNOMAH COUNTY
OREGON

SIGNATURES REQUIRED:

ELECTED OFFICIAL:
(OR)
DEPARTMENT MANAGER: Larry E. Nicholas

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Board Clerk @ 248-3277

Beverly Stein, Multnomah County Chair

Room 1515, Portland Building
1120 S.W. Fifth Avenue
Portland, Oregon 97204

Phone: (503) 248-3308
FAX: (503) 248-3093
E-Mail: mult.chair@co.multnomah.or.us

Phil Kalberer
The Kalberer Company
234 NW Fifth Ave
Portland, OR 97209

July 28, 1999

Dear Mr. Kalberer,

We have received your July 19, 1999 letter in which you address our last meeting on the siting of the West District Office. During this meeting, we agreed to release joint talking points to summarize our common understanding on the Mekka Building and to outline next steps. There are several points which need to be clarified.

We have been working together for the last several months to pursue alternative sites. We appreciate the effort you and your staff contributed to exploring other sites. As we discussed, the Mekka Building, the most viable alternative you identified, will just be too expensive and will take too long to upgrade. We have discussed and agreed that the County will proceed ahead with plans to move the West District Office to the Mead Building because there appear to be no available alternative locations at this time. We have agreed that this will be considered a "temporary" move and that we will continue to work with APP to explore other alternatives. We have also agreed that the County will pursue plans to move the facility if and only when a financially viable alternative site that meets the established program criteria is located.

We understand that APP continues to oppose this siting decision. We also understand that APP remains concerned about the impact this siting will have on the bus mall and downtown retail climate. As you know we are committed to developing a Good Neighbor Agreement to respond to your concerns.

The County will be reinitiating discussions on the Good Neighbor Agreement (GNA) with several entities including APP, Portland Police, Portland Patrol, Tri-Met, the Downtown Community Association and neighboring businesses. We agreed, during our last meeting, that an APP board member would be asked to co-chair the GNA committee with County Commissioner Diane Linn. We also agreed that APP and Community Justice would co-staff this committee. As you may be aware, committee members have already been working to address potential issues arising from our move. A fact sheet outlining elements of the Good Neighbor Agreement that is being crafted is attached for your review.

During past meetings you have raised the issue of ground floor retail in the McCoy Building. As we have said previously, we are willing to explore this issue with you. We believe this issue is best dealt with at an executive level in negotiations that include representatives from Multnomah County Facilities Management.

We have both informed you that we would like to maintain regular communication with APP about the issues and interests of the downtown business community. We look forward to meeting with your executive committee on a quarterly basis. As we stated at our meeting, we believe we could have short-circuited the controversy regarding our West District Office, if such a process had been in place.

We look forward to a continued dialogue with you based on our joint commitment to public safety and a healthy downtown.

Sincerely,

Beverly Stein, Chair
Multnomah County Commission

Diane Linn, County Commissioner
District 1

cc/ Ron Beltz
Marty Brantley
Greg Goodman
Clayton Hering
Gregg Kantor
Pat Prendergast
Steffeni Grey
Mayor Vera Katz
Commissioner Jim Francesconi
Commissioner Charlie Hales
Commissioner Dan Saltzman
Commissioner Erik Stein
Commissioner Serena Cruz
Commissioner Lisa Naito
Commissioner Sharron Kelley

MULTNOMAH COUNTY
Good Neighbor Plan

Community Justice
West District Office Relocation

NEIGHBORHOOD IMPACT

The Department of Community Justice proposes to relocate its current office within the downtown area. We believe that our presence in the new location will be an asset to the immediate neighborhood. It is our intention to become an active part of the neighborhood and bring additional resources to the area. Our experience in our current location and other locations is that the surrounding community is strengthened by our presence and satisfied with our ability to quickly address neighborhood issues and concerns. Community Justice proposes to address current and future concerns in the following areas:

COMMUNICATION

- Establish Good Neighbor Agreement with interested parties
- Designate a contact person to address specific issues should they arise
- Circulate written communication to include updates on operations of the facility and listing contact person and phone numbers

SAFETY AND SECURITY

- Over one hundred corrections professionals working in the building will provide an increased law enforcement presence in the area
- Sworn Parole & Probation Officers have arrest powers over offenders under supervision by the State of Oregon and will practice due diligence in monitoring and responding to client behavior.
- A staff person will be assigned to implement the Good Neighbor Agreement and respond to safety concerns
- Community Justice will participate in community policing efforts
- Community Justice will continue to provide an officer presence in Old Town

CLEANLINESS

- Ensure that building and sidewalks are clean and well maintained
- Provide community service crews for special projects in neighborhood

SIDEWALK / STREET USE

- Provide indoor waiting room and smoking area for clients
- Provide uniformed security to ensure public passageway and reduce the presence of clients on the transit mall in front of the building.
- Collaborate with Portland Police Bureau to share patrols of area and bus mall

MULTNOMAH COUNTY

Multnomah County
West District
Mead Building

Departments Represented

District Administrator

Centralized Intake

Daily Reporting Center

Women's Services

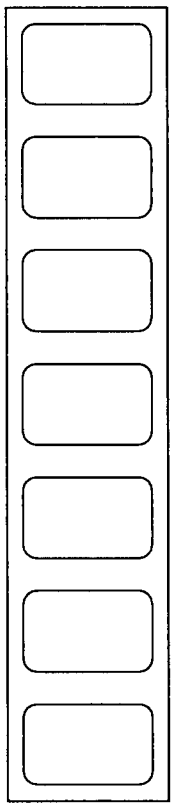
Alternative Sentencing and Sanctions

Londer Learning Center

Parole & Probation

ANKROM MOISAN
ASSOCIATED ARCHITECTS

Color Legend



Group Meeting Spaces

LLC - Training Rooms

Staff Only Meeting - Lunch Rooms

Secured Elevator Lobbies

Arrest Routes

Client Smoking Room

Other Tenant Spaces - No Work To Be Done

ANKROM MOISAN
ASSOCIATED ARCHITECTS

The Basement

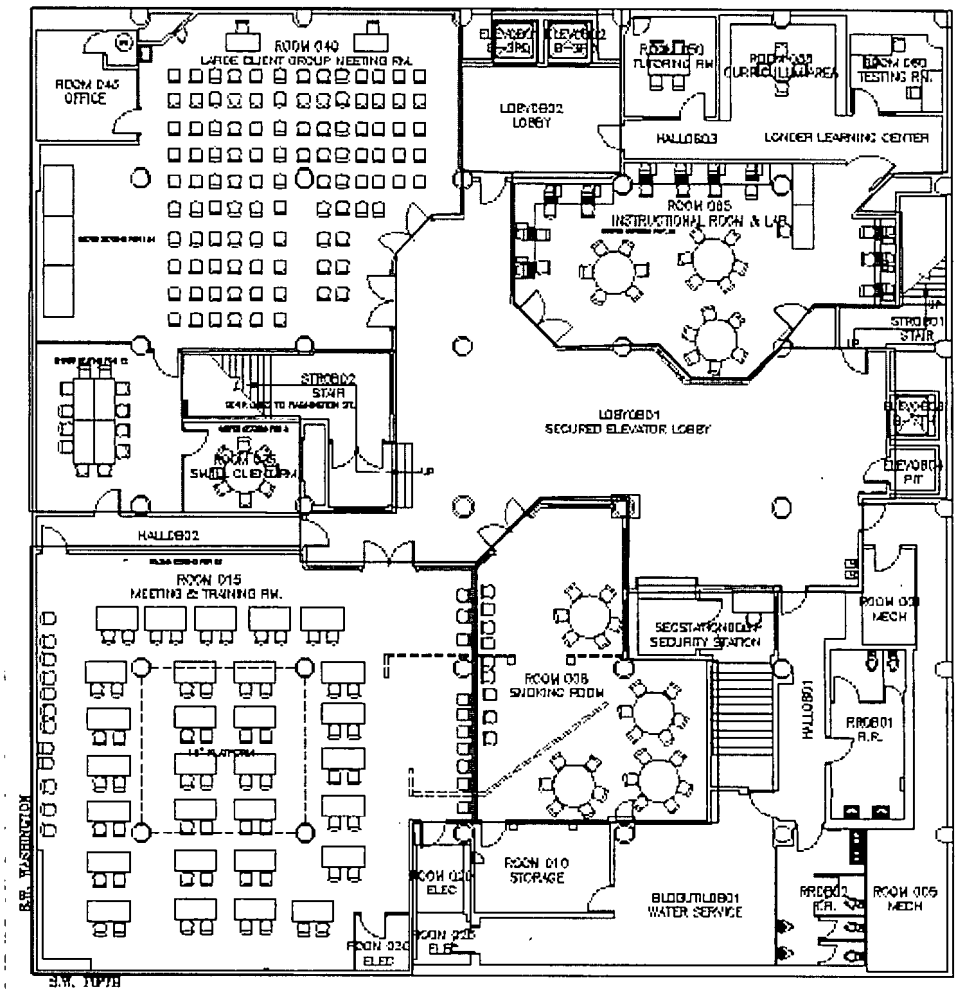
Group Meeting Spaces

LLC - Training Rooms

Secured Elevator Lobbies

Arrest Routes

Client Smoking Room



BASEMENT FLOOR PLAN

SCALE: 1/8"=1'-0"

N

ANKROM MOISAN

ASSOCIATED ARCHITECTS

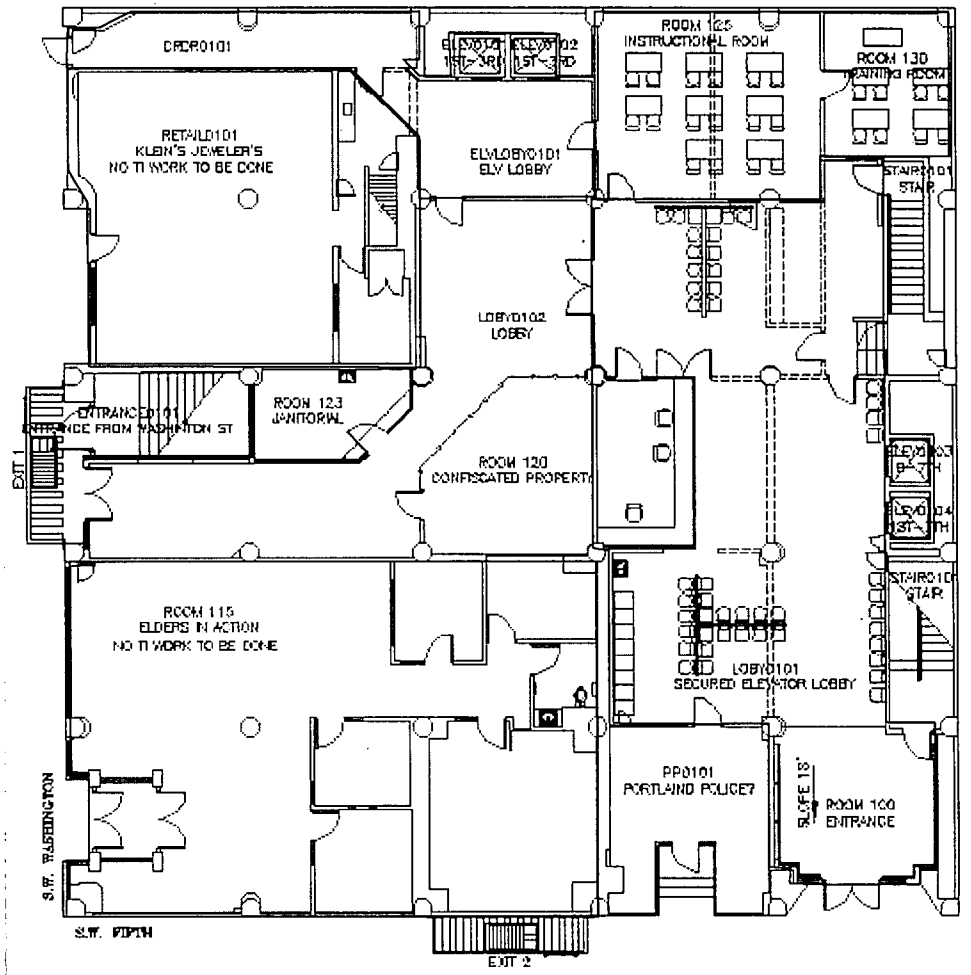
The First Floor

LLC - Training Rooms

Secured Elevator Lobbies

Arrest Routes

Other Tenant Spaces -
No Work To Be Done



FIRST FLOOR PLAN
SCALE: 1/8"=1'-0"

N

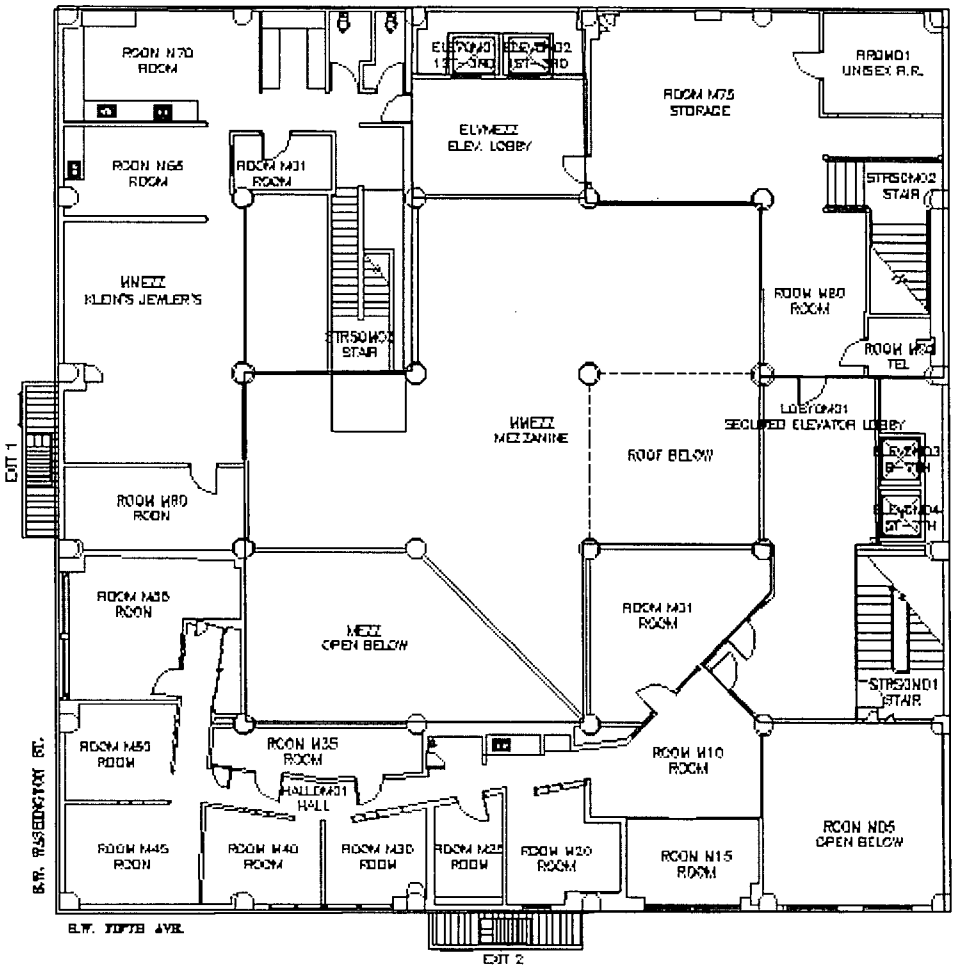
ANKROM MOISAN
ASSOCIATED ARCHITECTS

The Mezzanine

Secured Elevator Lobbies

Arrest Routes

Other Tenant Spaces -
No Work To Be Done



MEZZANINE FLOOR PLAN
SCALE: 1/8"=1'-0"

