



**GARDINER CITY COUNCIL
AGENDA ITEM INFORMATION SHEET**



Meeting Date	01/24/2023	Department	Fire/Ambulance
Agenda Item	4g. Discussion regarding Ambulance Uncollectables and changes to the ambulance funding formula.		
Est. Cost			

Background Information	<p>Please see the attached information.</p>
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Requested Action	
City Manager and/or Finance Review	City Manager approves this action
Council Vote/ Action Taken	
Departmental Follow-Up	

City Clerk Use Only	1 st Reading _____	Advertised _____	EFFECTIVE DATE _____
	2 nd Reading _____	Advertised _____ w/in 15 Days	
	Final to Dept _____	Updated Book _____	Online _____

City Council,

As you have heard the Ambulance service has been tasked by our auditors to begin reducing the amount of uncollected debt held by the enterprise account.

The ambulance service is funded through two sources. The first source of funding is the revenue generated by billing those who use the ambulance service. The second source of funding comes from fees charged to the towns who contract ambulance service. Those fees are further broken down, 50% per capita and 50% call volume.

Not all people pay their bills for various reasons. This results in debt owed to the service. Our billing is performed through a billing company with all efforts thoroughly exhausted before an uncollected bill is sent to any of our communities. Once a community has been billed efforts continue to collect that money. Occasionally we are successful in getting partially reimbursed, in those cases the partner town is given the money collected.

Several years ago, in an effort to reduce costs for the service and keep all of our partner communities we started billing for only half a year (6 months) worth of debt. While this did reduce costs for ambulance service it created a problem on the other side as the amount of uncollected debt continued to get older and larger.

It was decided the best path forward was to freeze the current uncollected debt and move forward with a new model.

The first step is dealing with the old debt. The old debt was broken down by town, with several options given for payment plans. Once this debt is paid it goes away along with the annual payment.

The second step is creating a new funding model to prevent this in the future. It was decided the best practice would be to front load the annual budget with projected uncollectible debt. The Ambulance Advisory Board was presented with three options on how to achieve this. They chose option 2 which determines the percentage of total uncollected debt each community generates over a 4-year average. We then can plug in the projected uncollectible for that year to determine each community's obligation.

I truly believe these changes will keep our regional ambulance service on track and successful.

Respectfully,

Rick Sieberg
Fire Chief

Annual Uncollectable Options

Town	FY24 Base	<u>Option 1</u> Adds \$200K to the budget 50% Per Capita & 50% Call Volume	<u>Option 2</u> Converts 4-year Average to \$200K of uncollectables	<u>Option 3</u> Doubles the FY24 6-month uncollectables to a full year
Gardiner	160,082	58,131	64,366	60,794
Chelsea (1/2)	29,570	10,738	8,461	6,545
Farmingdale	65,757	23,879	18,783	27,995
Litchfield	64,868	23,556	20,894	33,025
Pittston	52,230	18,966	15,720	10,674
Randolph	39,639	14,394	15,432	16,659
West Gardiner	67,668	24,573	23,472	7,778
Richmond	70,946	25,763	32,873	36,337
Totals	550,762	200,000	200,000	199,807

Note: the chosen option would be added to the FY24 Base

Payment Plan for old Uncollectables

	<u>Total Due</u>	<u>3 years</u>	<u>4 years</u>	<u>5 years</u>	<u>6 years</u>	<u>7 years</u>	<u>8 years</u>
CHELSEA	36,004	12,001	9,001	7,201	6,001	5,143	4,501
FARMINGDALE	87,073	29,024	21,768	17,415	14,512	12,439	10,884
GARDINER	292,867	97,622	73,217	58,573	48,811	41,838	36,608
LITCHFIELD	103,056	34,352	25,764	20,611	17,176	14,722	12,882
PITTSTON	69,665	23,222	17,416	13,933	11,611	9,952	8,708
RANDOLPH	65,915	21,972	16,479	13,183	10,986	9,416	8,239
RICHMOND	162,295	54,098	40,574	32,459	27,049	23,185	20,287
WEST GARDINER	97,507	32,502	24,377	19,501	16,251	13,930	12,188
TOTALS	914,382	304,794	228,596	182,876	152,397	130,626	114,298