



July 31, 2024

Village of Kronenwetter
Attn: Trustee Kenneth Charneski
1582 Kronenwetter DR
Kronenwetter, WI 54455

Dear Trustee Charneski;

I am writing in response to your request for technical assistance to review a proposal to add ambulance services to the Kronenwetter Fire Department and provide these services as a function of Village government. The Village would no longer contract for services from outside entities for ambulance service under this plan. I am basing this letter on a review of documents from a packet that you provided to me related to a public meeting that occurred on June 12, 2024. This review is limited to these documents and there may be facts and circumstances I am not aware of in drafting this document.

As you are aware, ambulance services are extremely difficult to provide. This is a phenomenon being experienced throughout the United States. This has led to significant issues surrounding workforce related to lack of available personnel to staff ambulances, which is more challenging in volunteer systems, and lack of funding to pay full time personnel coupled with high wage inflation in the public safety industry. Inflation in public safety personnel costs have been outpacing the consumer price index (CPI) for at least 10 years and in Wisconsin was increasing at a rate approximately 5% annually prior to the COVID pandemic. From my own observations since 2020 wage inflation appears to be two to three times CPI. It is common to see annual wage increases for public safety personnel of 10 to 20% in some communities since the pandemic.

In reviewing the proposal, I made the following observations:

Overall, the proposal presented is well thought out and presents a variety of data relevant to the Village and the region. The data presented appears accurate and typical for communities of this size.

The proposal is for an Advanced Emergency Medical Technician (AEMT) service level. This is commonly used in communities of this size and similar call volume in Wisconsin. Paramedic intercepts are readily available from neighboring services. The data presented on need for Advanced Level EMS services (7-10%) is what I know to be in line with Wisconsin and National trends. A basic level ambulance would also be appropriate if the Village chose to go that route.

Estimates for capital acquisition costs fit within what I know to be costs being experienced in the industry today.

Estimates for projected billing revenue fit within the range of what I know is experienced by other similar agencies and within what is currently being experienced by the current provider. One area of concern with billing revenue is that it can be delayed and at times causes cash shortfalls and a small reduction in transports in a year can reduce the revenue enough to create budget deficits.



The timeline for January 2026 implementation appears appropriate.

Use of personnel to complete other tasks such as fire inspections is common in similar services. This requires additional specialized training for these tasks that should be readily available due to proximity to a training center.

Areas of concern:

My areas of concern relate to the proposal and to the impact of this proposal on the EMS capacity of the region.

Concerns related to the proposal

As stated earlier, the EMS industry is stressed due to low funding and developing a sustainable workforce.

Challenges regarding workforce.

A strategy for the Village to use if proceeding with this proposal would be the development and sustainment of the workforce necessary to provide a minimum of 17,520 hours of annual coverage and sustainable funding to provide that coverage. This requires a minimum of at least 7.5 Full Time Equivalent (FTE) employees when working a traditional 24/48 schedule. It should be noted that 17,520 is the number of working hours and typically there is a need for a relief factor in calculating the total number of employees needed in a staffing model which is why it is approximately 7.5 FTE rather than 6 FTE. It is common for services to use a mix of full time and part time staff to achieve these FTE.

Wisconsin Office of Rural Health research on ambulance reliability in Wisconsin suggests that services which have less than 7 people providing at least 80% (14,016) of the staffing are at greater risk of having periods where the ambulance is not staffed than services accomplishing this with 7 or greater staff members. Our research demonstrated that around half of Wisconsin services staffing with less than 7 people were not covering their schedule 24/7/365 as required. In the proposal I reviewed there is a discussion on failure rate that discusses complete collapse of systems but does not consider the services that are failing to meet their basic operational plan requirements and the increased costs associated with correcting those deficiencies. Many communities are shifting to regionalized services or contracting with neighboring services to address issues related to workforce deficiencies. I am not aware of any Wisconsin community currently creating its own ambulance solely to service its own residents.

