## STAFF REPORT

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| **Agenda Item:** | 10 and 11 | **Name:** | Sam Porter  Miranda Leskinen |
| **Proposed No.:** | 2019-0471  2019-0472 | **Date:** | November 18, 2019 |

**SUBJECT**

Proposed Ordinance 2019-0471 would make a supplemental appropriation to the Emergency Medical Services (EMS) fund of $96.4 million.

Proposed Ordinance 2019-0472 would authorize an Interlocal cooperation agreement between the city of Seattle and King County regarding the allocation of EMS levy revenues.

**SUMMARY**

Proposed Ordinance 2019-0471 would make a supplemental appropriation to the EMS fund of $96.3 million to cover the cost of services through 2020. The 2019-2020 biennial budget (Ordinance 18835) appropriated $94,714,000 to the EMS system under the current 2014-2019 levy period, providing expenditure authority through 2019. The EMS levy in place during the 2019-2020 biennial budget process was set to expire at the end of 2019. The King County Medic One/EMS 2020-2025 levy renewal was authorized by King County Council to be placed on the November 5, 2019 ballot through Ordinance 18931. With more than 80% of the vote, the 2020-2025 EMS levy was approved by voters in the November 5, 2019 election. This vote will be certified by King County Elections on November 26, 2019.

Proposed Ordinance 2019-0472 would authorize the Executive to execute an Interlocal cooperation agreement (ILA) with the City of Seattle regarding the allocation of EMS levy revenues. The existing 2014-2019 EMS ILA between the County and the City of Seattle expires at the end of 2019. The Seattle City Council approved the transmitted ILA (Attachment A to Proposed Ordinance 2019-0472) on June 24, 2019, which also endorsed placement of the 2020-2025 levy renewal proposal on the November 5, 2019 ballot.

**BACKGROUND**

King County’s Medic One/Emergency Medical Services (EMS) system provides residents of Seattle and King County with life-saving prehospital medical care through an internationally recognized tiered regional response system. This system relies upon coordinated partnerships with fire departments, paramedic agencies, dispatch centers and hospitals. Of note, the City of Seattle operates and funds a Medic One emergency services program that is separate from the county program but is part of the regional EMS delivery system.

**The** **regional Medic One/EMS system is a tiered system consisting of five major components[[1]](#footnote-1):**

1. EMS System Access: Individuals accessing the Medic One/ EMS system by calling 9-1-1 for medical assistance.
2. Dispatcher Triage: Calls to 9-1-1 are received and triaged by professional dispatchers who determine the most appropriate level of care needed.
3. First Tier Response - Basic Life Support (BLS): BLS personnel, usually first to arrive on scene, provide immediate basic life support medical care that includes advanced first aid and CPR/AED to stabilize the patient.
4. Second Tier Response - Advanced Life Support (ALS): Paramedics respond to about 25 percent of all calls and usually arrive second on scene to provide emergency care for critical or life threatening injuries and illness.
5. Transport to Hospitals: Once a patient is stabilized, it is determined whether transport to a hospital or clinic for further medical attention is needed.

In addition to these components of the system, King County EMS oversees strategic initiatives and regional services. These core programs and services, managed by the EMS Division of Public Health – Seattle and King County, further provide for regional coordination and consistent quality across all jurisdictions in King County.

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

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

The King County Medic One/EMS system is primarily funded with a countywide, voter-approved EMS levy. The 2014-2019 EMS levy expires at the end of 2019. In June 2019, King County Council approved Ordinance 18931 which placed on the November 5, 2019 ballot a proposition authorizing a six-year property tax levy that would generate approximately $1.1 billion in levy proceeds during the levy period to support the King County Medic One/EMS system[[2]](#footnote-2). With more than 80% of the vote, the 2020-2025 Medic One/EMS levy was approved by voters in the November 5, 2019 election.[[3]](#footnote-3) This vote will be certified by King County Elections on November 26, 2019.

The initial levy rate for the 2020-2025 levy is $0.265 per $1,000 assessed valuation. For the owner of a home with a $500,000 AV, the annual levy cost in 2020 would be $133.

In accordance with an Interlocal agreement between the County and City, all EMS levy proceeds collected from taxable property within the City of Seattle are reimbursed and transferred to the City solely for supporting the Seattle Medic One EMS program, which is coordinated through the Seattle Fire Department. The existing ILA for 2014-2019 between the County and the City of Seattle expires at the end of 2019.

**ANALYSIS**

**Proposed Ordinance 2019-0471**

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| --- | --- |
| **Emergency Medical Services** | **$96,364,000** |
| **2019 – 2020 Adopted Budget:** | **$94,714,000** |
| **Supplemental Appropriations to Date:** | **$0** |
| **Total Appropriation to Date:** | **$94,714,000** |

King County budgets on a biennial basis and because the current EMS levy ends halfway through the biennium the current budget only allocated funding through the end of 2019. Given that the voters have approved the next six-year EMS levy from 2020-2025, Proposed Ordinance 2019-0471 would make a supplemental appropriation to the Emergency Medical Services fund of $96.4 million to fund the EMS system through the end of the 2019-2020 biennium. According to the crosswalk transmitted with Proposed Ordinance 2019-0471, the current appropriation authority for 2020 amounts to $6.9 million and consists of the program balances, grants, donations and entrepreneurial monies generated outside of the EMS levy[[4]](#footnote-4). As such, the EMS system would run out expenditure authority in early 2020 if Proposed Ordinance 2019-0471 were not adopted before the end of 2019. Executive staff indicated that the supplemental appropriation in the Proposed Ordinance also includes $2.3 million in re-appropriation of program balance.[[5]](#footnote-5)

