



Corporate Report

DEPARTMENT/ DIVISION	City Manager's Office Emergency Medical Services	REPORT NO.	2002.043
DATE PREPARED	January 18, 2002	FILE NO.	
MEETING DATE	February 25, 2002		
SUBJECT	EMS Reserve Funds		

REPORT SUMMARY

To recommend the establishment of two reserve funds for Emergency Medical Services (EMS) operations.

BACKGROUND

The Ministry of Health and Long Term Care (MOHLTC) announced March 23, 1999 that, effective January 1, 1999, the Province would share 50 per cent of “approved costs” for the delivery of land ambulance services. On January 10, 2000, Council approved Report No. 2000.037 (City Manager) which recommended that the City of Thunder Bay become the Designated Delivery Agent (DDA) for the provision of Land Ambulance in the District of Thunder Bay. The City was designated as the DDA by the MOHLTC on May 18, 2000.

On November 17, 2000, MOHLTC approved a funding template which defines “approved costs” to include 50% of the cost of vehicles, salaries, equipment and facility operation costs within municipalities and 100% in unorganized areas.

COMMENTS

Vehicles, Equipment and Facilities

Superior North EMS has a fleet of 41 vehicles, including 35 ambulances, three emergency support units and three administrative support vehicles, that are used to provide land ambulance services within the City of Thunder Bay and throughout the District. Currently, 71.4% of the fleet is less than five years old.

The Province has identified two models for funding the replacement of vehicles:

1. The first alternative is to budget for new vehicles as required and include a request for funding in the annual budget submission. The MOHLTC will flow 50% of approved funds upon approval of the budget. Delays in approving the budget can put the City at risk, if new vehicles are required before the budget is approved. In 2001, the budget was not approved by the MOHLTC until August 28th. The DDA operates on a January to December fiscal year.
2. The second funding alternative uses a formula that is based on a 4.5 year replacement cycle. Based on this formula, the City received \$844,304 for the purchase of replacement vehicles in 2001. With low mileage demand in district services, there is the potential to realize savings by rotating vehicles and increasing the length of service for some units beyond the estimated useful life of 4.5 years. If replacement vehicles are not required in a given year, the balance remaining in vehicle and equipment operating accounts at the end of the year can be carried forward for future use.

By establishing a reserve fund, the City can capitalize on the potential for savings and gain the flexibility to fund enhancements, such as four-wheel drive vehicles, that are important to effective service delivery in northwestern Ontario.

Severance

The *Employment Standards Act* requires employers with a payroll greater than \$2.5 million to pay severance to employees with at least five years of service who lose their jobs. Qualified employees are entitled to receive one week of severance for each year of employment to a maximum of 26 weeks. Establishing a fund for a future severance liability is consistent with prudent fiscal management.

Following the appointment of the City as the DDA, the City received payments totalling \$615,239 from the MOHLTC, which represented 100% of accrued severance to December 31, 1999 for employees of land ambulance services throughout the District of Thunder Bay. The MOHLTC indicated that the funds were to be held in reserve to pay severance as required.

An allowance for severance is included in the annual budget submission to the MOHLTC. The Province will continue to contribute 50% of the incremental severance liability each year, based on the approved funding template.

A reserve fund must therefore be created for both the initial contribution from MOHLTC and the ongoing incremental severance liability.

Given the current funding template for EMS service, any approved provincial funding for EMS must be specifically used or reserved for EMS purposes. If this is not done, such funding must be returned to the Province. The creation of the above noted reserves is,

therefore, an essential element of the financial management of EMS.

CONCLUSION

It is concluded that a reserve fund model provides greater benefits to the City than annual requests for funding the purchase of vehicles and equipment because it allows for purchases to occur as needed, rather than when the Province approves the budget and flows funding to the City.

It is further concluded that a reserve fund should be established to ensure that the necessary funds are available to provide severance for qualified employees, as required.

RECOMMENDATION

THAT with respect to Report No. 2002.043 (EMS), a reserve fund to be known as the “EMS Vehicle & Equipment, and Facilities Reserve Fund” be established and maintained for the purpose of providing funds for the purchase of vehicles and equipment and facility maintenance required to provide land ambulance services;

AND THAT the balance remaining in vehicle and equipment operating accounts be deposited in the EMS Vehicle & Equipment and Facility Reserve Fund at the end of each year;

AND THAT funds be expended from the EMS Vehicle, Equipment and Facility Reserve Fund with the approval of the Director – Superior North EMS after considering recommendations from the Supervisor-Fleet, Thunder Bay EMS;

AND THAT a reserve fund to be known as the “EMS Severance Reserve Fund” be established and maintained for the purpose of providing funds for the payment of severance as required;

AND THAT severance payments to eligible employees be made from the Reserve Fund;

AND THAT the necessary By-laws be presented to City Council for ratification.

REFERENCE MATERIAL ATTACHED

None.

PREPARED BY: Kathleen McFadden - Management Studies Analyst

This report signed and verified by Greg Alexander, Acting City Manager, City of Thunder Bay on February 14, 2002