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MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
SUBJECT: AMBULANCE SERVICES CONTRACT
DATE: MARCH 30, 2026

At the last City Council meeting, the City Council was not ready to approve a contract with North Memorial Ambulance service based on the potential lease agreement with the ambulance space in the Public Safety Center. The discussion brought up by some on the Council was that with a new facility, the City may want to consider increasing the rent to help pay for the space. This was counter to the request by North Memorial who asked for use of the space without paying rent to help offset the losses that North Memorial was showing in their quarterly reports to the City to operate the ambulance service. The City Council did ask that I reach out to both Faribault and Waseca, who also use North Memorial for the ambulance service, to inquire how they provide space for ambulance services.

I did reach out to Faribault and Waseca. I also reached out to the cities in Scott County, Le Sueur County, and to Lonsdale to gauge how cities around New Prague handle ambulance services in their cities. A summary of that information is as follows:

North Memorial Services

- Faribault: North Memorial has a private lease for their use of space in Faribault. City is not involved.
- Waseca: North Memorial built their own facility in 1997. City is not involved.

Surrounding Cities

- Shakopee: Recently terminated their lease agreement with their ambulance due to lack of space. Previously, had allowed use of facilities in exchange for medical direction and training. Going forward, the ambulance service will be allowed to use facilities free of charge but will need to park in the parking lot.
- Savage: Does not provide space for an ambulance.
- Prior Lake: Provide space for an ambulance for \$1,787/month in their Fire Station #2.
- Jordan: Does not have an ambulance stationed in Jordan. When there was an ambulance, space was provided free of charge.
- Elko New Market: Provides space for an ambulance free of charge.
- Belle Plaine: Provides space for an ambulance free of charge.
- Montgomery: Operates their own ambulance service.
- Le Sueur: Provides space for an ambulance free of charge.
- Lonsdale: Provides space for an ambulance free of charge.
- Le Center: Operates their own ambulance service.

Looking at the surrounding cities, Prior Lake is the only other City, in addition to New Prague, that charges to house an ambulance. For the other cities, either they do not have a contract with an ambulance provider to use City space or they allow the ambulance service free use of City space. This general arrangement aligns with the request that North Memorial is making for the upcoming contract with New Prague. While a small amount, being able to use the space without paying rent allows the ambulance to make the numbers work a little better so that it is able to keep operating in the community.

While providing use of space without charging rent would be a change for New Prague, it would be partnering with North Memorial to continue providing exceptional response times to the New Prague service area while staff continues working with the City Attorney's Office to work on the future of how to best service the entire New Prague Ambulance Service Area.

Speaking with North Memorial, representatives said that they would be open to paying a portion of the utilities. That exact amount was not discussed, and because of the new building, we are not yet able to determine an amount that would be used. The expiring contract calls for North Memorial to contribute up to \$5,000 per year for electric, gas, water, and sewer charges. This feels like a fair place to begin discussions, since the number of bays they'll be using is being reduced from three to two and the overall square footage available to them is being reduced from 4,012 SF to about 3,529 SF, which is a combination of private space and shared space in the new facility.

The other change from last meeting is that I heard that Council seemed more comfortable with a five-year agreement than a ten-year agreement. North Memorial has indicated that either a five- or ten-year agreement is agreeable to them.

Recommendation

Staff recommends approving a five-year services contract with North Memorial and approving a five-year lease agreement for use of a portion of the Public Safety Center, for \$1/year and contributing up to \$5,000/year towards utilities.