N

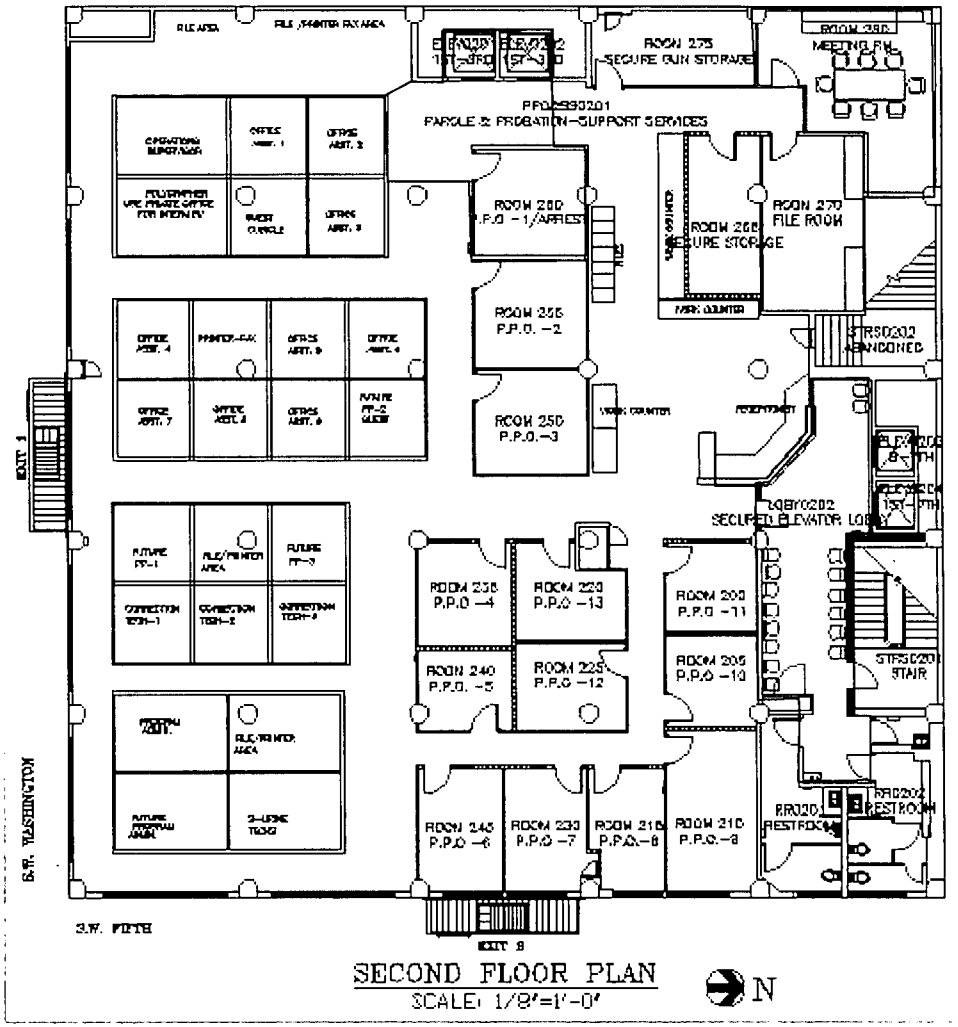
ANKROM MOISAN
ASSOCIATED ARCHITECTS

The Second Floor

Group Meeting Spaces

Secured Elevator Lobbies

Arrest Routes



SECOND FLOOR PLAN
SCALE: 1/8"=1'-0"

N

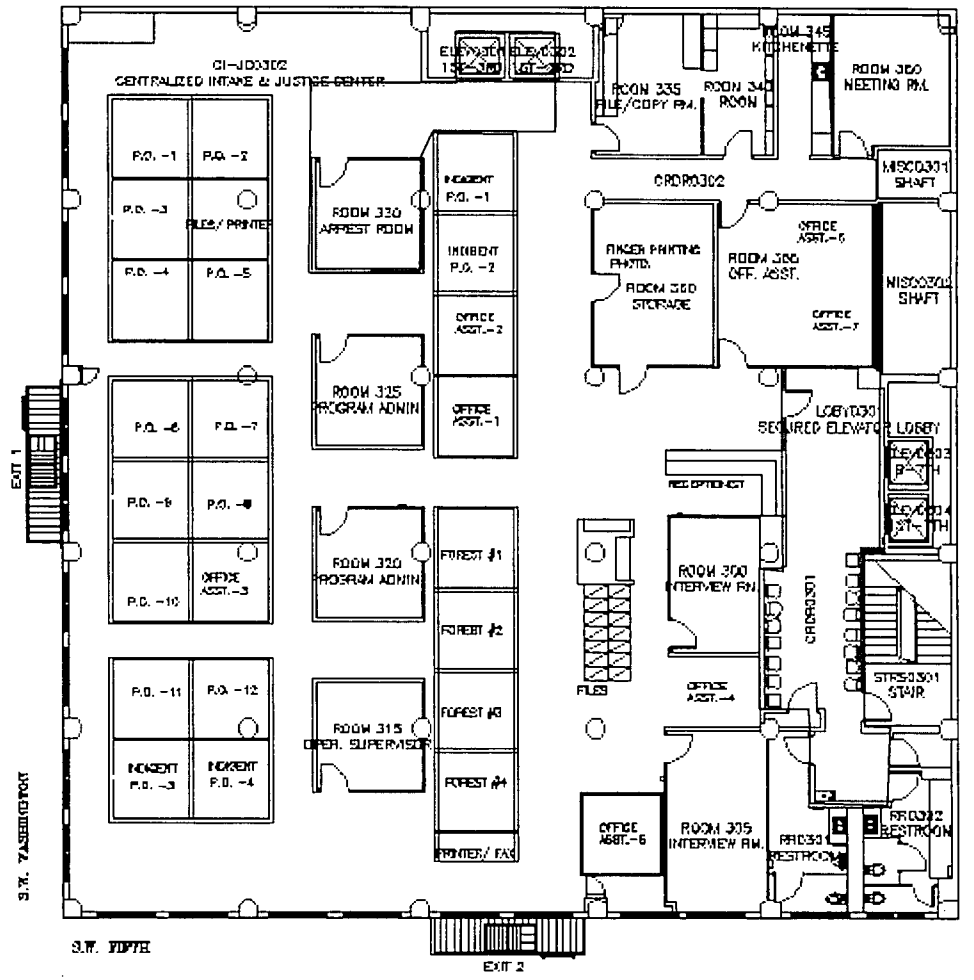
ANKROM MOISAN
ASSOCIATED ARCHITECTS

The Third Floor

Group Meeting Spaces

Secured Elevator Lobbies

Arrest Routes



THIRD FLOOR PLAN

SCALE: 1/8"=1'-0"

