

DATE: August 10, 2016

TO: Board of Directors, Area Metropolitan Ambulance Authority (AMAA)

FROM: Douglas Hooten, Executive Director

SUBJECT: Budget for Fiscal Year 2016-2017

Executive Summary

We are pleased to present the proposed budget to the AMAA Board for the fiscal year beginning October 1, 2016 and ending September 30, 2017 for your consideration. The following is how the FY 2016-2017 budget relates to the FY 2015-2016 forecasted actual revenues and expenses.

We have budgeted FY 2016-2017 revenues to be **\$50,186,338** which is an increase of **\$2,252,510** or **4.7%** over FY 2015-2016 forecasted actual. Expenses are budgeted to be **\$41,442,469**, which is an increase of **\$1,863,110** or **4.7%** over FY 2015-2016 forecasted actual. Net Retained Earnings is budgeted to be **\$8,743,869** which is an increase of **\$389,400** or **4.7%** from forecasted actual FY 2015-2016. Capital spending is budgeted to be **\$7,656,977** for a surplus of **\$1,086,892**.

Management has established 3 overriding goals for FY 2016-2017. These goals are:

1. Increase field personnel average length of stay from 4 years to 5 years. Reduce first year field turnover 10%.
2. Investigate and evaluate options to enhance existing revenue sources as well as develop alternative revenue sources for the future.
3. Improve the margin between cash per transport and cost per transport by \$4.00.

The FY 2016-2017 budget includes the funding of initiatives to accomplish these goals.

Budget Summary

Revenue

Revenue is up by **4.7%** to **\$50,186,338** for an increase of **\$2,252,510** in the FY 2016-2017 budget over the FY 2015-2016 forecasted actual due the following drivers:

- Transports will increase by 4.0 %
- Collection rate will remain constant at 28% of gross revenues
- HHSC cost report funding will remain constant at \$2,000,000
- Subsidy provided by member cities will remain constant at \$28,566

- Subscriptions will increase by 2,000 households or \$120,000 with an emphasis on promotion this fiscal year.

Expenses

Expenses are up by **4.7%** to **\$41,442,469** for an increase of **\$1,863,110** in the FY 2016-2017 budget over the FY 2015-2016 forecasted actual due to the drivers discussed below.

Operations/Administration expense total **\$39,811,674** which is up by **3.7%** or **\$1,437,789** in the FY 2016-2017 budget over the FY 2015-2016 forecasted actual due to the following drivers:

- Payroll and Benefits are up by **4.2%** or **\$1,228,478** and the main drivers are:
 - 3 new positions are anticipated, as follows:
 - Chief Operations Officer
 - Community Health Paramedic
 - Medical Records Specialist
 - Incentive payments to all staff have been increased from 4% to 5%
 - Employee Recognition includes \$250,000 fund to pay for initiatives necessary to accomplish our recruitment and retention goals. These projects will include:
 - Enhanced recruiting strategies
 - Tuition reimbursement for Paramedic/EMT classes and/or university coursework
 - Hiring bonus/longevity bonus
 - Benefits package adjustments
- Fuel is up by **6.25%** or **\$37,782** in order to plan for a possible fuel price increase over the coming year
- Business insurance is up by **6.5%** or **\$20,921** due to increased claims experience in FY 2015-2016
- Professional fees have decreased by **5.8%** or **\$42,207**
 - Public Consulting Group contract to prepare the annual cost report was renegotiated from 15% of net recovery to 6%
 - Legal fees decreased by \$59,333 with the hiring of in-house General Counsel
 - Payroll processing fees decreased by \$43,487 due to a change in provider
 - Other fees increased, including:
 - Outside exit interviews - \$26,261
 - High level IT security audit - \$64,008
- Computer hardware/software maintenance increased **18%** or **\$177,576** due to changes/additions to technology including ImageTrend, Logis, and FirstPass software.

Office of the Medical Director expenses total \$1,630,795 which is up **35.0%** or **\$425,321** in the FY 2016-2017 budget over the FY 2015-2016 forecasted actual due to the following drivers:

- Staffing: Payroll and Benefits are up by **29.5%** or **\$218,513** driven primarily by increase in two full time positions, as follows:
 - Clinical Practice Coordinator [this temporary position was approved by the AMAA board in May, 2016]
 - Clinical Quality Coordinator/MIH
- Professional Fees/Medical Direction is increased by 65.9% or \$210,821 due to the following drivers:
 - Medical Director Staff now includes:
 - 1 full time Medical Director
 - 1 part time Medical Director (.8 FTE, up from .6 FTE)
 - 1 part time Medical Director (.2 FTE, equal to FY 2015-2016)
 - Health Insurance
 - Reimbursement of health insurance to part time Medical Director totaling \$17,000
- Liability insurance is increased by 56.8% or \$10,140 to a total of \$28,000 to add a group delegated practice policy to include part time Medical Directors.

Capital Plan – FY 2017-2021

The capital plan addresses needed infrastructure improvements over the next five years. Total capital request is summarized as follows:

FY 2017 - \$7,656,977

- Replace cardiac monitors - \$2,450,000
- Replace 12 ambulances - \$1,920,000
- Remount ambulances - \$900,000 (on chassis purchased in FY 2015)
- Flooding/driveway repairs - \$500,000
- ERP software - \$450,000
- Additional storage and replacements in IT technology - \$ 265,527
- Replace 16 blade chassis servers - \$242,000
- Acquire 2 additional non-emergency vehicles - \$206,000
- Billing software - \$200,000
- Replace 1 supervisor vehicle and add 1 OMD support vehicle - \$120,000
- Replace 176 mobile/portable radios over 4 years - \$150,000
- Hospital connections to the Cloverleaf software - \$100,000
- Fleet/logistics equipment replacements - \$99,450
- Ventilator (CHP program) - \$30,000
- Portable ultrasound (OMD) - \$24,000

FY 2018 - \$3,637,827

- Replace 12 ambulances - \$1,920,000
- Remount 10 ambulances - \$750,000
- Simulation Mannequins (adult, ped, infant, newborn) replacement - \$215,000
- ERP software (additional modules) - \$450,000
- Replace 176 mobile/portable radios over 4 years - \$150,000
- Evaluate wi-fi to replace vehicle cellular - \$60,000
- Tablet replacements - \$67,827
- Replace Special Event mule - \$25,000

FY 2019 – \$2,612,827

- Replace 12 ambulances - \$1,920,000
- ERP software (additional modules) - \$450,000
- Replace 176 mobile/portable radios over 4 years - \$150,000
- Tablet replacements - \$67,827
- Replace Special Event mule - \$25,000

FY 2020 - \$1,987,827

- Replace 12 ambulances - \$1,920,000
- Tablet replacements - \$67,827

FY 2021 - \$1,987,827

- Replace 12 ambulances - \$1,920,000
- Tablet replacements - \$67,827

We respectfully submit the FY 2016-2017 budget for your review.