The initial levy rate for the 2020-2025 levy of $0.265 per $1,000 assessed valuation projected approximately $1.1 billion in levy proceeds during the levy period based on the March 2019 OEFA forecast. The August 2019 OEFA forecast projects approximately $30.97 million less over the levy period with a projected forecast of $5.63 million less than expected for 2020. This comparison can be seen in Table 1 below. Executive staff state that this "revenue reduction is partially offset by a reduction of an estimated $8.3 million in expenditures and programmatic reserves (lower CPI-W), plus an increase in $5 million of carryforward reserves. The net result is a reduction of ~$5 million in KC EMS supplemental reserves that were designed to accommodate a potential reduction in property tax revenues. For the City of Seattle, there is also [an approximately] $13.4 million reduction offset by lower CPI to [approximately] $10.3 million. In its City ILA Ordinance, the City of Seattle used the March forecast; however the exact amount sent to Seattle will be based on actual collections."

**Table 1. Comparison of Estimated Net Tax Collections for 2020-2025 EMS Levy March 2019 and August 2019 OEFA Forecasts with 1% delinquency adjustment [[6]](#footnote-6)**

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| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **Total** |
| **March** | $172.19 | $176.73 | $180.85 | $184.91 | $188.98 | $193.08 | **$1.096.70 B** |
| **August** | $166.55 | $171.25 | $175.71 | $179.95 | $184.10 | $188.20 | **$1.065.76 B** |
| **Difference** | -$5.63 | -$5.48 | -$5.13 | -$4.96 | -$4.88 | -$4.88 | **-$30.97 M** |

According to Executive staff, expenditures related to Proposed Ordinance 2019-0471 are consistent with the assumptions in the adopted Medic One/EMS 2020-2025 Strategic Plan.

**Proposed Ordinance 2019-0472**

Proposed Ordinance 2019-0472 would authorize the Executive to execute a Interlocal cooperation agreement (ILA) with the City of Seattle for 2020-2025 regarding the allocation of EMS levy revenues, transferring to the City of Seattle all levy revenues collected from taxable property located within the legal boundaries of the City. The Seattle City Council approved the transmitted ILA (Attachment A to Proposed Ordinance 2019-0472) on June 24, 2019, which also endorsed placement of the 2020-2025 levy renewal proposal on the November 5, 2019 ballot. The existing 2014-2019 ILA between the County and the City of Seattle expires at the end of 2019.

Per the transmitted ILA for 2020-2025, and similar to provisions in the current ILA for 2014-2019, the total amount transferred to the City of Seattle shall not be less than the smaller of the following:

1. All revenues that could be collected under the county-wide EMS levy from taxable property located within the legal boundaries of the City of Seattle at a levy rate of $0.265 per $1,000 assessed valuation, accounting for historical rates of under collection; or
2. The amount identified for the corresponding tax year as ‘Projected Net Seattle Property Taxes’ per the March 2019 forecast, dated May 17, 2019; or
3. All revenues that could be collected under the county-wide EMS levy from taxable property within the legal boundaries of the City at the highest levy rate that the County is allowed to impose under state law, accounting for historical rates of under collection.

Revenue transfers would be administered by the County’s Finance and Business Operations Division of the Department of Executive Services. All revenues received by the City of Seattle would be deposited into a special revenue account and used only for emergency medical care/emergency medical services. The City would be required to provide the County with a report describing the City’s use of the levy proceeds annually.

Legal review is ongoing.

**INVITED**

* Dwight Dively, Director, Office of Performance, Strategy, and Budget
* Michele Plorde, Director, Emergency Medical Services Division, Public Health – Seattle & King County (PHSKC)
* Helen Chatalas, Assistant Division Director, Emergency Medical Services Division, PHSKC

**ATTACHMENTS**

1. Proposed Ordinance 2019-0471
2. Transmittal Letter
3. Fiscal Note
4. EMS Fund crosswalk from existing budget to proposed budget
5. EMS Fund Financial Plan
6. Proposed Ordinance 2019-0472 (and its attachments)
7. Transmittal Letter
8. Fiscal Note
9. Staff Report for Ordinances 18931 and 18932 the Medic One/Emergency Medical Services 2020-2025 Levy and Strategic Plan

1. Additional detail can be found in Attachment 7 to this staff report. [↑](#footnote-ref-1)
2. Based on the March 2019 Office of Economic Forecasting and Analysis Forecast. [↑](#footnote-ref-2)
3. November 5, 2019 General Election, <https://results.vote.wa.gov/results/current/king/> [↑](#footnote-ref-3)
4. In response to Central Staff questions, Executive staff stated that "The EMS Entrepreneurial program provided EMS Online training content (continuing medical education) to EMS providers outside of King County. It is in the process of being discontinued consistent with the budget proposal included in 2019-2020 budget." [↑](#footnote-ref-4)
5. Re-appropriated program balances: Advanced Life Support $1,012,413; Regional Support Services $1,330,603. [↑](#footnote-ref-5)
6. Amounts are in millions unless indicated otherwise. [↑](#footnote-ref-6)