N

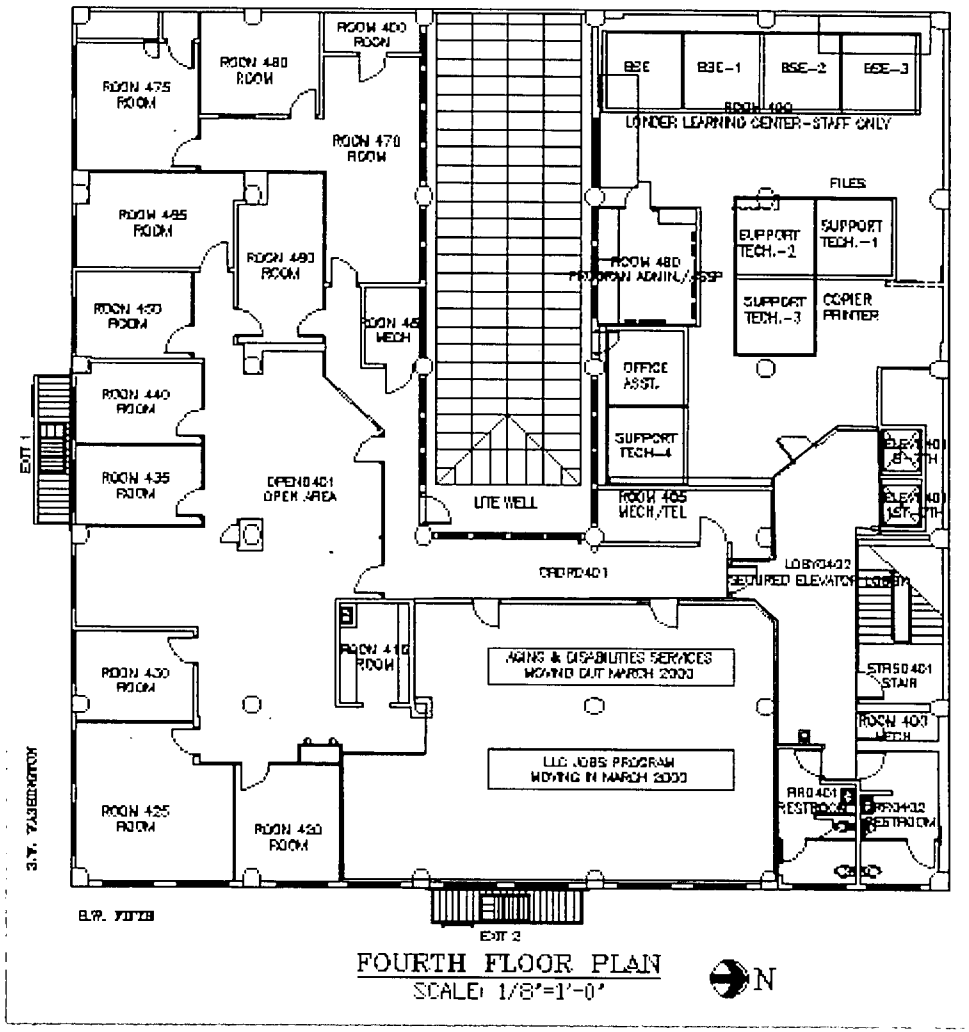
ANKROM MOISAN

ASSOCIATED ARCHITECTS

The Fourth Floor

LLC - Training Rooms

Secured Elevator Lobbies

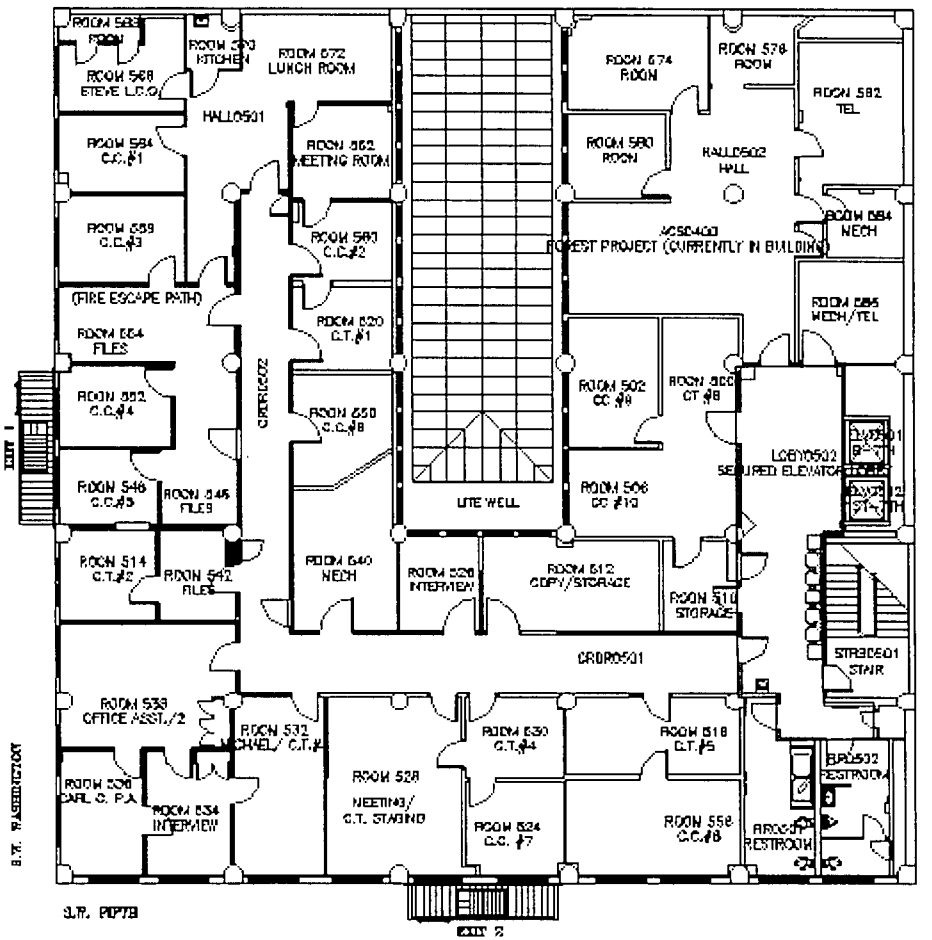


ANKROM MOISAN

ASSOCIATED ARCHITECTS

The Fifth Floor

Secured Elevator Lobbies



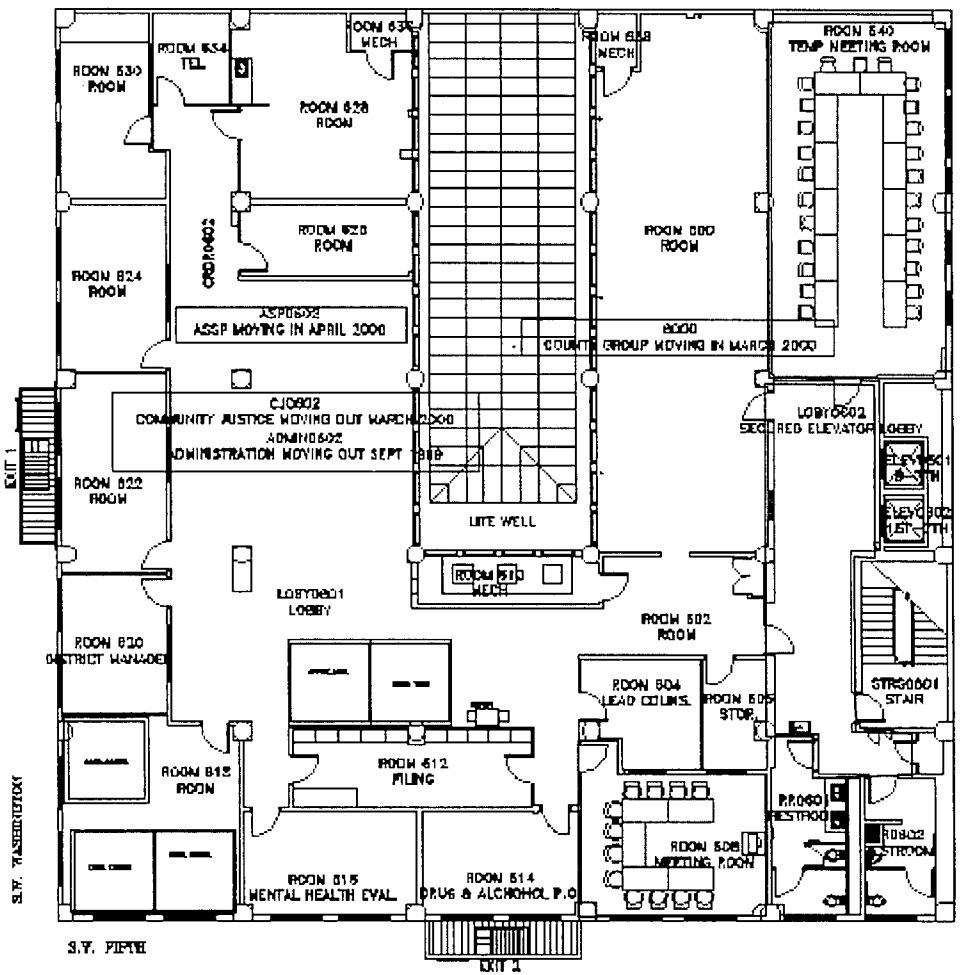
ANKROM MOISAN

ASSOCIATED ARCHITECTS

The Sixth Floor

LLC - Training Rooms

Secured Elevator Lobbies



SIXTH FLOOR PLAN

SCALE: 1/8"=1'-0"

N

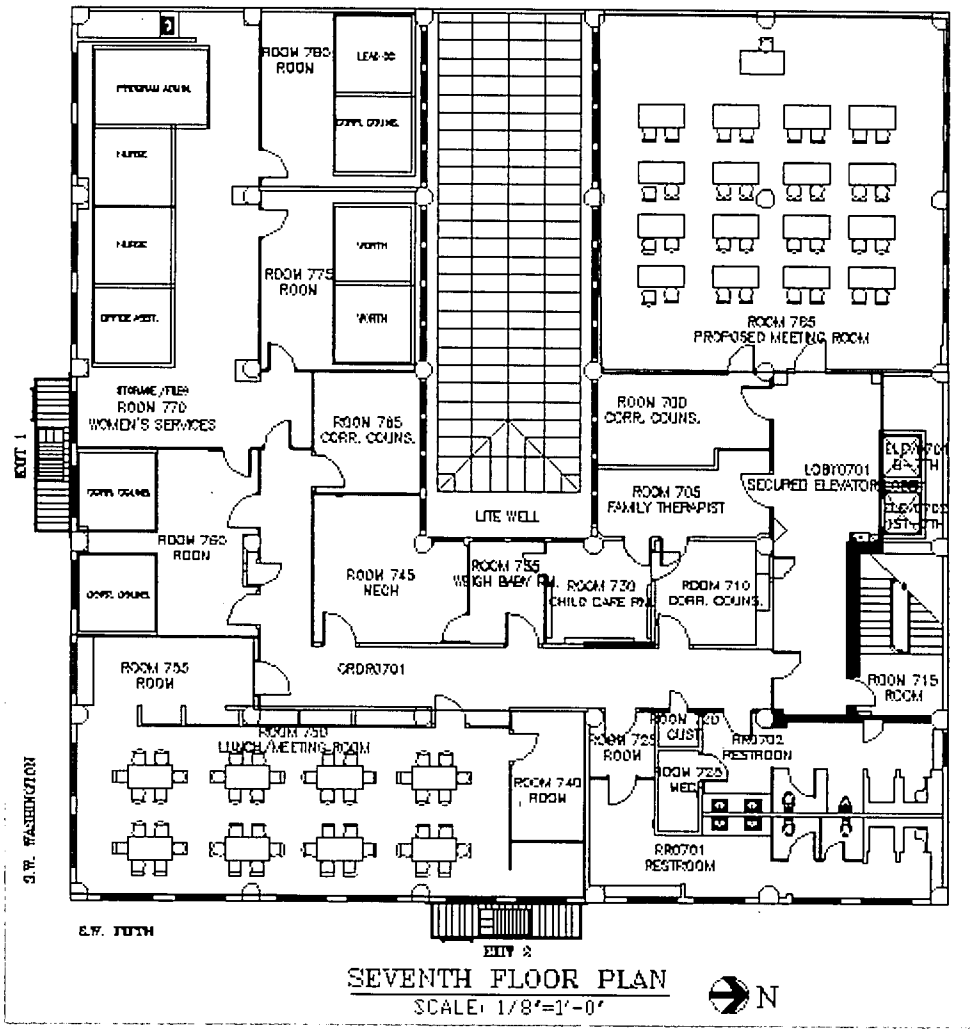
ANKROM MOISAN

ASSOCIATED ARCHITECTS

The Seventh Floor

Group Meeting Spaces

Staff Only Meeting - Lunch Rooms



SEVENTH FLOOR PLAN

SCALE: 1/8"=1'-0"

N

ANKROM MOISAN

ASSOCIATED ARCHITECTS

MEETING DATE: JUL 2 9 1999
AGENDA NO: B-2
ESTIMATED START TIME: 11:00 AM

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: EMS-AMBULANCE SYSTEM PEFORMANCE

BOARD BRIEFING: DATE REQUESTED: July 29, 1999
REQUESTED BY: Bill Collins, EMS Adm, Dr Oxman MD HlthOff
AMOUNT OF TIME NEEDED: 1 hour

REGULAR MEETING: DATE REQUESTED:

AMOUNT OF TIME NEEDED:

DEPARTMENT: Health DIVISION: Regulatory Health/Health Officer

CONTACT: Bill Collins TELEPHONE #: 248-3220
BLDG/ROOM #: 160/10th fl EMS

PERSON(S) MAKING PRESENTATION: Gary Oxman, MD, Bill Collins, EMS Adm

ACTION REQUESTED:

[X] INFORMATIONAL ONLY [ ] POLICY DIRECTION [ ] APPROVAL [ ] OTHER

SUGGESTED AGENDA TITLE:

Emergency Ambulance System Performance

BOARD OF COUNTY COMMISSIONERS
99 JUL 21 PM 2:34
MULTNOMAH COUNTY
OREGON

SIGNATURES REQUIRED:

ELECTED OFFICIAL:
(OR)
DEPARTMENT MANAGER:

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Board Clerk @ 248-3277

MULTNOMAH COUNTY OREGON

HEALTH DEPARTMENT
426 S.W. STARK STREET, 8TH FLOOR
PORTLAND, OREGON 97204-2394
(503) 248-3674
FAX (503) 248-3676
TDD (503) 248-3816

MEMORANDUM

TO: County Chair Beverly Stein
Commissioner Diane Linn
Commissioner Serena Cruz
Commissioner Lisa Naito
Commissioner Sharron Kelley

FROM: Bill Collins, EMS Administrator
Gary Oxman, MD, MPH, Health Officer

SUBJECT: Briefing Document: Renewal of Ambulance Franchise Agreement

DATE: July 22, 1999

INTRODUCTION

This document has been prepared by the Health Department to provide information to the Board of County Commissioners on issues related to renewal of the County's franchise agreement with American Medical Response (AMR) to provide emergency ambulance services. The document is divided into two parts: 1) this memo, which summarizes key issues for the Board to consider, and 2) a set of attachments which provide detailed information about the issues. An informal Board briefing on this topic is scheduled for July 29, 1999. Please contact Bill Collins, EMS Director (248-3220) of Gary Oxman, MD, Health Officer (248-3674) if you have any questions in the mean time.

HISTORY AND REQUIRED BOARD ACTION

In June, 1994 the Board approved the Ambulance Service Area (ASA) Plan that is currently in place for Multnomah County. The Plan had three inherent policy goals:

- Assuring reliable access to high-quality emergency pre-hospital care and ambulance transportation for people throughout the County,
- Having a system that provides a rapid response to requests for emergency medical services, and
- Providing emergency medical services at a reasonable cost to consumers.

A cornerstone of the Plan is having a single emergency ambulance transport provider for the entire county. A competitive bid process, allowing for bids from both public and private responders, was used to select this provider. The process resulted in two viable bids – one from AMR, and another from a partnership of the Portland and Gresham fire departments. After assessment by an independent evaluation committee and approval by the Board, the franchise for emergency ambulance services was awarded to American Medical Response. The franchise agreement ("contract") went into effect September 1, 1995. The Board's key policy goals were addressed through specific contract provisions:

1. A requirement for the franchisee to improve quality of care through receiving medical direction by the County's EMS Medical Director, and by participating in an ongoing medical quality improvement process under the County's control,

2. A requirement that emergency ambulances arrive on-scene within eight minutes in 90% of urban 9-1-1 emergency calls, and

3. A system of fixed charges for ambulance transport services that resulted in a $170 decrease in the prevailing average charge.

The current contract is a five-year agreement allowing for two renewals (the first for three years, and a second for two years). Renewal is not automatic; the Board must make a decision about renewal twelve months prior to the end of each contract period. For the initial five-year contract period, this deadline is August 31, 1999.

Three options are available to the Board: 1) renew the contract for three years; 2) renew the contract for some other period; or 3) decline to renew the contract. If it declines to renew the contract, the Board may put ambulance services out for bid, or choose to award the franchise without a bid.

POLICY, PERFORMANCE AND ENVIRONMENTAL CONTEXT

Overview/Summary

There are a number of important points for the Board to consider in making

its decision about contract renewal:

- Ambulance transport services are currently funded entirely by user fees; local government provides no financial subsidy for this service.
- User fee revenues are likely to decrease significantly in the foreseeable future as a result of anticipated actions by Medicare and other third party payers. This revenue decrease will threaten the financial stability of our EMS system.
- To meet this threat, the County will probably need to significantly restructure its EMS system. This restructuring must be done thoughtfully, and with solid knowledge of the anticipated financial and service delivery environment.
- Since the magnitude and timing of the threats to the system are unclear at present, this is not a good time to consider restructuring or other major system changes.
- The costs, benefits, and risks of renewing the contract are quite predictable. In contrast, the costs, benefits, and risks of putting ambulance services out for bid, or awarding the franchise in another manner are unclear.
- The current system provides a high level and quality of service. The system is working as designed, and is achieving the service goals set by the Board. Further, if any legitimate concerns about the contractor's performance do arise, the existing contract provides adequate mechanisms for addressing them.

The Health Care Financing Environment

The ambulance transport component of Multnomah County's EMS system is entirely supported by patient fees. These fees are paid primarily by private and public health insurance, and to a lesser extent by patients. In effect, our current system utilizes fee support to provide a public good that costs about $13 million per year. In the absence of full fee support, communities have two basic options. One is to assure service is provided within existing fee revenue constraints (often resulting in a need to allow longer response times or lower quality of care). The other is to provide a full or partial subsidy with local tax dollars to cover the cost of service. This subsidy can be in cash, or in-kind (e.g., directly providing service).

The County's EMS system faces a long-term threat to its dependence on fee revenues. The Federal Health Care Financing Administration (HCFA) is currently engaged in negotiated rule making to change how ambulance providers are reimbursed for services to Medicare patients. HCFA is considering two major changes. The first change entails switching from a payment system based on "usual and customary" charges to one based on a fee schedule. In the past, when HCFA has adopted fee schedules for other medical services, net reimbursement to providers has typically decreased

substantially. The second involves a transition from payment based on the level of response (i.e., paramedic *vs.* EMT), to payment based on retrospective review of the eventual level of service needed or provided. The County's EMS system is an all ALS paramedic system, and enjoys a fairly high level of Medicare reimbursement. The change to retrospective review could considerably reduce revenues from Medicare reimbursement.

At first these reimbursement changes would affect only Medicare beneficiaries (approximately 20-25% of current emergency ambulance calls). However, there is a historical pattern of other payers adopting reimbursement methods and standards introduced by Medicare.

At this time, the exact nature of Medicare's proposed changes and their impact on Multnomah County's EMS system revenues is unclear. We anticipate that Medicare will begin to implement its reimbursement changes somewhere in the next 18 to 24 months. Since Medicare often phases in reimbursement changes, it is difficult to predict when the full impact of these changes will be felt. Similarly, the timeline and revenue impact of reimbursement changes by other payers that follow Medicare's lead cannot be predicted at present. However, it is likely that within three or four years, emergency ambulance fee revenues will decrease significantly. This change will force the County to reconsider how it provides and pays for emergency medical services.

