



THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: November 6, 2008

REPORT NO. 08-203

ATTENTION: Council President and City Council
Agenda of November 17, 2008

SUBJECT: Emergency Medical Services (EMS) Contract Extension

REFERENCE: RFP Proposal No. 9386-09-V dated September 28, 2008

REQUESTED ACTIONS:

1. Authorize the Mayor to execute an extension of the existing Emergency Medical Services (EMS) contract with San Diego Medical Services Enterprises (SDMSE), for a maximum of two years upon approval from County of San Diego.
2. Direct the City Attorney to draft the required documents to extend the existing EMS contract with SDMSE.

STAFF RECOMMENDATION:

Extend the existing EMS contract with SDMSE and direct the City Attorney to draft the required documents for the extension.

BACKGROUND

The State of California Health and Safety Code (Section 1797.224) delegates to each individual County's local Emergency Medical Services (EMS) agency, the responsibility to define an EMS plan. Within the County of San Diego's plan, the City of San Diego is identified as an exclusive operating area. The County has delegated to the City the responsibility to conduct its own competitive process, "at periodic intervals." In the Request for Proposal (RFP) process conducted in 1996, this interval was defined as a 5 year contract with two 3 year renewals beginning July 1997.

The City of San Diego has contracted for Emergency Medical Transportation services since 1978. Paramedic ambulance service began with Medevac Ambulance in 1978 who provided services through 1984. In 1984, Hartson Medical Services was awarded the contract through 1993. American Medical Services was the next provider. Significant performance issues arose during American Medical Services' contract period ultimately

resulting in calls from the County of San Diego's Health and Human Services agency declaring the system to be, "a ticking time bomb."

An extensive "blue ribbon" review of the City's EMS system was incorporated into the development of an RFP for Medical Transportation Services in 1996. The system currently in place, which pairs Fire-Rescue Department first responder (engine and truck company) paramedics with an Emergency Medical Technician and paramedic staffed ambulance, is a result of the blue ribbon task force review conducted in 1996. Of the three bids received, the proposal selected for award was the current joint venture, limited liability partnership between the Fire-Rescue Department and Rural/Metro of San Diego, called San Diego Medical Services Enterprise (SDMSE).

Per the City Charter, as well as mandates by the California EMS Act and the Health and Safety Code, the City is required to conduct a competitive procurement process at certain intervals. The current process began in the first quarter of 2007.

Consultant Selection:

To assist with the design and development of a comprehensive RFP that ensures the continuance of high levels of performance, the City sought the services of a qualified consultant, with knowledge and understanding of EMS system design, assessment and development. The City began its process of conducting the competitive procurement process by issuing an RFP for these services April 26, 2007 with a closing date of May 21, 2007. Three proposals were received, reviewed and scored by a five member selection committee, all proposers made presentations and answered committee questions, references were checked, and a final summary report was submitted to Purchasing & Contracting July 17, 2007. Initial pricing information was released to the selection committee and a final recommendation was made in early August. The recommended proposer was requested to clarify discrepancies in timelines and resubmit pricing based on City clarification of P&C's role in the RFP process. The final submittal was rejected, however, as the pricing significantly exceeded the budget.

The scope was significantly reduced and a new RFP was issued October 10, 2007 with a closing date of October 22, 2007. Two proposals were received. Shortly thereafter, the 2007 Wildfires began at which time the selection committee chair was assigned the responsibility of establishing and directing the City's Local Assistance Center. In addition, a committee member lost their home in the fire. The selection process was put on hold until December 2007. The process was restarted with a provisional award letter sent to Fitch & Associates March 17, 2008.

DISCUSSION

The City's current EMS system is an innovative, complex and sophisticated service delivery model. While it was designed in 1996, it has developed over the years to reduce the City's operational cost structure and improve the level of service now provided (i.e. response time performance standards). It has and must continue to be responsive to

public expectations of service, dwindling tax revenue support for local services and strong movement toward healthcare cost containment.

The RFP design for the EMS system included an assessment of the current system by Fitch & Associates (Fitch). Data gathering efforts included interviews with: City Council members and/or their representatives, two Executive Team members, Fire & Life Safety, SDMSE, Purchasing & Contracting and Administration. It was determined that the joint-venture model significantly improved the efficiency, cost effectiveness, and service delivery of the City's EMS system and should be the foundation of the new RFP.

Potential bidders were invited to discuss the future model and requirements for the City's EMS services at a request for information meeting held June 25, 2008. Sixteen individuals representing a variety of potential bidders attended. The Fire Chief made a power point presentation regarding the current system. Questions were asked, next steps were outlined and potential bidders were encouraged, but not required to submit letters of interest. Four letters were received. It should be noted that during the meeting, Fitch stated the RFP was 90% complete.

