

**SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 1
RESOLUTION 20-532**

**A RESOLUTION OF SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 1 TO SET A CAPITAL
IMPROVEMENT PLAN FOR SAN JUAN ISLAND EMERGENCY MEDICAL SERVICES**

WHEREAS San Juan Island Emergency Medical Services (SJIEMS) has significant capital improvement needs over the next six years; and

WHEREAS the SJIEMS does not currently have a capital improvement plan; and

WHEREAS a draft plan was reviewed by the Board Commissioners during the month of September 2020;

NOW THEREFORE BE IT RESOLVED BY THE HOSPITAL DISTRICT COMMISSIONERS OF SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 1 THAT

The attached 6 Year Capital Improvement Plan be adopted, and funds set into Reserve Budget Fund 6512 and drawn from by Board Resolution as needed.

ADOPTED and APPROVED this ____ day of October 2020.



Commissioner



Commissioner



Commissioner



Commissioner

Commissioner



SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 1
SAN JUAN ISLAND EMERGENCY MEDICAL SERVICES

CAPITAL IMPROVEMENT PLAN 2020-2026

SUMMARY

Management analyzed the scope of the District’s different needs, from IT infrastructure to various station needs. For the most part, these things can be comfortably accommodated through the annual budget expenditures. The only two things that need to go into the capital improvement plan are the bond payments (for the building) and fleet purchases.

Expenditures	2020	2021	2022	2023	2024	2025
Ambulance 1 (Current: Dodie)	\$ 10,000					
Ambulance 2 (Current: Big Red)	\$ 10,000				\$350,000	
Ambulance 3 (Current: Weylon)		300,000				
<i>Ambulance 4 - RETIRE AND DO NOT REPLACE</i>						
Sprint Rig 1 (Current: 2015 Expl.)						\$ 75,000
Sprint Rig 2 (Current: 2012 Expl.)			\$ 70,000			
Comm. Param. Rig (Cur.: 2012 Esc)				\$ 50,000		
Sprint Rig 3 (Current: 2008 Explor.)	\$ 70,000					
Principle and Interest Payment on LT Debt (bond) (SHOULD END 2026, NOT PICTURED)	116,326	116,326	116,326	116,326	116,326	116,326
Total Yearly Outlay	\$ 206,326	\$ 416,326	\$ 186,326	\$ 166,326	\$ 466,326	\$ 191,326
General Fund	206,326					
Transfer to Reserves	300,000	225,326	225,326	225,326	225,326	225,326

The first year 2020, requires the purchase of a sprint car, and some upgrades to existing ambulances. It comes directly out of cash. The purchase of the 2021 ambulance will come from the capital fund which has \$300,000 in it now, and from thenceforth moving funds will be set aside annually to avoid this situation in the future. The charges for these items may or may not actually occur in 2020, but this plan initiates a chain of planning and spending that will be reviewed by the Board through the budget process.

At the current rate of payment, the building bond should be paid off by 2026.

Crosscheck the above chart against the replacement plan below to determine what is happening each year:

Description	2020	2021	2022	2023	2024	2025
Activity (cost reflected under Expenditures)						
Ambulance 1 (Current: Dodie)	upgrade					
Ambulance 2 (Current: Big Red)	upgrade				REPLAC E	
Ambulance 3 (Current: Weylon)	order repla.	REPLAC E				
<i>Ambulance 4 - RETIRE AND DO NOT REPLACE</i>						
Sprint Rig 1 (Current: 2015 Expl.)						REPLAC E
Sprint Rig 2 (Current: 2012 Expl.)			REPLAC E			
Comm. Param. Rig (Cur.: 2012 Esc)				REPLAC E		
Sprint Rig 3 (Current: 2008 Explor.)	REPLACE					
Principle and Interest Payment on LT Debt (bond)	PAY	PAY	PAY	PAY	PAY	PAY

DETAIL: BUILDING BOND

SUMMARY

The District has \$637,244 left on a 2 million-dollar bond that the District took out in 2012. At the current rate of payment, it should take about six years to finish paying off, or until 2026.

DETAIL

On December 5, 2012, the Board of Commissioners of San Juan County Public Hospital District No. 1 authorized a general obligation bond in the amount of \$2,000,000, to "to purchase real property with improvements for District use and to pay costs of issuance." The San Juan Island EMS Headquarters at 1079 Spring Street is funded from this bond. The bond was purchased by Islanders Bank.

From the Date of Issue to November 30, 2022 the interest rate is 3.125%. Terms dictate that it will be adjusted or reset at the start of the eleventh and twenty-first years of the bond based upon the then current Federal Home Loan Bank (FHLB) of Seattle ten-year Long Term Fixed Rate Bullet plus 0.83% (83 basis points), with a minimum interest rate of 3.125% for the life of the Bond.