The Status of the Ambulance Industry

To address questions raised by Board members about the financial status of potential EMS providers, the Health Department retained the EMS consulting services of Mike Williams of the Abaris Group. We asked him to provide an evaluation of the current ambulance industry market with emphasis on the status of companies that are potential providers in Multnomah County. See Attachment A for a full report.

In summary, the report describes an industry which has undergone remarkable consolidation, leaving only two major competing national companies, American Medical Response and Rural/Metro. The report also suggests that both of these companies will face challenges in the coming years. Specific to the two corporations, he did not find that either were in default in any of their contracts. Both have "gracefully" exited from a small number of 9-1-1 service areas. AMR continues to provide positive margins, but they are below the parent corporation's (Laidlaw) expectations. AMR's Northwest Division shows excellent financial performance. Rural/Metro revenues are trending upward, but its financial position is not optimal for a publicly traded company.

System Redesign Considerations

The current system's design provides for paramedic first responders and ambulances staffed with two paramedics. This is the "gold standard" for service; it is currently feasible within existing levels of patient fee revenues. As noted above, anticipated changes in third party reimbursement will likely force the County to reconsider its EMS system design in the next few years.

To assure that its people continue to have access to effective high quality emergency medical services in the long run, the County must match its EMS service and financing strategies to the changing medical care and health care financing environment. To achieve a good match, both process and timing are important. A good match can best be accomplished through a well managed and principled strategic planning process - one driven by desired policy and service outcomes, and supported by knowledge of best practices and a deep and creative consideration of local circumstances, options and resources. This should not be undertaken in the pressured atmosphere of considering a contract renewal or crafting an RFP for ambulance services. In such an atmosphere, it is nearly impossible to prevent potential providers' interests from overshadowing desired policy, service and health outcomes. Timing is also critical. Anticipated environmental changes must be clear enough to allow realistic planning to occur. Undertaking the planning process too early carries the danger of having to redesign yet again in a short time.

Expected Results of Bidding

It is not very realistic to expect significant improvements in the system's operational or financial performance through re-bidding the contract. Indeed, there are dangers in re-bidding.

It is possible that re-bidding might result in some reduction in the price charged for ambulance service. However, any large reduction in price must be viewed with suspicion. Opportunities to reduce actual system cost are limited because most of the cost arises from deploying an appropriately staffed ambulance fleet that is adequate to achieve a specified response time standard. Without changing system design, cost can be reduced primarily through 1) remarkably more efficient deployment plans, 2) substantial reductions in equipment costs, or 3) reducing paramedic salaries. There is no evidence to suggest that a new contractor can achieve major cost reductions through either of the first two methods. A successful bid by a new private provider would result primarily in a change in corporate control of the franchise, and in placement of new senior management staff. There are strong operational incentives to retain mid-management and service delivery staff. From the standpoint of recruitment and retention of high-quality paramedics (and for other reasons), reducing paramedic salaries is not desirable. Given this, major charge reductions must be scrutinized as possible "low-balling"

which would result in eventual rate increases or financial instability.

When the County conducted the bid resulting in the current contract, there were seven potential ambulance providers that made initial inquires. Only one private company and the local fire department partnership actually responded to the RFP. The consolidation of the nation's ambulance service industry, it is reasonable to expect a bid process to elicit responses only from the current provider, AMR, and from Rural-Metro. Responses from others are possible, but unlikely.

The County's previous ambulance bidding process involved intensive efforts by potential providers to influence the Board to revise the ASA Plan and related RFP requirements. The focus of these attempts was to structure the system and RFP in a way that was advantageous to a given potential bidder. Given this history, it is likely that re-bidding the system would result in the Board being confronted with numerous and conflicting proposals to "improve" both the system's design and the provider selection process. Given the inherent complexity of EMS systems, and the unclear impacts of anticipated changes in the environment, the Board will not have a strong basis for deciding among these proposals. There is a significant danger of making changes that would degrade the level and quality of service our community currently enjoys.

Current System Performance

At the June 6, 1999 Board of County Commissioners meeting, EMS Medical Director Jon Jui, MD presented an overview of the medical care provided by the EMS system. He also discussed selected patient outcomes associated with that care. Dr. Jui's conclusion was that the Multnomah County EMS system provides a level of pre-hospital medical care as good or better than most urban communities across the United States. In addition, Dr. Jui discussed the work the EMS Office has done in concert with existing system providers to develop a state-of-the-art patient outcomes data base. When completed, this data base will provide information necessary to make decisions about patient care, system performance, and system design based on actual patient outcomes data rather than opinion, intuition, or tradition.

Continuing evaluation of AMR's performance as emergency ambulance franchisee shows that it has been in compliance with contract requirements to date. Each year, with the input of the Contract Compliance Committee, the EMS Office determines the contractor's compliance with a total of 95 performance requirements.

Recent discussions by the Contract Compliance Committee and others have raised concerns about: 1) compliance with the county-wide urban response

time standard - i.e., arriving within 8:00 minutes on 90% of calls, 2) geographic variation in response times within the urban area, and 3) a sudden increase in response times first noted after May, 1998. The EMS Office has evaluated these concerns extensively in light of both compliance data and the requirements spelled out by the contract. Based on these evaluations, the EMS Office has concluded:

1) AMR is in compliance with urban, rural and frontier response time requirements for the first three full contract years, and the fourth contract year to date. Methods and issues related to determining compliance are discussed in Attachment B; response time compliance data are presented in Attachment C.

2) AMR is in compliance with the requirement that addresses geographic equalization of response times, although the contractual language of this requirement needs to be improved to enhance measurement of compliance.

3) There has been a gradual increase in measured response times over the life of the contract. There has also been a more sudden increase since May, 1998. Neither of these increases appear to represent poor performance on the part of AMR. This issue is discussed in Attachment D.

4) AMR is in compliance with all other contract requirements as documented in previous reports presented to the Board.

Authority to Address Performance Concerns

The existing contractual framework provides adequate mechanisms for addressing legitimate concerns about the contractor's performance. Thus far, all performance concerns have been successfully addressed through informal action with the contractor. Beyond this, the EMS Office has the authority to order the contractor to make operational changes in the case of a minor breach of contract. If, for example, the contractor failed to meet response time requirements two months in a row, the EMS Office could order deployment of progressively more ambulances until response time requirements were being met consistently. In the case of a major breach of contract, there are "fail-safe" provisions that would turn over operation of the system to the County, and provide $2.5 million in cash to cover the cost of interim operations.

CONCLUSIONS AND HEALTH DEPARTMENT RECOMMENDATIONS

The ASA Plan adopted by the Board in 1994, and fully implemented in 1995 has been a success. The Board's policy goals - access to high quality care, rapid response times, and reasonable cost - have been achieved. The County's EMS system is not perfect, but it is very good.

At the same time, there is a threat on the horizon. It appears unlikely that the system can be sustained for more than three or four years in its current configuration utilizing only user fees to pay for ambulance services. The County needs to fully understand this threat, and carefully plan and implement system changes to ensure that our community continues to receive high quality, rapid, and affordable emergency medical services.

Given the system's current performance, and the fact that significant changes will be needed within the next few years, there is little to be gained by making major system or provider changes at the present time. Instead, it is most appropriate to take a two-pronged approach: 1) maintain the current system for the time being, and 2) actively plan for a new system that is better-matched to the environment.

Therefore the Health Department recommends:

- The Board should renew the present contract with AMR for a three-year period (i.e., through August, 2003).
- The Board should direct the Department to undertake a strategic planning process to implement a redesigned EMS system by the end of the next contract cycle. This process should be based on the principles articulated above - i.e., driven by desired policy and service outcomes, supported by knowledge of best practices and local circumstances, and utilizing the resources, creativity, and energies of current system participants and other interested parties. The process should begin as soon as specific information about reimbursement changes becomes available.
- The Board should instruct the Department to develop provisions to improve monitoring of compliance with requirements on County-wide response times and geographic equalization of service to be incorporated into the contract renewal.
- If the Board decides to re-bid the contract, it should not alter the current system's fundamental design or specifications.

ATTACHMENT A

THE ABARIS GROUP

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Walnut Creek, CA 94596-3838
925-933-0911
925-946-0911 (Fax)
888-EMS-0911
www.TheAbaris.com

July 15, 1999

Bill Collins
EMS Administrator
Multnomah County
Health Department
426 S. W. Stark, 10th Floor
Portland, OR 97204

Dear Bill,

You have asked our firm to evaluate the current ambulance industry market in the country with an emphasis on American Medical Response and Rural/Metro Corporation.

Our goal in preparing the attached summary was to identify trends and impacts of financial changes within each organization and the effect of downsizing. We were also asked to identify any contract defaults if any. We also reviewed the financial status of the companies and the potential impact of financial changes within AMR and related potential impact on the Multnomah Ambulance Franchise.

We did not evaluate the Multnomah Franchise specifically either in terms of operations, performance or financial status.

We appreciate the opportunity to serve Multnomah County and welcome your questions or comments.

Yours truly,

Mike Williams
President

Introduction

The purpose of this report is to provide a brief summary and analysis of trends in the ambulance industry, and the current financial and service performance of the nation's two largest ambulance services: American Medical Response, Inc, a wholly owned subsidiary of Laidlaw, Inc., and The Rural/Metro Corporation.

This report was prepared by The Abaris Group for the Multnomah County, Oregon, Board of Commissioners and their staff. It is intended to provide background information for the County to aid in its evaluation of the current and future provision of ambulance service to its community. The information contained herein was compiled from a variety of documents, ranging from quarterly and annual corporate reports, to business and public media sources. This research was augmented by confidential interviews with senior managers at both American Medical Response (AMR) and Rural/Metro.

Ambulance Industry Evolution

To put the remaining report in context, it is useful to briefly review changes and trends with the provision of ambulance service in the last few decades. It was only in the mid to latter part of the 1960s that ambulance services in America entered the medical care industry, and stood apart from the funeral home and taxi industries as their own profession. The U.S. saw its first paramedics in the 1970s. Organized pre-hospital and trauma systems, led by areas like Multnomah County, began to evolve in the 1980s.

As the current decade began, ownership of for-profit ambulance services was almost exclusively comprised of private single or family group ownership, with a small percentage of partnerships and regional providers. Ambulance services in urban areas predominately have been provided by private firms, and rural services by volunteers. In some large metropolitan areas (e.g. Los Angeles) and metropolitan comminutes (e.g. Orange County, CA) the fire service operated fire based ambulance services. Municipally run third services (non-fire or private) also operated in other large metropolitan areas (e.g. Chicago, Detroit). In many communities such as Portland, fire departments have operated first response paramedic services. However, fire departments began a concerted push towards the expansion of Emergency Medical Service (EMS) and 9-1-1 ambulance services in the mid-1980s and intensified that effort during the 1990s.

It is against this largely cottage-based industry canvas that corporations and entrepreneurs saw a picture of opportunity in the private ambulance industry. Though not large enough to be measured as a significant factor in annual national healthcare spending, the ambulance service's market was nonetheless estimated to be a $10 billion industry. Best estimates indicated there were about 7,000 urban, metropolitan and rural ambulance services in the U.S. in 1990 (private, fire service, volunteer, etc.), of which over 2,000 were privately held, for-profit firms. The industry had a reputation for being very profitable and highly competitive in local markets, but unsophisticated. In short, the industry was a text book case for consolidation.

The first half of the decade saw a half dozen or more entities begin consolidation of the ambulance industry through mergers and acquisitions. These included a large, multi-national Japanese corporation, a 40-year-old multi-state emergency services company, newly formed corporations and a bi-coastal merger of several large, private providers followed immediately by an initial public offering (IPO). The industry was flush with cash and stock values as companies were acquired and

merged at a frantic pace. The stiff competition often resulted in purchase price multiples well above generally accepted ratios.

The consolidators began to acquire each other, reducing the number of players in the market. At the same time, the number of desirable and/or available ambulance services began to dwindle, and acquisitions slowed. In the broader environment, healthcare reform became daily front page news; HMOs began to take hold and reimbursements began to decline just as the demand for better service began rising. Profitability in the ambulance industry had reached its zenith and was beginning to ebb largely due to changes in payer policies.

By the mid-90s, acquisitions had slowed to a crawl and the industry was down to three publicly held consolidators: AMR (largest), Laidlaw (operating as MedTrans as second), and Rural/Metro (a distant third). Each was focusing internally on creating efficiencies and service innovations to maintain profitability and continue to meet investor expectations in the market, which had historically set records for market growth and returns.

In January of 1997, in a move that shocked the industry, Laidlaw purchased AMR at a significant premium, paying $1.1 billion for the company, and rolled MedTrans up into the existing AMR infrastructure. Many predicted that AMR/Laidlaw would flourish and dominate the industry, and that Rural/Metro's days were numbered.

During this same two-year period, the industry has seen de-consolidation and re-fragmentation. New providers, in many cases former owners or employees of consolidators, have started services to serve niche markets. They also flooded previously one- and two-provider markets with small services. This rebirth of the "mom-and-pop" service, with its strong emphasis on customer service, has largely been a backlash to the perceived "unfriendly corporate giants" in the industry. It is also in response to the knowledge that economies of scale reach the point of diminishing return much sooner than expected in the industry, thereby minimizing the competitive advantage of size.

The ambulance industry is currently facing a series of challenges that may further alter the ownership, financial and/or operating landscape. These include recent changes in the payment for transports of nursing home patients covered by Medicare, a move to a national fee schedule in the coming year for all other ambulance transports of Medicare patients, decreases in reimbursement from other private payers (HMOs, insurance companies, Medicaid) and the continued growth of the fire service as a provider of ambulance service. The financial pressures of the ambulance industry are further stressed with the pressures of the stockholders who expect returns in excess of 15 percent annually.

Recently, two separate venture capital groups independently assessed the ambulance industry with an eye toward creating a second wave of acquisitions. Both concluded that it was not a desirable industry to enter at this time.

Current Financial Status of the Companies

American Medical Response (Laidlaw, Inc.)

Laidlaw is a publicly held Canadian corporation headquartered in Toronto, Canada, with a 50-year history as a de facto holding company for various operating units, largely centered around transportation. Originally a trucking firm, they have entered industries, grown their holdings and

then in many cases divested them. Their central strategy is to be the largest and most dominant provider in North America in each of their lines of business.

Currently, Laidlaw is the largest provider of inter-city bus service (Greyhound in both Canada and the U.S.); student transportation (school buses), emergency department physician services (EmCare) and ambulance services (AMR and Canadian Medical Response) in Canada and the U.S., and each are exponentially dominant in size compared to their competitors in each category.

