

# SENATE BILL REPORT

## SB 5493

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As of February 14, 2011

**Title:** An act relating to requirements that cities and towns with ambulance utilities allocate funds toward the total cost necessary to regulate, operate, and maintain the ambulance utility.

**Brief Description:** Concerning requirements that cities and towns with ambulance utilities allocate funds toward the total cost necessary to regulate, operate, and maintain the ambulance utility.

**Sponsors:** Senators Delvin and Hewitt.

**Brief History:**

**Committee Activity:** Government Operations, Tribal Relations & Elections: 2/14/11.

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

**Staff:** Sharon Swanson (786-7447)

**Background:** The legislative authority of a city or town (city) may establish an ambulance service utility under limited circumstances. If a private licensed ambulance service exists in the city, the legislative authority may establish an ambulance utility only after first determining that the existing private ambulance service does not adequately serve the city or a substantial portion of the city. The city must then allow the existing private ambulance service at least 60 days to meet generally accepted medical standards and reasonable levels of service. If the existing private ambulance service fails to meet this standard within the required timeframe, the city may either issue a call for bids or establish an ambulance service utility.

A city that establishes an ambulance service utility is authorized to set and collect rates and charges in an amount sufficient to regulate, operate, and maintain the utility. Before establishing rates and charges, the legislative authority must complete a cost of service study and identify the portion of the total costs that are attributable to availability of ambulance service and those that are attributable to the demand for ambulance service. Availability costs relate to the costs of basic infrastructure needed to respond to calls for service. Demand costs relate to the burden placed on the ambulance service by individual calls for ambulance service.

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The fee charged by the utility must reflect a combination of the availability cost and the demand cost, and they must reflect exemptions for persons who are Medicaid-eligible and who reside in a nursing facility, boarding home, adult family home, or receive in-home services.

Additionally, a city operating the ambulance service utility is obligated to support the utility with a substantial contribution of emergency medical services (EMS) levy funds and general fund revenues. The EMS levy fund must be applied to an ambulance service utility in an amount proportionate to the percentage of ambulance service costs to the total combined operating costs for EMS and ambulance services. General fund revenues must be applied as follows:

- A city that operated an ambulance service prior to May 5, 2004, must maintain at least 70 percent of its prior local general fund support for ambulance service.
- A city that operated an ambulance service before May 6, 2004, and that co-mingled general fund dollars and ambulance fund dollars may reasonably estimate the portion of general fund dollars applied toward the operation of the service. It must continue to apply at least 70 percent of that estimated amount toward the support of the ambulance utility.
- A city that established an ambulance utility after May 6, 2004, must allocate, from its general fund or emergency services levy funds or a combination of both, an amount equal to at least 70 percent of the total costs necessary to regulate, operate, and maintain the ambulance service as of May 5, 2004, or the date the utility is established.

Revenue generated by the utility must be deposited in a separate fund or funds to be used only for regulating, operating, and maintaining the utility. Total revenue generated by the utility must not exceed the total costs necessary for regulating, operating, and maintaining the utility service.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** After January 1, 2012, the legislative authority of a city that operates an ambulance service utility may allocate less than 70 percent of the amount of general fund revenues toward the costs necessary to regulate, operate, and maintain the ambulance service utility.

Prior to making any reduction in the general fund allocation, the legislative authority must hold a public hearing with notice provided in each ratepayer's utility bill. The legislative authority must allow for public comment and must address the following:

- the utility's most recent cost of service study;
- a summary of the utility's current revenue sources;
- a proposed budget reflecting the reduced allocation of general fund revenues;
- any proposed change to utility rates; and
- any anticipated impact to the utility's level of service.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Eleven cities will be directly impacted by this legislation. This legislation provides the option for local governments to allocate less than 70 percent general fund proceeds toward the costs necessary to regulate, operate, and maintain the ambulance service. The amount of 70 percent with no ability to adjust creates an inequity city to city. Currently, there are three police vacancies in Pasco because the city is locked into the amount of 70 percent general fund. If the city had the option to adjust this amount and still provide the services, it would be helpful.

**Persons Testifying:** PRO: Ashley Probart, Association of Washington Cities; Briahna Taylor, Gary Crutchfield, City of Pasco.