Frequently small services that rely upon volunteers or workers at reduced wages find themselves in a situation where a small number of people are doing most of the work. This proposal says there are currently 10 providers on the department acting as EMR's. It is likely that there will be future challenges in sustaining a workforce appropriate to meet the 24/7/365 staffing requirements of an ambulance without full time staffing.



Challenges regarding financial costs.

The proposed annual wages of \$200,000 to provide 17,520 hours of coverage seemingly requires a significant amount of volunteerism or greatly reduced hourly cost to meet the budgeted amount as this between \$11-\$12/hour in wages. The challenge in providing ambulance services is that requires an absolute commitment to provide continuous staffing of two licensed personnel 24 hours a day. Many communities are finding that the reduction in volunteer workforce is requiring the hiring of full-time personnel which grossly expands the cost of providing the service due to increased wages and benefits. It is possible that the cost of providing ambulance service will increase rapidly due to the staffing needs.

I am concerned that the proposed budget underestimates the cost of labor and that the future cost of providing ambulance services could rapidly become more than \$300,000 greater than estimated when factoring in the cost of wages and benefits. This proposal uses 2023 data to estimate 2026 funding needs which may not be accurate due to significant wage inflation that is essentially impossible to predict.

Additionally, the proposal discusses the impact of reduced call volume on funding. Reduced or increased call volume impacts billing revenue. A large portion of the cost of providing ambulance service is in maintaining response capacity and readiness. There will be minimal variation in cost based on volume. The risk that is taken on is that if there is an inability to meet budgeted revenue then the municipality will need to solve the revenue shortfall from other funding sources. For example, a 10% reduction in volume will lead to a roughly 10% reduction in billing revenue just as increasing volumes will lead to increased revenues. This does not largely impact operational expenses. The cost of responding to 400 calls rather than 300 calls is close to the same with the only impact being upon the cost of consumable medical supplies. In this scenario the labor cost to staff this ambulance is the same although the revenue could be expected to be approximately 33% higher with 400 responses than with 300 responses.

It will be impossible to operate solely from billing revenue in a system of this size and the Village will need to make financial contributions to offset the cost of providing service and these funds will largely be spent on staffing.

Consideration on regional impact

This proposal seeks to use payments and revenues that are currently being received by Riverside Fire District to fund this proposal.

A consideration may be that the funding is providing approximately 2.5 FTE of staffing to Riverside which allows them to provide ambulance services to the region. It is possible that the loss of funding will create a revenue reduction that reduces their capacity and weakens their system. I have seen situations where this scenario when coupled with creating an underfunded local system ends up nearly collapsing a regional ability to manage concurrent calls for service. There is significant



interaction between agencies for mutual aid and it is common to see a strong system in place and supporting smaller agencies around them with additional resources. If the Village creates its own ambulance and runs into staffing challenges, it is possible it could find itself unable to lean on its neighbor for support during times staffing is inadequate because that neighbor was weakened with the creation of the Village system.

Conclusion and Recommendations

In my opinion the ambulance implementation proposal I reviewed is an appropriate level service for the Village of Kronenwetter and the financial proposal for capital acquisition appears accurate.

Areas of risk that should be further explored involve staffing model and potential future costs of personnel to ensure that the Village is understanding the potential financial consequences involved with providing ambulance services and the responsibility of providing continuous staffing 24/7/365.

Ultimately, how ambulance service is provided to the community is a function of local municipal government and the decision of the Village Board. I have no opinion as to whether the Village should or should not proceed with this plan. I recommend that the Village Board take the time to clearly understand the strengths, weaknesses, opportunities, and risks of this proposed endeavor, particularly regarding workforce development and personnel costs, before committing to a plan that encumbers public funds.

Please feel free to contact me with any questions. I am happy to assist the Village of Kronenwetter with this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'J Small'.

James Small
Rural EMS Outreach Program Manager
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small5@wisc.edu