Up until a few years ago, Laidlaw also had environmental services and waste hauling operating units. However, unable to achieve market dominance and/or after a string of under performing quarters, Laidlaw divested itself of those holdings through spin-off (environmental) or self-financed sale to a small competitor (waste). These actions may be of some interest in anticipating Laidlaw's response if AMR under performs in the market or financially.

In announcing the acquisition of AMR, Laidlaw predicted annual revenues of $1.2 billion and earnings of 15 percent or more, based on the existing book of business and expected post-acquisition efficiencies. In the two years since then, AMR has lost nearly a quarter of its annual revenue and has yet to achieve planned earnings.

Below is a summary of Laidlaw's most recent quarterly financial report, for the period ending May 31, 1999 (3rd quarter of Laidlaw's 1999 fiscal year ending 8/31/99).

(in millions)	Laidlaw			AMR		
	Q3 1998	*Q3 1999*	*YTD 1999*	*Q3 1998*	*Q3 1999*	*YTD 1999*
Revenue	$896.3	$1,079.9	$2,823.2	$282.9	$251.1	$774.1
Net Income[1]	$168.0	($227.2)	($124.0)	$32.8	$13.8	$54.4
Operating Margin[2]	13.2%	9.2%	9.9%	11.6%	5.5%	7.0%

	8/31/98	*5/31/99*
Debt:Equity	0.74:1	1.06:1

The above table indicates AMR individually and Laidlaw collectively are not achieving desired operating margin results year-to-date nor in the third quarter, and the most recent quarter reflects a downward trend. While Laidlaw's overall revenue has grown year over year, AMR's revenue has declined over $30 million. Finally, even before the $335 million restructuring charge for AMR, net income for AMR alone has dropped year over year by 58 percent.

The $335 million pre-tax restructuring charge in the ambulance division is largely a non-cash deduction for re-valuation of goodwill, property, equipment and other assets associated with closed or closing operating locations. In other words, acquisitions that did not perform as expected were terminated, and the value attributed to and supportive of the purchase price was not realized, therefore reducing the value and creating a deduction.

[1] Includes $335 million restructuring charge in Laidlaw's results, *but not* AMR's results. This was taken as a corporate charge and simply not allocated to AMR.
[2] Before restructuring charge for ambulance division of $335 million.

About 10 percent of the charge is a cash deduction to cover employee severance, lease abandonments and related closure costs. During this same quarter, Laidlaw announced that the bad debt collection unit in Denver was being closed and outsourced, 220 salaried positions were removed and 1,650 field positions were eliminated.

The downsizing trend has continued in the 4th quarter of the year with additional layoffs in multiple operating divisions and the corporate offices. Also announced was the complete closure of the operation in Philadelphia, joining Chicago, among others, as markets from which AMR has exited.

The sense in the industry is that Laidlaw will be very challenged to turn AMR in the other direction financially and achieve acceptable Laidlaw's goals as quickly as desired. To take better control of the situation, Laidlaw placed its own executive VP and COO in the AMR CEO position in March of this year. Administrative and support costs structures have already been greatly reduced, and about 10 percent of the non-essential field personnel have been laid off.

In the last 18 months, Laidlaw's stock priced has dropped over 60 percent at a time when the market was regularly setting new record highs. Most of this loss has been attributed to the performance of AMR (other factors were a $226 million Laidlaw settlement with the U.S. IRS and the acquisition of Greyhound in the U.S. during this same period). While Laidlaw has a long and successful history, shareholders generally do not tolerate lower than expected performance of its entities and the effect on the value of Laidlaw's stock.

A hopeful glimmer on the horizon for Laidlaw is its American Medical Pathways service, now ramping up for national service. This call-center service contracts with managed care organizations to triage requests for service and assign resources to the patient based on need. They currently have a national contract with Kaiser and are conducting a service trial for Humana in Florida. Because they are paid on a capitated basis, this product will not be reliant on shrinking government reimbursements. This line of business may give Laidlaw and AMR a needed boost.

In summary, AMR continues to demonstrate positive net margins but these margins fall below Laidlaw corporate and stockholder expectations. Continued market pressures and payer changes (particularly Medicare) will create challenges for AMR in the future.

Rural/Metro Corporation

Rural/Metro is a publicly-held U.S. company headquartered in Scottsdale, Arizona. The company was formed in 1948 to provide subscription fire service to then-unincorporated areas north of Phoenix. They remained a privately held fire protection company until the late 1970s, when Rural/Metro began providing ambulance service in some of its fire service operations. In the 1980s, they aggressively entered the ambulance business as one of the first consolidators. And in the early 1990s, they went public as one of the first publicly held ambulance service providers. They initially experienced great success with a stock price nearly doubling their strike price.

In the last 15 years, Rural/Metro has experienced a series of shifts in strategy. After 35 years in fire protection, they began to position themselves as a national ambulance service. This was followed quickly by a return to a "fire" strategy after a change in CEOs. In the late 1980s, they added security services, alarm monitoring and related services in keeping with a core strategy of providing complete public safety solutions to retirement and growing communities. In the early 1990s, they

returned to a strategy of providing ambulance service domestically and internationally as their core business. Today, fire protection still represents less than 10 percent of their business interests.

Several years ago, Rural/Metro was the first consolidator to enter the Canadian market when it acquired several services in the Toronto area. In 1998, they added to this portfolio with acquisitions of two large services in South America and the creation of a strategic alliance with that continent's largest ambulance service company, Uruguay's Emergencia Cardiocoronaria. Initially viewed skeptically by the industry, successful performance in these new holdings, combined with continued pessimism about the domestic ambulance market, has some insiders reporting plans for Rural/Metro to grow its international holdings.

The last few years have seen Rural/Metro's stock price fluctuate from a high of $36 to as low $6, typically hovering between $8 and $12. Last Month, respected *Business Week* columnist Gene Marcial reported that Rural/Metro's stock was undervalued by as much as 50 percent, and that recent stock purchases by board members suggested a potential attempt to take the company private. Opinions in the industry as to the likelihood of such a move vary, and the company is making no official comment, but the impact on customers and service delivery will probably be unaffected either way.

Rural/Metro's most significant challenge in the latter half of the 1990s has been leadership. Current CEO John Furmen is the fourth person to hold that title in the last six years. Considering the company had three CEOs in its first 40 years, this is a noticeable turnover of executive management. Forman is a long-time board member so he brings historical perspective and continuity not shared by his predecessor. Industry comments include issues of an unsettled board and conflicts within senior leadership for power and influence

Below is a summary of Rural/Metro's most recent quarterly financial report, for the period ending March 31, 1999 (3rd quarter of Rural/Metro's 1999 fiscal year ending 6/30/99).

(in thousands)	Rural/Metro		
	Q3 1998	*Q3 1999*	*YTD 1999*
Revenue	$129,783	$142,933	$421,317
Net Income	$6,372	$4,711	$12,412
Operating Margin	10.9%	9.6%	8.9%
Debt:Equity	Not reported		

The above table indicates Rural/Metro is not achieving optimal publicly traded company results. However, revenue is trending upward within the year and year-over-year (FY '98 Q3 YTD was $338.9 million). The company is projecting to break $550 million for the year, a new high point and a 50 percent jump from their position when Laidlaw purchased AMR. Until recently, Rural/Metro had not made major entries into markets in which AMR was downsizing or had departed, so the growth is largely business which is new to any consolidator.

Rural/Metro has reported neither reductions in neither force nor market exits in the current fiscal year. They have announced an increase of 2 percent in their provision for doubtful accounts (bad debt) due to tightening requirements of third party payers. Insiders report a favorable view of the company's Q4 results for the quarter just ended June 30th.

The sense in the industry is that Rural/Metro has stabilized its operations and strategy in recent years, and they enjoy largely positive reports from customer communities. They have successfully forged formal and informal relationships with fire departments and their labor forces as part of a strategy to pursue 9-1-1 business as a beachhead for inter-facility and managed care services. In contrast, AMR has largely focused on the managed-care market and put far less emphasis on 9-1-1 services.

After the recent suggestion of a move to take the company private, Rural/Metro's stock enjoyed a modest increase but still hovers in the high single digits. The relatively low operating margin and stagnant (relative to the market) stock price may well reinforce a move to take the company private.

Rural/Metro remains embroiled in a class-action lawsuit against it filed last fall by shareholders alleging that certain executives were involved in insider trading and that the company made false and misleading statements about the company's financial condition. This lawsuit is a direct result of falling share prices.

Service to Communities

American Medical Response (Laidlaw, Inc.)

As part of its effort to return the company to desired profitability, AMR has had to downsize or exit a number of currently unprofitable but previously desirable markets. These have included Chicago, more than a dozen communities in Texas and the Southeast U.S. and most recently Philadelphia.

They have also experienced a number of competitive setbacks in markets for which they had 9-1-1 and other contracts for service. In all of the setback cases, AMR was replaced as the incumbent after a competitive bid process. In most cases, the need to re-bid was dictated by law, or was part of the original bidding process, which dictated a maximum number of renewals before re-bidding was required. Typically, incumbents have faired well in such circumstances in the past in the ambulance industry. It should be noted that AMR has also faired well in recent competitive processes including long-term contracts with El Paso County, CO (Colorado Springs), Pinellas County, FL, San Mateo County, CA, Sonoma County, CA and is near a contract renewal in Alameda County, CA.

For AMR, the competitive losses were a case of aggressive competitors, unhappy workforces, a shift in political alliances, perceived or real performance issues, and even bad timing, or some combination thereof, which resulted in enhanced opportunity for a new provider. Examples include:

- Boulder County, Colorado – Bid won by local provider after "anti-big" sentiment developed among key leaders in the community and anti-AMR employee comments
- Aurora, Colorado – AMR did not bid due to unreasonable performance and cost concerns and a history of perceived and real service deficiencies

- Fort Worth, Texas – Changes in management and performance issues

- Oklahoma City and Tulsa, Oklahoma – Underbid on price by startup company

In addition, AMR has suffered from a large volume of negative publicity and media coverage regarding perceived and actual performance issues on 9-1-1 contracts and in other emergency service settings particularly in Colorado and Connecticut. Perhaps the most damaging was a long series of articles in the first six months of 1999 in *The Hartford Courant* in Connecticut. These carefully researched and well written pieces, sometimes accompanied by sensational headlines, did great damage to the company with the public and community officials, and resulted in the Attorney General and the State Legislature conducting investigations and hearings.[3]

As a result, one political appointee resigned, and AMR reached a settlement agreement with the State of Connecticut to end an anti-trust investigation. This settlement, while not admitting guilt, required the company to pay the State $100,000, surrender 30 licenses to operate ambulances and agree to not challenge expansion efforts by competitors.[4] This blow struck deep into the company's ability to be financially successful in Connecticut.

The general sense in the industry is that AMR grew too quickly, became too big and lost touch with its employees, its customers and the communities it served. Consequently, small service problems grew large when left unattended; a number of employee groups unionized, key managers defected to competitors, and the company lost its connection to community leadership.[5] There is no evidence that AMR intentionally provided poor service, nor that they defaulted on any significant 9-1-1-service contracts. They did, however, as part of leaving markets, provide notice to terminate contracts early or otherwise end service prior to the expected date.

AMR does have on-going successes to point to that offer hope for the future. These are typically large, isolated communities in which AMR has been the sole provider and has experienced continuity of local management. They include:

- **Las Vegas, Nevada** – AMR and its predecessor company, Mercy, have a long history of top quality and profitable performance as the sole provider of all ambulance service in this community of 1 million people. They have stringent response time standards, and do extensive community education and outreach. Recently, they were threatened with a loss of their 9-1-1 business by a fire department effort to assume the service. Instead, AMR and the City brokered a partnership in which fire department ambulances will respond to and transport patients from motor vehicle accidents.

- **Colorado Springs, Colorado** – AMR and its predecessor have been the sole provider of 9-1-1 services to most of the County and all of the city for over a decade, and the dominant provider of inter-facility services. After many years of a "hand shake" agreement, the County conducted a competitive bid process recently and AMR was selected to remain the provider, but under stricter service requirements. The Company

[3] "Lawmakers Start Investigation of Ambulance Service", *The Hartford Courant*, February 3, 1999.
[4] "AMR Will Give Up Some Business", *The Hartford Courant*, June 4, 1999.
[5] "AMR Loses Staff In California", *The Denver Business Journal*, June 25, 1999.

has met and exceeded its requirements, and gets rave reviews from the oversight board and its medical director, as well as the City fire chief.

- **Jackson, Mississippi** – After years as the sole or dominant provider in the community, AMR was selected by a 5-0 vote of the County Board of Supervisors recently as the winner of a competitive bid process. Their renewed contract will allow them to provide service well into the future. Again, reports in the community are positive about the service provided and their relationship with the community.[6]

There is now a concerted effort within AMR to re-connect to the communities it serves and retain its current contracts. At the same time, intense profitability pressure from Laidlaw is underway, and a natural tension exists. However, as AMR shifts its focus to managed care and away from 9-1-1 services, strong community relationships become less vital, and profitability may well be enhanced.

Rural/Metro Corporation

As reflected in its financial reports, Rural/Metro has enjoyed a strong period of growth in existing and new markets. In some cases, this has come after successful head to head competition with AMR and local providers in competitive bid processes. In others, successful marketing and sales development has resulted in gains in market share. The successful bid wins followed a period of almost 10 years in which Rural/Metro did not win but a few major ambulance bid processes it entered. This was, in part, due to its adversarial relationship with the nation's firefighters; a relationship that has since become much more positive.

In the last decade, Rural/Metro, unique among all its past and current competitors, has enjoyed very low turnover in line personnel, mid and upper level managers (even though the opposite had been true at the senior management level). The reasons for this is varied, but a strong employee stock program, coupled with on-going commitments to employee education and training have no doubt played a role.

One major benefit of this low turnover has been market longevity for key mid-managers and therefore the retention of quality relationships with key community stakeholders. While they have certainly lost markets to competitors in bids or to the local fire department, this has all but stopped in recent years.

Last year, Rural/Metro did exit a 9-1-1 contract early in Montgomery County, Texas, after experiencing a breakdown in its relationship with the local hospital district board (which oversaw the contract). However, the departure was negotiated and the county judge (serving as the county administrator) reports that the departure was done professionally and without a disruption in service. There are reports that some city officials in Grand Prairie, and Arlington, Texas are unhappy with the service provided by Rural/Metro, though no change planned in the near future.