Despite what you may have heard, there is no balloon payment. This bond matures on December 1, 2037. As noted above, there is a rate change assessment on the 11th year and the 21st year, and the 11th year starts in December 2022.

Islanders Bank has a lien on the taxing authority but not on the building. If the District moved EMS to the Fire Department, the building would need to be paid off. This bond cannot be transferred, it must be zeroed out.

The bond has no-prepaid penalty, which means the District can pay this off early without any penalty, should the District choose to do so. Additional payments come off the backside of the loan (principle, not interest), essentially turning it into a shorter-term bond.

In October 2020, \$637,244 remains on the bond. This payment does not show up in warrants, but it does show up on the expenditures report. It is paid directly on behalf of the district by San Juan County's Treasurers office. The monthly payment is essentially on autopilot.

The amount being paid is covered under two BARS codes, one for the principle (591.22.71.2022) and one for the interest (592.22.83.2022). For principle, the District currently pays \$7,914.79, and interest paid is \$1,779.02 per month, for a total of \$9,693.81 per month, or \$116,325.72 per year.

You will note that the BARS codes are labeled "Principal GO Bonds til 2022" [SIC] and "Interest GO Bonds til 2022," [SIC] which is because in 2023 the interest rate will be recalculated. It does not indicate a balloon payment, or that the bond matures in that year.

The reader will also note that if \$116,325 is paid per year since 2012, that the District would have paid in about 1 million dollars – but the District has \$637,244 left on a two-million-dollar bond. This is due to the transfer in of funds following the sale of the old IIMC Building in 2019 and puts us significantly ahead of schedule.

At the current rate of payment, the District should have this paid off by the end of 2026.

DETAIL: FLEET INVESTMENT

SUMMARY

Fleet needs are the most significant elective part of the Capital Improvement Plan (building bond payments are very significant but are largely the same each time). The fact that the District has not invested in capital improvements is part of why the District has a lot of money in the bank. However, the District's fleet is extremely aged, and is very behind. This represents major liability and needs fixed right away.

The District currently has four ambulances, three sprint rigs, and a vehicle for Community Paramedicine. One sprint rig needs to be retired and cannot be driven safely for emergency response (at high speeds with aggressive driving). One ambulance needs to be replaced, and another retired, moving to a three-ambulance fleet.

There will be further needs over the next five years, and the District will need to set aside money for them to ensure that the District does not fall behind again.

Management is proposing for 2020 that the District use \$90,000 from reserves and cash to replace the sprint rig in 2020 as well do some upgrades on the current rigs. Delivery of the sprint vehicle will be in 2021. Across the country vehicle purchasing is high and inventory is low. The ambulance that would be purchased in 2021 would cost approximately \$270,000 - \$300,000 depending on if we get additional bids from HGAC or went with a direct bid from Northwest Braun. Hospital Districts are not required by RCW to get requests for proposals. The new ambulance is proposed to be a diesel engine rather than a gasoline engine like our last ambulance was built. If a gasoline engine was ordered it would make the vehicle \$30,000 cheaper. Our fleet mechanic and our Staff EMT in charge of vehicles would like a diesel engine because of lower gasoline costs and less repairs over the life of the vehicle. In talking with outside sources this is true, but also management could go with the gas engine because the ambulances don't put as many hours on SJIEMS engines. Two out of our three ambulances are diesel engines and if management thinks saving \$30,000 was more important now or having less expense over the lifetime of the ambulance, a gasoline engine could be purchased.

Management further proposes a \$1.3 million Six-year capital improvement plan between now and 2025. This requires setting aside \$225,000 a year between 2021 and 2025. This will allow the District to replace two more sprint rigs, the Community Paramedicine rig, and another ambulance, as well as pay the ongoing building bond payments (see above). By the end of 2025, the District should be fully up-to-date on a regular rotating schedule of replacement.

These are low end ambulances consistent with the rest of the fleet, but quality sprint rigs. At modest expense the District will need to upgrade the ambulances. Sprint rigs require being outfitted with both the base chassis, as well as various equipment and IT resources.

FINANCIAL COST

The cost of the first year is discussed in detail in the 2020 Revised Budget. This expense may end up being paid in 2021, or even 2022, depending on delivery.

This plan allows the District to make replacements on a consistent schedule and ensures that the District is not in the situation it currently is in when another ambulance needs to be replaced.

AMBULANCE EXPLANATION

Paul Spencer, MEVT, from Fire Fleet Maintenance LLC, and Humberto Orozco, staff EMT, are responsible for fleet issues and participated in this plan.

The first key point is that the District's ambulances are old and were purchased when there was need of lower priced ambulances to fit the lower budgets.

