

MEMORANDUM

CONFIDENTIAL CORRESPONDENCE ATTORNEY-CLIENT PRIVILEGE

TO: Consultant Review Committee

FROM: Thomas R. Schultz, Esq.

RE: Superior Ambulance Contract

DATE: March 3, 2023

Interim City Manager Victor Cardenas has been in communication with officials from Superior Ambulance regarding their intention to ask for a subsidy as part of the potential renewal of the Agreement for Emergency Medical Services.

The addition of a subsidy to the Agreement would require amendment to paragraph 15.C, which right now provides that the City is not charged anything under the Agreement for Superior services except with regard to blood draw services requested by the Police Department:

- C. The Company shall not charge the City for any service rendered under this Agreement, except Novi Police Department requested Blood Draw Services. The City shall have no responsibility or liability for any person's refusal or failure to pay the Company for services rendered.

As you will see from Mr. Cardenas' notes attached, the subsidy has been requested for at least the years 2024 and 2025, after which Superior would re-evaluate the need for a subsidy.

It's our understanding that Superior will be providing the City with sample language for the potential amendment. We'll reserve comment until we see that, but a re-evaluation clause could be written easily enough.

cc: Victor Cardenas, Interim City Manager
Cortney Hanson, City Clerk
Chief Erick Zinser, Director of Public Safety

City staff connected with Superior Ambulance officials regarding their intentions as it relates to the agreement with the City. Their VP for Superior's Midwest operation, Mary Franco, finally provided a proposal: **a subsidy to be paid by the City for 2024 and 2025 at \$250,000 each year**, primarily due to increasing wages and reimbursement delays. Going into 2025, they suggest that they will re-evaluate the need for any subsidy. They say they hope to be able to do away with the subsidy by then, if they get the opportunity to catch up on reimbursements and maybe even secure some legislative changes that will help in that regard. Upon further discussions, staff learned some additional information regarding Superior's book of business:

- 99% of their business is hospital-based, transporting discharged patients home, transporting patients between facilities, etc.
- They have no formal agreement with neighboring communities. The Cities of Northville, Wixom, and Walled Lake have a "call as needed" relationship, meaning when they require an additional ambulance, they give Superior a call and see if one is available. The City of Farmington has a similar arrangement.

Leading up to these conversations, staff connected with the Center of Public Safety Management (CPSM), the same group of consultants that performed the ICMA study of the Fire Department years ago (they have since separated from ICMA). CPSM analyzed the City's run data and determined that Superior's ambulances are utilized 20% of the time. We broached the concept of reducing the number of ambulances when they are not utilized (traditionally during the night), with the idea that it could reduce their costs and reduce their need for a subsidy. Ms. Franco agreed to get back with staff earlier next week with what that would look like.

Below is the analysis from CPSM comparing to a Fort Worth Texas similar model.

	MedStar - Fort Worth				Superior		
	2020	2021	2022		2020	2021	2022
Gross Revenue	\$169,090,970	\$198,827,421	\$234,025,132		\$7,341,110	\$10,000,899	\$9,810,347
Net Revenue	\$49,789,969	\$52,186,431	\$57,030,874		\$1,844,092	\$2,324,230	\$1,744,804
Collection %	29.4%	26.2%	24.4%		25.1%	23.2%	17.8%
Unit Hours	262,070	266,516	287,203		26,280	26,280	21,960
Responses	154,677	170,538	178,712		4,135	4,954	4,250
Responses Per							
Day	423.8	467.2	489.6		11.3	13.6	13.9
Transports	105,857	114,636	120,556		3,541	4,158	3,565
Transports Per							
Day	290.0	314.1	330.3		9.7	11.4	11.7
Transport %	68.4%	67.2%	67.5%		85.6%	83.9%	83.9%
Response UHU	0.590	0.640	0.622		0.157	0.189	0.194
Transport UHU	0.404	0.430	0.420		0.135	0.158	0.162