In the past two years, Rural/Metro has enjoyed an unprecedented winning streak in competitive bids for 9-1-1-ambulance service, which has been their primary focus. These have included:

- **San Diego, California** – A joint venture LLC with the City of San Diego for 9-1-1 and inter-facility services (though exclusive only for 9-1-1 calls). Selected by the City council

[6] Source: AMR senior management

in 1997 after a hotly contested process, Rural/Metro shares all expenses and revenues with the City, and they evenly split the profits. The result is a system that requires no subsidy, and is profitable to both partners. More importantly, the joint venture has been in full compliance with its contract with the City, and enjoys strong working relationships among all the participants.

- **Aurora, Colorado** – Selected last Spring by the City Council as the sole provider of 9-1-1 services for this city of 280,000 people, despite AMR's headquarters being located in the City. AMR or its predecessor had been the provider for 25 years in the community. Rural/Metro lobbied the City to install new performance and financial support requirements that, at the time, AMR could not match (AMR used this same tactic in Colorado Springs). The result has been a new system which subsidizes the City nearly $500,000 per year, has greatly improved response times and experiences far fewer problems and complaints than had been the case, according to City officials.[7] It should be noted that AMR did not bid on this franchise due to the high cost and proposed response time standards that were excessively strict.

- **Fort Worth, Texas** – After a competitive bid process with multiple strong bidders, Rural/Metro was selected in April to exclusively provide 9-1-1 and inter-facility ambulance service for Fort Worth and 12 surrounding communities, starting August 1, 1999. In addition to promising major capital investments in the EMS system, Rural/Metro proposed a partnership with Access Health, the nation's largest telephone triage and medical advice service. They will be tied directly to the 9-1-1 system and receive any call first categorized as non-priority by the 9-1-1 call taker. This is expected to decrease the demand for ambulance service, thereby lowering the required subsidy and resources required in the system. Recent concerns about performance in the Fort Worth area seem to imply similar concerns that had plagued AMR when it retained the contract.

There are of course a series of risks associated with these new market entries by Rural/Metro. Chief among them is the opportunity to overextend financially, grow too quickly and lose touch with employees, customers and communities they serve. If Rural/Metro learns from the experiences of competitors, they may have a more successful run. Additionally, Rural/Metro must successfully enter the growing managed care market or risk the loss of market share through transition away from 9-1-1, as is the current trend.

Conclusions

The Abaris Group did not locate a single franchise in the U.S. where either of the two providers was in legal or technical default. In several franchises, both companies have entered into a series of negotiated steps that have allowed each company to exit rather gracefully from the community. AMR has not exited a 9-1-1-service area due to cost cutting measures although they have taken aggressive steps to leave basic life support markets that were under performing.

The ambulance industry is undergoing significant and sustained financial pressures that most assuredly currently and continually will create adjustment needs to their operating areas and to the number and location of the operating areas themselves. These adjustments and the changes in staff

[7] "Firefighters laud ambulance provider", *The Aurora Sentinel*, February 24, 1999.

associated with them are to be an expected outcome of the shift away in this country from a fee-for-service ambulance system to a risk and a cost managed program.

AMR's Northeast Division, which includes Multnomah County, has enjoyed relative autonomy from the Laidlaw Corporate structure and financial constraints due to excellent financial and operational performance. The Abaris Group does not anticipate any change in that operating plan by Laidlaw in the near future.

ATTACHMENT B
RESPONSE TIME MEASUREMENT

Introduction

The EMS office is responsible for administering the ambulance provider contract, and for evaluating the performance of the contractor relative to the conditions of the contract. In addition, MCC 6.33 establishes a Contract Compliance Committee that advises the EMS Administrator regarding the contractor's compliance with the terms of the agreement. The Committee includes representatives from the cities of Gresham and Portland as well as other knowledgeable individuals.

Conceptual Issues in Response Time Measurement

Measurement of response times is not an exact science. Response time is an *indicator* of speed of response to a request for emergency medical service. In measuring this indicator on a monthly basis, we are attempting to make a statement about the long-term functioning of the system based on a one-month snapshot. In effect, we are asking what a one-month sample of 3,500 calls says about a system that handles 42,000 calls a year (or more than 200,000 calls over the life of a five-year contract).

Sampling is useful for examining system performance, but it does not yield a razor-sharp picture of performance. The reason for this is that we are employing a relatively small statistical sample (one month / 3,500 calls) to make conclusions about a large system (five years / 210,000 calls). This kind of sampling is subject to variation and uncertainty which limits how confident we can be about the results. For example, statistical testing of response time data shows that the 90th percentile is *not* a sharp line. Instead, it is a band as shown in Figure 1. That is, when we measure a monthly response time compliance of 90%, we can be quite confident (i.e., in 19 of 20 cases) that the actual compliance percentage is somewhere between 88.9% and 91.0%. Expressed another way, when we find that in a given month the 90th percentile response time is 8:00 minutes, we can be confident (again in 19 of 20 cases) that the actual 90th percentile time is somewhere between 7:53 and 8:16.

The key points are:

- Our contract measures monthly compliance on a "meets/doesn't meet" basis, using a sharp dividing line (arriving at 90% of calls in 8:00 minutes or less is compliant; arriving at 90% of calls in 8:01 or less is not).
- The reality is that on a monthly basis we cannot confidently tell the difference between a monthly 90th percentile level of 7:53 minutes and 8:16 minutes.

Conceptual Issues in Geographic Equalization

In theory, it should be possible to achieve a uniform distribution of response times in the various geographic regions of a community if the following conditions are met:

- The population requesting emergency medical services is uniformly distributed.
- The transportation infrastructure (e.g., roads and bridges) is laid out in a way that overcomes the effects of barriers in the natural environment (e.g., hills, rivers, etc.) and the human-made environment (e.g., jurisdictional boundaries, freeways, and densely built-up or used areas).
- Hospitals are uniformly distributed geographically, and are utilized by the population needing emergency medical services in a way that does not affect patterns of ambulance movement.

These conditions are only partially met in any community. In Multnomah County, there is considerable geographic variation in EMS call volume. Road networks are varied. In some areas the natural environment presents minimal barriers, and there are abundant freeways and arterials. In other areas there are topographic barriers such as hills, and networks of roads are small, allow relatively low-speed travel, and are poorly connected to arterials. Hospitals are not uniformly distributed; most are located in the central part of the County.

Geographic variation in conditions that affect EMS system performance result in regional differences in response times. These variations in system demand and factors that limit the ability of the system to respond make it impossible to achieve uniform response time performance with reasonable levels of investment in system resources. In effect, achievement of uniform response times requires that the efficiency benefits of having easy to serve areas must be discarded, and additional resources must be dedicated to difficult-to-serve areas. This strategy is both expensive, and results in a net increase in effective system-wide response time. An analysis of County data illustrates this. Achieving an 8:00 minute/90% response in each of the eight response zones suggested by the Contract Compliance Committee would result in a system-wide response time of 8:00 minutes in 93.4% of calls. This level of response is far higher than that required by the contract, and would be very expensive to achieve.

The challenge is to develop geographic response time standards that:

1. Create reasonable geographic consistency in response times;
2. Assure that there is no discrimination in response based on social or cultural factors that may be concentrated geographically (e.g., population race/ethnicity and poverty); and
3. Balance high system-wide response time standards, with practical levels of resource investment.

Contractual Issues In Response Time Measurement
Language in the contract defines how response times should be measured for purposes of contract compliance.

> "Response times under this agreement are measured from the time that the Contractor is notified of the call, nature of the call (if known), and the call priority by EMS dispatch until the time the Contractor's ambulance arrives at the scene and notifies BOEC. Notified means a radio transmission, either voice or via MDT, acknowledged by the intended recipient of the transmission." (Contract page 7, ¶2)

As is demonstrated in detail below, the use of crew notification time stamps in the BOEC data base effectively holds the contractor to a more stringent response time standard than that stated in the contract. At the time the contract was implemented, these time stamps provided the only practical way to measure response time. In addition, because of inconsistencies in the radio and computer systems, there was no way to develop a valid basis for adjusting response times. So with the concurrence of the contractor, response time was measured from the time that the dispatcher triggered the pager to notify the crew, to the time the crew reported they were on-scene. In May, 1999, computer and radio system changes made it possible to estimate the degree to which this measurement technique overestimated response times relative to their contractual definition. EMS has carefully analyzed relevant data, and has concluded that on average, the response times used for compliance determination are 24 seconds too long, and should be adjusted downward a similar amount, but only for calls made after March, 1998.

Contractual Issues In Measurement of Geographic Equalization
With regard to geographic equalization, the current contract states:

> "The Contractor will design its System Status Management Plan to provide equalized response time performance throughout the service area. This means that no area, regardless of anticipated call volume, is planned to have less than the required level of service. (Contract page 10, ¶D)

This language emphasizes that the contractor *must not plan* to under-serve any area of the County. This language was put into the contract to prevent the contractor from providing a lesser level of service to any area of the county based on the area's racial/ethnic composition, economic status, or similar factors. The intent of the language was to prevent discriminatory behavior on the part of the contractor.

Unfortunately, the contract does not clearly define some of the terms used in

this section, nor does it state how this requirement should be evaluated. This has resulted in differing opinions as to what the section means, and how to evaluate the requirement. Some members of the Contract Compliance Committee believe that in order to comply with this section, the contractor must achieve an 8:00 minute/90% standard in any defined urban area in the County (currently dividing the county into eight zones). As discussed above, this would drive the system to a faster countywide response. Others believe that the contractor must demonstrate progress towards geographic equalization of response times in order to be in compliance.

At the EMS Office's request, County Counsel has reviewed the contract, and provided an opinion:

> "The contract requires a specific response time within the contract area, which is defined by ordinance as a single ASA. We interpret Section IID of the contract, Equalized Response Time Performance, to provide the county the ability to review response time performance, and require adjustments to the contractor's System Status Management Plan if, in the county's judgment, response times are not equitable throughout the county. This section allows for periodic adjustments to the SSMP, but does not affect the fact that the contract is for a single ASA. Therefore, compliance is only measured by response time in the entire ASA.
>
> The contractor, at this point in the process (i.e. a deficiency in response time has been discovered to particular geographic areas of the county) is not necessarily out of compliance with the contract. The contractor's compliance would become an issue only if the contractor refused to make adjustments to the SSMP as directed by the county.
>
> MCC 21.428 establishes the contract compliance and rate regulation committee, and its role. It provides that the committee is to review and make recommendations. It does not provide authority for the committee to create standards for response times."

Evaluation of geographic equalization could be improved by modifying contract language to better define terms, and establish clearer principles and standards. These contract modifications could be made when the contract is renewed, or through amending the existing contract.

Methods for Determining Response Time Compliance

The previous section of this Attachment discusses how response times and their measurement are defined in the contract.

At the time the contract with AMR was implemented, there was no computer entry that maintained data on when an ambulance crew *received* dispatch

information on any call. The only time stamp available in the Bureau of Emergency Communications (BOEC) 9-1-1 data base was the time that the dispatcher triggered the commercial paging system used to notify ambulance crews that a call was to be dispatched. There were problems with the consistency and reliability of this paging system. Anecdotes suggested that there were long delays (30 seconds or more) in actual transmission of pages. Beginning in March of 1998, paging of ambulance crews was switched over to BOEC's 800 MHz radio system. This system was immediately more reliable, and reliability has improved over time. However, it was not until May of 1999 that it became possible for the BOEC database to record the time that an ambulance crew's radio actually received initial notification of a call. While this was an improvement, it still did not meet the letter of the contract. That is, the time stamp does not document receipt of actual dispatch information by the crew (e.g., address, and nature of call).

As shown in Figure 2, using the original or modified crew notification time stamp effectively holds the contractor to a more stringent response time standard than that stated in the contract. Prior to May 1999, it was not possible to estimate how much more stringent the standard used to measured response time was. In July 1999, the EMS Office carried out two internal analyses to define how much more stringent this standard was.

The first analysis measured the number of seconds between the time the dispatcher pushes the alert button (triggering the radio pager) and the time that the receiving radio indicated that the page had been received. This analysis used data from 5,350 calls dispatched from May 17 to June 30, 1999. The analysis found that the average delay between triggering the page and the radio acknowledging receipt of the call was two (2) seconds with relatively little variation.

The second analysis was designed to determine how long it took for voice transmission of dispatch information. The assumption underlying this analysis was that crew could be considered to have received the dispatch information by the end of the time it took for them to hear the voice transmission of dispatch information over the radio. This information is also simultaneously transmitted to a mobile data terminal (MDT) in the ambulance, i.e., a computer screen that displays the dispatch information as typed text. Crew members can act on the MDT data if they are sitting in the ambulance at the time of dispatch. The percentage of time that the MDT is the primary source of information is unknown. The length of time it takes a crew member to read MDT data is also unknown. Therefore, the analysis used length of voice transmission as the surrogate for receiving and acknowledging dispatch information. Again, this method is not entirely consistent with the contractual standard. Because it does not include the time it takes the crew to acknowledge receipt of dispatch information, it starts the response time measurement interval too early. The amount that this artificially lengthens

measured response time is unknown, but probably quite short in comparison with the length of dispatch voice transmission.

Data for this analysis was derived from a series of 120 consecutive radio dispatches occurring over 24 hours from July 2, 1999, at 12:47 PM to July 3, at 12:17 PM. The data source was a computer-linked digital audio recorder maintained by the contractor. A County EMS Office staff member listened to the dispatches for their form and content, and recorded the starting and ending time of each call in an Excel spreadsheet. The starting time is stored in the data source; the ending time was taken when the dispatcher stated the time of the dispatch. For the first 55 calls, the EMS staff member listened to all radio traffic and determined that no transmission of less than 20 seconds represented an ambulance dispatch. For the remaining 65 calls in the sample, staff listened only to transmissions over 19 seconds, skipping over shorter transmissions. The time required for each transmission was then calculated. Two calls were deleted from the sample. One calculated time was unusually long (2 minutes 26 seconds) and was deleted because it would produce an inappropriately long estimate of the usual length of voice radio transmission of dispatch information. The other call deleted had a time of 0 seconds.