Table 1: Current Ambulance Fleet

MODEL	YR NEW	AGE IN 2020	DESCRIPTION	END OF LIFE SPAN	EST. SURPLUS VALUE
E-450 "Dodie"	2017	3	This is the only one with gas rather than diesel, so it drives differently. In good condition. \$5,000 to install headsets.	2032 (15 yrs)	5,000
E-450 "Clifford" or "Big Red"	2003	17	Red unit. In better shape than the '02 and '97. Could have headsets plugged in, but doesn't have the units. This is used for possible COVID calls right now.	2023 (20 yrs)	\$5,000
E-350 "Waylon"	2002	18	"33." Needs new tires, front end work, balance; it's old. This has more issues than the 1997. (tires \$2000, \$1500 front end, also a hard to find leak)	2022 (20 yrs)	\$5,000
E-350 "Willie"	1997	23	the oldest vehicle, it's still in better shape than the 2002, but struggling.	2017 (20 yrs)	\$5,000

All four ambulances have a different layout. EMTs must think about which rig they are on to determine where things are. This isn't ideal. When doing rig checks, it's like learning four different kitchens. The District needs a new ambulance and will purchase one that has a similar layout to the District's most recent purchase.

The 1997, 2002, and 2003 ambulances are set at a 20-year life cycle. This is 5 to 10 years longer than the industry average, but the District's fleet expert has stated that adherence to industry best practices for maintenance and repair can justify the extended life cycle. The 2017 ambulance is set at 15 years life cycle because that is industry average for a Braun NW gas engine ambulance (a low end, but competent manufacturer with a lot of regional circulation).

As a four-ambulance system the District's % of life is 78%, which is significantly behind the curve. The District has one ambulance past expiration and another that really should be replaced right away, while a third needs replaced in the next five years. Paul Spencer and Humberto Orozco recommend that the District drop to a 3-ambulance system on the following basis:

- First out in the response rotation is the 2017 "Dodie," second out is the 2003 "Big Red"
- The 1997 "Willie" was operated less than 500 miles a year for the last two years, which is obviously very modest usage; this is because it is very old, and should not be used if possible
- Both the 2002 "Weylon" & 2003 "Big Red" were operated around 750 miles a year for the last couple of years

- The 2017 “Dodie” was operated for over 6,000 in the last year and is the primary ambulance
- Mileage says the District is a 2-ambulance system that should maintain a third spare unit, and it is helpful during COVID to have one set aside for that purpose (currently “Big Red”) – but a two ambulance system would reduce readiness; occasionally all 3 are out on calls

The District will need to retire two ambulances (the 1997 and 2002), and in the next few years replace another ambulance.

The District may be able to lean on the EMT Association or donors if something unexpected happens to deplete cash.

There are also a few equipment needs that need to be addressed on the two ambulances that the District intends to keep (Dodie, Big Red):

- Backup cameras, a major safety issue with a volunteer staff not routinely driving them (also provides video recordings if needed in a liability case). The current industry standard has 360-degree view. (\$5,000 x2 = \$10,000)
- Headsets capability: Only the 2003 has the headset option, which is helpful if using sirens (protecting hearing) and allowing more communication with dispatch despite noise but does not have headsets.
 - Installation of headset systems and purchase units for the 2017 “Dodie,” (around \$5,000 each, total \$10,000)
 - The new ambulance will have this capability built into the cost

The District needs to get a four-wheel drive ambulance to better access the higher elevations on the island in winter and muddy terrain that is encountered in the rainy season. The District does not currently have a four-wheel drive ambulance, so it requires the use of chains and does not help driving traction in the mud. Chains should be automatic, which saves time.

The 2017 ambulance has had a lot of issues. It has the same engine and transmission as a Ford Explorer, but with a very large box on it

OTHER FLEET NEEDS

The District has historically had three sprint cars. One was driven by Weyshawn Koons, the other two were given to whichever paramedic was on duty. Often there are two paramedics on duty at the same time. If there is a damaged unit, then vehicles are shifted as needed. The District intends to use all three vehicles on a rotating basis.

Table 2: Other Fleet

MODEL	YR NEW	AGE IN 2020	DESCRIPTION	END OF LIFE SPAN	EST. SURPLUS VALUE
Explorer	2015	5	Medic sprint car.	2025	\$7,500
Explorer	2012	8	Medic sprint car.	2022	\$7,500
Escape	2012	8	Community Paramedicine vehicle; is driven less aggressively.	2022	\$5,000
Explorer	2008	12	Former sprint rig, demoted to staff vehicle due to reliability issues. It is safe to drive.	2023	\$7,500

Until recently the District had three sprint rigs, however in 2020, the 2008 Explorer was surplus due to age and reliability. The District should have (and needs) three paramedic response vehicles: two for use and one as a backup. They do break, and redundancy is key. If a medic must respond out of the station, the District must pay all their overtime. The District currently does not have to pay for all their on-call time when they have access to a sprint rig since they are able to respond from home.

The mobility of the District's paramedics is also a key part of the District's response model, allowing medics to shift scenes without being tied to the ambulance.