Fitch made several requests for information to assist with preparing a draft RFP. Those requests were forwarded to the appropriate staff. A new schedule was developed based on the time needed to gather the information requested. Fitch agreed to meet the deadlines absent any major "glitches". Additional requests for information were made and responded to as well. However, rather than preparing the scope of work and draft RFP for the 911 services, Fitch focused their efforts on obtaining detailed information pertaining to SDMSE's non-911 contracts including revenue, early-out provisions, computer aided dispatch data, compensation arrangements and dissolution provisions. This information was gathered, as it would be relevant should a new provider be selected. This detailed information was not shared with Fitch as it was determined to be inappropriate to include these non-911 details in the 911 RFP.

Additional challenges were faced as Fitch missed their deadlines for delivering the draft RFP to the City on the agreed upon date which had been again been extended. Finally, on August 13, 2008, the City received a partial draft RFP. Purchasing & Contracting (P&C) reviewed the document and communicated their disappointment with the quality of work. They also indicated a need for a significant amount of rework. This was communicated to Fitch whose response was also disappointing as they indicated they utilized the same format used in the previous City procurement process (eleven years ago) and it was similar to procurements in other areas where they have worked. Staff began reformatting and rewriting the document as pieces were provided by Fitch over two days. A Fitch representative came to San Diego to work directly with P&C to assist with document revisions, attachments, etc. P&C staff continued to work on the document without the assistance of Fitch. Once P&C and Administration completed their review and made corrections, a legal review was conducted in late August which raised additional concerns and required more re-writes. The resulting draft was emailed to County EMS staff August 27, 2008 and two hard copies were delivered August 29, 2008. County staff began their review and attempted to assist by expediting their review. Staff

maintained ongoing contact with the County, made changes verbally communicated and delivered an updated version of the RFP September 4, 2008. The County formally submitted their comments and questions for our review September 10, 2008. At no time was there any indication that the County had issues with the joint venture model and/or the provisions associated. Later that day, the County granted approval to release the RFP with a notice that it is "Pending final approval of the County of San Diego".

The RFP was released September 11, 2008 with a Pre-Proposal date scheduled for September 18, 2008 and a closing date of October 1, 2008. On September 12, 2008, "Addendum A" was released announcing a new closing date of October 8, 2008 and a Pre-Proposal Conference date change to September 19, 2008. Based on comments received at the Pre-proposal Conference, Addendum B was issued September 25, 2008 extending the closing date to October 22, 2008.

Additional revisions were necessary as the City's Fire-Rescue Department identified a number of issues/shortfalls with the specifications of the RFP. Addendum C was issued September 28, 2008 which addressed the shortfalls identified by Fire-Rescue. Addendum D (the final) was issued October 2, 2008 to delete a sentence.

Purchasing & Contracting received one "no bid" response letter and one proposal on the closing date. Proposals were delivered to the Technical Review and Evaluation Committee members for individual review. The Committee met the morning of October 31, 2008 to discuss each member's evaluation and achieve consensus on the ratings assigned. Consensus was achieved. Later that day, the City received a letter from the County with a final determination that the current RFP ".....does not meet state law requirements relating to conducting a fair and competitive process....." In addition, the following steps were outlined to begin the process of corrective action:

1. Cancel the current RFP
2. Redraft the RFP to meet state law and County specifications and requirements, as determined by County EMS, the Agency given oversight authority of the process pursuant to state law.
3. Assure the provision of contract services continue without interruption during the extended time period necessary to complete the competitive process. Request approval to extend the current contract to accomplish the continuation of services

Conclusion:

As previously stated, the City's current EMS system is an innovative, complex and sophisticated service delivery model. The City's contract with SDMSE for emergency medical services (EMS) and medical transportation service is due to expire on December 31, 2008. In order to ensure the provision of contract service continue without interruption, it is recommended that the City extend the contract with its current provider for eighteen (18) months and includes an optional six (6) month extension. During this time, staff will work with the County to address their issues/concerns, review all aspects

of the RFP to makes sure it continues to ensure the system is responsive to: public expectations of service, dwindling tax revenue support for local services, provides for a strong movement toward healthcare cost containment and complies with County and State regulations. The extension will also provide a realistic timeframe for transition, if necessary. This extension is subject to County approval.

FISCAL IMPACT

The total fiscal impact is not known at this time as negotiations will begin once approvals have been granted. Under the current EMS agreements, the City is obligated to pay rent on the Ambulance Parking Lot for ambulance and employee parking and offset the cost of emergency medical services as a direct result of any Federal or State Government's Medicare/Medi-Cal Fee Reimbursement Reductions. The following is a breakdown of these costs:

Ambulance Parking Lot - \$56,900 (\$28,450 per year – paid for with Gas Tax Funds)

Offset to Medicare/Medi-Cal Fee Reimbursement Reductions - \$500,000 (limited to \$250,000 per year in the event that such reductions occur).

Total: \$556,900

The agreements also continue the revenue sharing provision. The total profit distribution for Fiscal Year 2008 was \$1.9 million.

Respectfully submitted,



Debra Fischle-Faulk
Director of Administration



Approved: Jay Goldstone
Chief Operating Officer

Attachment: 1. County of San Diego Letter dated October 31, 2008