This analysis found that the average length of voice transmission was 23 seconds, with a 95% confidence interval of 22-24 seconds. Most voice transmissions involved stating the dispatch information twice. In theory, a crew could act on the first repetition. However, the radio is "locked out" as long as the dispatcher at BOEC is transmitting. That is the ambulance crew's radio cannot transmit an acknowledgment until the BOEC dispatcher has finished transmitting.

The process of determining the contractor's compliance with response time requirements involves multiple steps. They can be summarized as outlined below. More details can be found in Figure 3.

- On a weekly basis, BOEC provides the EMS Office with raw data on the calls dispatched that week. Calls from multiple weeks are aggregated into a database representing a calendar month. EMS Administrator examines and corrects this data for obvious errors (e.g., incomplete data, misclassified calls, canceled calls, and calls not subject to compliance standards).
- The contractor receives the same BOEC data set. Contractor staff then identifies calls they believe 1) are actually in compliance, and/or 2) should be excepted from compliance determination because there were events beyond the contractor's control (primarily irregularities in dispatch or data handling).
- The EMS Administrator and contractor staff meet to review selected calls on a case-by-case basis, and consider whether exceptions should be granted. Most of these cases involve review of dispatch data only. Some calls involve a time-consuming, multiple step review that can include

listening to audio tapes of dispatch communications, and mapping out the locations of the call and available ambulance units. Although the contractor may prepare a large list of calls for possible review, the process is continued only until the 90% contractual standard is met. In months in which compliance is not met, this means looking at all questionable calls over the response time standard.

- The EMS Administrator is the sole and final arbiter of whether exceptions are granted.
- Calls that are granted an exception are considered compliant and a final monthly response time percentage is calculated.

For calls run beginning September 1, 1998, an additional data correction step has been added. Based on the analyses described above, 25 seconds is subtracted from the calculated response time of each call to correct for overly stringent measurement of response time relative to the contractual standard.

Attachment C provides the provisional compliance results for the first nine months of the fourth year of the contract.

Figure 1: Confidence Limits for Monthly Response Times

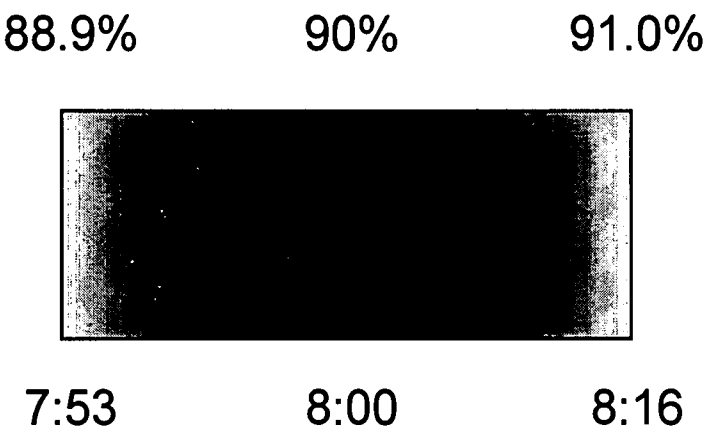

Figure 2: Compliance Monitoring

Elapsed Time	Running Time	BOEC Staff	BOEC Radio & Computer	Ambulance Crew	Contract Compliance
:00		Call received at 9-1-1			
	1:05				
1:05		Call passed to dispatcher			
	:17				
1:22		Alert button pushed	Clock starts		Data base clock starts
	:02				
1:24		Radio pager sounds & voice dispatch begins			
	:23				
1:46		Voice dispatch ends			Beginning of contractual response time interval
	:25				
2:11				Crew goes enroute and acknowledges dispatch by MDT	
	~5:00 (Ave.)				
~7:11				Crew reports arrival on scene	End of contractual response time interval

FIGURE 3

BOEC MEDICAL CALL DATA
DATA NORMALIZATION PROCESS

All data used in evaluating ambulance performance is from the dispatch computer at BOEC (911 dispatch). A data set with selected fields is provided to EMS weekly, via E-mail. The weekly sets are combined into a month that is the unit used for contract compliance. The set contains all medical calls created in the time period.

The data received must go through a considerable normalization process in order to be in a form that can be used for the evaluation:

BOEC MONTHLY DATA

CANCELED CALLS – REMOVED
(These are calls coded as canceled with no on_tm entry)
CODE ONE (NON-EMERGENCY) CALLS – REMOVED
(These are calls with a priority 3)
FIRE RESPONSE ONLY CALLS – REMOVED
(These are calls with priority 9 and no ambulance assigned)
CALLS RUN BY UNITS OTHER THAN AMR – REMOVED

(For time calculations, calls without an on scene time are removed. For percent compliance these calls are retained and counted as over 8 minutes)

BOEC MONTHLY DATA
COMPLETED EMERGENCY RESPONSES ONLY

URBAN AREA CALLS (within urban growth boundary)	RURAL AREA CALLS (outside boundary)	FRONTIER AREA CALLS (if any)

The above process is completed by using the computer to sort the calls. The remainder of the process is completed by looking at individual call records, also obtained from BOEC. There are two parts to this phase of the process, data corrections and exception made for calls over eight minutes. Calls are identified for further review by AMR. These are only over eight-minute calls. No further review is done for calls under eight minutes.

DATA CORRECTIONS
The following calls are removed from the data set:

1. CALLS DISPATCHED CODE ONE (non-emergency). The record shows them as code three calls but the text of the incident states they were dispatched code one.
2. CANCELED CALLS. These calls were wrongly coded and show in the incident record as a call without an on scene time.

The following calls stay in the data set. However, the record shows them to be less than eight minutes:

3. STAGED CALLS. The ambulance is prevented from entering a crime scene and the response time to the staging area is used as the response time
4. CODE ONE DOWNGRADE. The call changes from emergency to non-emergency prior to eight minutes into the call.
5. The actual arrival time is entered IN THE TEXT of the call by the dispatcher and is not correct in the computer time stamp or the record shows an entry by the ambulance crew that indicates they are on the scene within the eight minute requirement
6. The times for the call are obtained from the AUDIO TAPE at BOEC.
7. The call was CANCELED AND THEN RE-DISPATCHED. The correct time is from the re-dispatch to on scene.
8. The call was OUT OF THE COUNTY with the exception of a small portion of the City of Portland in Washington County.
9. The call was in the RURAL area, but did not sort out earlier. These calls are considered under the rural area standard.

CALL EXCEPTIONS
The following calls are over eight minutes. However, there is a reason, not under the control of the contractor that caused the call to be over eight minutes:

10. Calls with exchanged units. If a second ambulance is substituted for the original ambulance and the second ambulance was available for dispatch at the start of the call and the second ambulance runs the call in eight minutes or lee, the call is excepted.
11. CLOSER UNITS. If an ambulance was closer to a call by time and distance and could have made the call in eight minutes or less, the call is exempted.
12. If the LOCATION OF THE CALL CHANGED to the extent that it caused the long response, the call is excepted.
13. If ACCESS TO THE CALL location is such that it caused the long response, the call is excepted.

14. If there was a problem with the dispatch such as a failure of the notification process, the call is exempted.
15. If there is an excesive demand on the system such as concurrent multiple ambulance calls, the call is exempted.

In addition, during INCLEMENT WEATHER such as snow or ice, the response time requirements are suspended and those calls are removed from the data set.

ATTACHMENT C

CONTRACTOR'S COMPLIANCE WITH THE CONTRACT

Introduction

The contract is reviewed for compliance on an annual basis. The contract year is from September1 through August 31. The contractor's compliance with the contract is determined through an audit of the records maintained by the contractor and by examination of the call data originating at BOEC. An audit summary and call compliance data is provided to the Contract Compliance Committee for review and comment. An annual report of the findings is then sent to the Board of County Commissioners.

Compliance Results: County-Wide Response Time

Using the methods described in Attachment B, AMR had no major problems in complying with response time standards during the first three years of the contract. In each year, there was one month in which the urban response time requirement was not met. That is, AMR was able to meet the urban response time compliance standard, even though they were being measured according to a standard more stringent than the contract required. Similarly, there were no problems in meeting rural and frontier response times during the first three contract years.

Call data for year four is still under examination. As of the time of this report to the Board, response time compliance data (including the exception process) is available for the first nine months of contract year four (September, 1998 through April, 1999). A first analysis of this data has been completed, but should be considered provisional for two reasons:

1. The data needs to be re-analyzed completely to ensure that the length of call adjustment (approximately 24 seconds) has been implemented appropriately. We do not believe that re-analysis will appreciably affect the calculated response time compliance percentage.

2. The Contract Compliance Committee has not reviewed the data and results of the analysis.

The provisional data shows AMR to be in compliance with County-wide response time requirements through the first nine months of the fourth contract year. The fourth year month-by-month data is presented in figure 4 at the end of this attachment. Also included for comparison are the summaries of the first three years of the contract.

Compliance Results: Geographic Equalization of Response Times

There is significant geographic variation in response times within the County. Using the eight zones defined by the Contract Compliance Committee, *average* response times within zones ranged from 5:00 to 6:04 minutes for the period September 1997 to August 1998. For the same period, 90th percentile response times within zones ranged from 7:36 to 9:45 minutes. Both these ranges are based on unadjusted data - i.e., before any case-by-case data corrections are made and exceptions are granted - so the figures are higher than actual performance.

Analysis of data over the past two years also shows that geographic equalization is improving. The contractor has made adjustments in its ambulance deployment plan (system status plan) specifically to address geographic equalization. As noted in Attachment D, unadjusted system-wide average response times have increased 26 seconds over the past two years. Because of system status plan changes implemented by contractor, this increase in response time has not been geographically uniform. In fact, zones that previously had the slowest response times generally experienced minimal increases, while zones with fast times experienced larger increases. That is, the contractor's deployment plan changes have resulted in improved equalization in the face of increasing County-wide response times.

Compliance Results: Requirements Other than Response Times

For contract years one, two and three, the contractor met the conditions of the agreement (including those related to response times). The Contract Compliance Committee, however, identified some areas of concern. These included questions about the contractor's public education program, and difficulties in determining how to evaluate the requirement that the contractor not plan to under-serve any area of the county. The details of compliance and its measurement can be found in the Annual Contract Compliance Reports provided to the Board of County Commissioners.

The fourth year of the contract does not end until August 31, 1999. Compliance for requirements other than response time is examined primarily on an annual basis. At this time, no concerns regarding year four compliance with requirements other than response time have been identified by either the EMS Office or the Contract Compliance Committee.

Figure 4

AMR CONTRACT RESPONSE TIMES - YEAR FOUR

MONTH		URBAN CALLS	CALLS OVER EIGHT MIN.		CALLS WITHOUT RESPONSE TIME
Sept.98	medical calls created by boec	3753			
	calls not subject to compliance	408			
	urban calls	3345	528		63
	24 second adjustment		82		0
	revised over eight min. cals		446		63
	calls with incorrect coding	59	18		41
	net urban calls	3286	428		22
	data corrections and exceptions		118		13
	calls considered for compliance	3286	310		9
	monthly compliance percentage	(3286-310-9)/3286 =		**90.3%**	
Oct,98	medical calls created by boec	3910			
	calls not subject to compliance	602			
	urban calls	3308	483		43
	24 second adjustment		70		0
	revised over eight min. cals		413		43
	calls with incorrect coding	50	15		35
	net urban calls	3258	398		8
	data corrections and exceptions		85		8
	calls considered for compliance	3258	313		0
	monthly compliance percentage	(3258-313-0)/3258=		**90.4%**	
Nov,98	medical calls created by boec	3642			
	calls not subject to compliance	472			
	urban calls	3170	485		49
	24 second adjustment		77		0
	revised over eight min. cals		408		49
	calls with incorrect coding	54	11		43
	net urban calls	3116	397		6
	data corrections and exceptions		140		6
	calls considered for compliance	3116	257		0
	monthly compliance percentage	(3116-257-0)/3116=		**91.8%**	
Dec,98	medical calls created by boec	3614			
	calls not subject to compliance	350			
	urban calls	3264	569		46
	calls deleted for inclement weather	121	43		8
	adjusted urban calls	3143	526		38
	24 second adjustment		83		0
	revised over eight min. cals		443		49
	calls with incorrect coding	38	16		22
	net urban calls	3105	427		16
	data corrections and exceptions		124		16
	calls considered for compliance	3105	303		0
	monthly compliance percentage	(3105-303-0)/3105=		**90.2%**	

Figure 4

MONTH		URBAN CALLS	CALLS OVER EIGHT MIN.		CALLS WITHOUT RESPONSE TIME
Jan,99	medical calls created by boec	3883			
	calls not subject to compliance	374			
	urban calls	3509	542		31
	24 second adjustment		84		0
	revised over eight min. cals		458		31
	calls with incorrect coding	32	8		24
	net urban calls	3477	450		7
	data corrections and exceptions		157		7
	calls considered for compliance	3477	293		0
	monthly compliance percentage	(3477-293-0)/4377=		**91.6%**	
Feb,99	medical calls created by boec	3680			
	calls not subject to compliance	376			
	urban calls	3304	539		35
	24 second adjustment		93		0
	revised over eight min. cals		446		35
	calls with incorrect coding	46	14		32
	net urban calls	3258	432		3
	data corrections and exceptions		128		3
	calls considered for compliance	3258	304		0
	monthly compliance percentage	(3258-304-0)/3258=		**90.7%**	
Mar,99	medical calls created by boec	3852			
	calls not subject to compliance	386			
	urban calls	3466	520		47
	24 second adjustment		90		0
	revised over eight min. cals		430		47
	calls with incorrect coding	45	11		34
	net urban calls	3421	419		13
	data corrections and exceptions		78		12
	calls considered for compliance	3421	341		1
	monthly compliance percentage	(3421-341-1)/3421=		**90.0%**	
Apr,99	medical calls created by boec	3852			
	calls not subject to compliance	390			
	urban calls	3462	494		42
	24 second adjustment		85		0
	revised over eight min. cals		409		42
	calls with incorrect coding	39	10		29
	net urban calls	3423	399		13
	data corrections and exceptions		109		8
	calls considered for compliance	3423	290		5
	monthly compliance percentage	(3423-290-5)/3423=		**91.4%**	

AMR CONTRACT RESPONSE TIMES - YEAR THREE

MONTH	ALL	URBAN	8+/ NT	ADD	EX	COMP
Sept,97	3834	3274	382			
	data correction	31			90	
	system	3243	292			
	compliance			15	21	**91.2%**
Oct,97	3860	3359	474			
	data correction	39				
	system	3320	474			
	compliance			4	148	**90.1%**
Nov,97	3679	3180	388			
	data correction	14			62	
	system	3166	326			
	compliance			13	22	**90.0%**
Dec,97	3832	3355	452			
	data correction	32			102	
	system	3323	350			
	compliance			23	41	**90.0%**
Jan,98	3893	3431	606			
	weather calls	349	155			
		3082	451			
	data correction	36			102	
	system	3046	349			
	compliance			11	54	**90.0%**
Feb,98	3307	2923	372			
	data correction	35			89	
	system	2888	283			
	compliance			14	22	**90.5%**
Mar,98	3797	3355	392			
	data correction	39			110	
	system	3316	282			
	compliance			16	31	**91.9%**
Apr,98	3395	3033	401			
	data correction	43			93	
	system	2990	308			
	compliance			5	27	**90.4%**
May.98	3820	3397	503			
	data correction	45			112	
	system	3352	391			
	compliance			1	57	**90.0%**
Jun,98	3874	3376	543			

	data correction	65			140	
	system	3311	403			
	compliance			1	73	**90.0%**
July,98	4039	3516	542			
	data correction	59			139	
	system	3457	403			
	compliance			0	67	**90.3%**
Aug,98	4069	3591	628			
	data correction	81			177	
	system	3510	451			
	compliance			1	81	**89.4%**

AMR CONTRACT COMPLIANCE - TEAR TWO

MONTH		ALL	URBAN	8+	EX	N/T	EX	COMP
Sept,96		3780						
		compliance	3210	366	61	78	71	90.3%
Oct, 96		3655						
		compliance	3391	337	62	36	35	91.9%
Nov, 96		3741						
		compliance	3171	348	69	16	15	91.2%
Dec,96		4120						
		compliance	3477	475	97	19	15	89.0%
Jan-97		3881						
		compliance	3360	440	107	23	23	90.1%
Feb-97		3400						
		compliance	2911	330	47	27	26	90.2%
Mar-97		3813						
		compliance	3310	414	87	46	46	90.1%
Apr-97		3774	3188					
		compliance		288	45	28	24	92.3%
May-97		4093						
		compliance	3451	368	39	36	19	90.0%
Jun-97		3861						
		compliance	3271	325	41	35	30	91.2%
Jul-97	*	4011						
		compliance	3395	384	69	35	24	90.4%
Aug-97	*	4224						
		compliance	3548	422	81	35	31	90.3%

AMR CONTRACT - RESPONSE TIMES - YEAR ONE

MONTH		ALL	CANC	URB CALL	8+	EX	12+	EX	N/T	EX	COMP		RURAL CALL	CALL	20+	EX	N/T	EX	5	E	COMP
SEPT, 95		**3721**	**214**	**3462**	**365**	**75**	**82**	**0**	**100**	**43**	**90.0%**		45	1.3%	5	2	1	0	0		91.1%
OCT, 95		**3628**	**309**	**3282**	**310**	**70**	**39**	**4**	**50**	**35**	**92.2%**		37	1.1%	4	3	0	0	0		97.3%
NOV, 95		**3646**	**368**	**3246**	**292**	**61**	**48**	**1**	**53**	**31**	**92.2%**		32	1.0%	0	0	0	0	0		100.0%
												1st	**100**		**9**	**5**	**0**	**0**	**0**		**96.0%**
DEC, 95		4191	461	3693	453	72	92	19	82	57			37	1.0%	6		4	1	0		
12/9/95			-193	189	70		22		8				4		2						
DEC, 95		**4191**	**654**	**3504**	**383**	**72**	**70**	**19**	**74**	**57**	**90.6%**		33	0.9%	4	2	4	0	0		81.8%
JAN, 96		3737	357	3349	328	56	71	8	51	48			31	0.9%	5		3		0		
1/27/96			-118	117	43		19		1				1		1						
JAN, 96		**3737**	**475**	**3232**	**285**	**57**	**52**	**16**	**50**	**49**	**92.9%**		30	0.9%	4	2	3	0	0		83.3%
FEB, 96		3588	363	3191	339	42	83	2	64	1			34	1.1%	5		1	4	0		
2/4,5/96			-295	289	94		37		3				6		1		1				
FEB. 96		**3588**	**658**	**2902**	**245**	**41**	**46**	**6**	**61**	**33**	**92.0%**		28	1.0%	4	4	0	0	0		100.0%
												2n	**100**		**12**	**4**	**2**	**0**	**0**		**90.0%**
MAR, 96		**3600**	**440**	**3129**	**297**	**50**	**32**	**14**	**34**	**29**	**91.9%**		31	1.0%	3	1	2	0	1		87.1%
APR, 96		**3635**	**352**	**3249**	**376**	**61**	**35**	**12**	**64**	**58**	**90.1%**		34	1.0%	10	4	6	0	0		64.7%
MAY, 96		**3780**	**470**	**3274**	**359**	**56**	**98**	**17**	**60**	**55**	**90.6%**		36	1.1%	3	2	2	2	0		97.2%
												3rd	**100**		**9**	**0**	**1**	**0**	**1**		**90.0%**
JUN, 96		**3806**	**528**	**3231**	**374**	**82**	**58**	**29**	**68**	**68**	**91.0%**		47	1.4%	4	2	3	3	0		95.7%
JULY,96	*	**4134**	**549**	**3533**	**485**	**80**	**84**	**28**	**84**	**83**	**88.5%**		52	1.5%	4	2	4	3	1		94.2%
												4th	**100**		**8**	**2**	**7**	**6**	**2**	**0**	**93.0%**
AUG,96	*	**4905**	**563**	**4294**	**461**	**73**	**56**	**17**	**100**	**81**	**90.5%**		48	1.1%	5	1	3	2	0	0	89.6%

ATTACHMENT D
INCREASED RESPONSE TIMES

Background

The EMS Office, contractor, and the Contract Compliance Committee all noted an increase in unadjusted ambulance response times beginning in May, 1998. This increase has been the focal point of much recent discussion about the performance of the contractor and the larger EMS system. At the heart of the discussion are two basic issues:

1. System performance. Does the measured increase in ambulance response times represent an actual change in performance, or is it a measurement artifact related to other system changes (primarily involving dispatch)? Is the contractor responsible for increase in response times, or are the increases the result of other changes in system function? Why and how did these increases occur?

2. Contract compliance. In the face of the measured increases in unadjusted response times, is the contractor in compliance with contract requirements?

Unadjusted data from the BOEC 9-1-1 dispatch data base shows an increase of about 26 seconds in the average urban response time, and an increase of about 36 seconds at the 90th percentile. Most of this increase appears to have occurred soon after a number of dispatch and related system changes were implemented in May, 1998.

System participants and interested parties have offered explanations for this increase. In an attempt to examine the issues more comprehensively, the Health Department convened a short-term working group. This group was charged with:

1. Conducting a review of existing response time data to determine what the data actually says,

2. Identifying the components of the system that accounted for the increase in response time,

3. Identifying possible causes and mechanisms for increased response times, and

4. Making recommendations to the EMS Office for improvements in data quality and handling.

The group consisted of representatives of the Health Department's and State Health Division's joint Program Design and Evaluation Services (PDES), the City of Portland's Auditor's Office, the Multnomah County Auditor's Office, and EMS staff. The meetings were open; system providers and other interested parties were invited and attended regularly.

Working Group Results

The group identified several observations and hypotheses that could explain the observed increases in response times:

- There has been a "tightening" of the system - a mismatch of demand and resources.
- The May 1998 changes in dispatch and related systems may have adversely affected actual system response or measured response times.
- There was a change in reporting on-scene times by ambulance crews, resulting in longer reported response times.
- There were changes in the environment (e.g., traffic) that increased response times.
- Efforts to improve geographic equalization of response times had an unintended effect of increasing County-wide response times.

The group was not able to come to consensus on any one explanation or set of explanations for the cause of increased response times. Neither could the group clearly state whether the increase in response times represented an actual change in system performance or a change in the way the system is measured.

However, the group acknowledged that there was data that supported some of the explanations for how and why the change might have occurred.

- Several lines of evidence supported that there has been a tightening of the system over the life of the contract. However, this data did not explain the sudden increase in response time around May, 1998.
- There was also evidence that dispatch and related system changes might have affected the entire system. Specifically, average fire department response times on medical calls increased about six seconds (i.e., 2%); the increase in ambulance response times was five percent (5%). Similarly, a

statistical analysis carried out by PDES found that about seven seconds of the total ambulance response time increase were associated with the May, 1998 period when dispatch and related system changes were implemented.

- There was some evidence that improving geographic equalization could have resulted in increased County-wide response times. Specifically, there were geographic differences in the recent increase in response times. Areas that previously had the slowest response times generally experienced minimal increases, while areas that had faster times experienced larger increases.

- There was no good evidence to suggest that traffic changes or changes in crews' reporting of response times could account for the increase in response times noted over the past year.

EMS Office Conclusions

Note: The following are the conclusions of the EMS Office. These conclusions were developed from discussions by the working group on response times. The working group did not develop a formal consensus, nor did it formally approve or challenge these conclusions.

The causes of increased response times noted since May 1998 are not clear.

What is clear is that this short-term increase was superimposed on a long-term trend of gradually increasing response times. The long term increase is likely the product of several subtle factors operating on a complex high-performance system that has a limited capacity to accommodate changes in demand or operating environment.

Similarly, several factors probably contributed to the increase in response times first noted after May, 1998. Again, the increase is probably the result of many small interacting changes operating on our high-performance system.

In any case, preliminary data from the Spring and Summer of 1999 suggest that the situation appears to be improving; there is no suggestion of a further short-term deterioration in measured response times.

Emergency Medical Services

Multnomah County

MEMORANDUM

TO: County Chair Beverly Stein
Commissioner Serena Cruz
Commissioner Sharron Kelley
Commissioner Diane Linn
Commissioner Lisa Naito

FROM: Bill Collins, EMS Administrator

VIA: Gary Oxman, MD, MPH
Health Officer/Interim Health Department Director

SUBJECT: Update on Process to Consider Renewal of Ambulance Franchise Agreement

DATE: June 21, 1999

This memo is to update you on the process for the Board of County Commissioners to consider and make a formal decision on renewal of the County's franchise agreement with American Medical Response (AMR) to provide emergency ambulance services in the County.

From our one-on-one briefings with you and your staff, a number of questions arose. The major ones involved 1) response time changes including geographic equalization, 2) financial status of AMR and the broader ambulance market, and 3) what a franchise renewal would imply for long-term changes in the EMS system.

The EMS Office is taking the following steps to address your questions:

- Response Times. We have started a review of data on response times and their geographic equalization. We approached the County Auditor and the City of Portland Auditor regarding a possible audit as requested by the Chair of the Ambulance Contract Compliance Committee. Such an audit

Health Department
426 S.W. Stark Street–10th Floor · Portland, Oregon 97204 · 248-3220 · Fax 306-5847

is not within the current work plan of either of the Auditors. In addition, neither felt it would be practical to complete an audit prior to August 31. However, both Auditors did offer to provide staff support to the Health Department's review process. This review will be based on existing data, and will be carried out by a working group comprising EMS staff, representatives of County and City Auditors, the County Health Officer, and Health Department evaluation researchers. We are working with the Gresham City Manager regarding participation of Gresham audit staff. We expect to complete the analysis process and give you feedback prior to the BCC briefing scheduled in July.

- Financial Status. We have asked Health Department Business Services staff to help us assess the financial status of our current franchisee. We have also retained the services of a national EMS consultant to give us broader financial status advice. This will include an overview of the national EMS market, as well as information on our current franchisee and other providers that represent potential bidders if the County chooses to go to bid.
- Long-term System Outlook. We will use information gained from the analyses described above to craft a proposal for a longer-term EMS development strategy. We will present this at the briefing in July.

We have scheduled times for public BCC action on this issue:

- Thursday July 22 – Board Briefing during the regular BCC meeting
- Thursday August 12 – Consideration and vote on a resolution regarding contract renewal (again during the regularly scheduled BCC meeting)

We will provide you with written material in advance of the July briefing. We will also make ourselves available to address any questions you might have.

Please contact either one of use if you have any questions or concerns.

c: Board Staff

in the ambulance service industry.

5. Contractor shall not penalize or bring personal hardship to bear on any of its employees who may apply for work with a competing bidder in future bid cycles, and shall specifically allow, without penalty, its employees to sign contingent employment agreements with competing bidders at the employee's discretion. It is the County's intention under this and future procurement that supervisory personnel, drivers, paramedical personnel, and control center personnel serving in the ambulance service system shall have reasonable expectation of long-term employment in this system, even though contractors may change from time to time over the years. Contractor hereby expresses its understanding, acceptance, and endorsement of this provision.

IV. STANDARD PROVISIONS

A. TERM OF AGREEMENT AND RENEWAL PROVISIONS

1. Unless initiated earlier by mutual agreement, this Agreement shall commence on September 1, 1995 at 8:00 AM. This Agreement shall terminate on September 1, 2000 at 8:00 AM, unless extended as provided for herein.

2. Any decision regarding the extension of this agreement shall be made at least twelve months prior to the scheduled termination date, so that if no extension is approved, a new bid process can be conducted on a schedule that will identify the new Contractor at least six months prior to that scheduled termination date. The purpose of this requirement is

to allow reasonable time for both outgoing and incoming contractors to plan and execute an orderly transition, to allow the County and its new Contractor to review Yellow Page and other advertising, and to allow time for negotiation of new service contracts, mutual aid agreements, and other contracts previously services by the outgoing Contractor.

3. This Agreement may be extended by one three (3) year period and one subsequent two (2) year period upon approval by the Board of County Commissioners.

B. INSURANCE REQUIRED

1. At all times during the term of the contract, and throughout any extension periods, the Contractor shall maintain the minimum required insurance coverage. All such insurance shall be furnished by an insurance carrier appropriately licensed to write such policies, and acceptable to the County.

2. With respect to performance of work under this Agreement, Contractor shall maintain insurance as described below:

a. Worker's Compensation

Worker's Compensation insurance with statutory limits as required by the State of Oregon. Said policy shall be endorsed with the following specific language:

"This policy shall not be canceled or materially changed without first giving thirty (30) days prior written notice to Multnomah County, EMS Administration."

b. Commercial/General Liability

Commercial or comprehensive general liability insurance