



Finance Committee Supplemental Report

CITY OF
**PALO
ALTO**

From: Geoffrey Blackshire, Fire Chief

Meeting Date: May 6, 2025

Item Number: 3b

Report #:2504-4605

TITLE

Evaluation of Fire and Ambulance Service Expansion Options (Continued from 11/19/2024 and 4/1/2025 Meeting)

RECOMMENDATION

This supplemental report responds to the Finance Committees feedback on April 1, and is to assist in the continued discussion of the Fire Department Budget and further investment in the expansion of services. Should the Finance Committee wish and determine the financial priority to further invest in fire and ambulance service expansion, staff recommend the Committee recommend to the full Council the next step to add one single-role 12-hour ambulance as an initial investment towards single-role service delivery model.

EXECUTIVE SUMMARY

During the Fiscal Year 2025 Budget Hearings, the Finance Committee requested the Palo Alto Fire Department to return with options to increase fire and emergency medical service (EMS) resources to meet service needs. This staff report reflects the culmination of multiple discussions with the Committee and Council regarding options for additional investment and recommends an initial next step to pursue a new service delivery for ambulance services through a single-role model. Importantly, advancing Council's mid-year budget actions, cross-staffing at Fire Station 4 of Engine 64 and Medic 64 will start as of May 5 and the proposed budget recommends the addition of the equivalent of three daily staffing to make this deployment model ongoing.

Staff recognize the tension in the Committee's desire to move toward a dedicated engine at Fire Station 4, conversion to single-role, and a phase-in transition. Should the Committee both wish to officially pursue the single-role service delivery model and determine that a financial priority should be to advance such an option, staff recommend adding approximately \$1 million (to be pro-rated in the first year) to support the addition of one 12-hour ambulance to the City's fire and emergency medical services initially staffed on overtime in October, with the intent to transition it to a single role staffing in 9-12 months. This recommendation, with the

recommended ongoing cross-staffing of Engine 64 and Medic 64, advances two goals of the Council and Finance Committee of adding an engine at Fire Station 4 and expanding emergency medical services to meet service demands.

This option will allow the engine at Fire Station 4 to remain cross-staffed; however, during the daytime the cross-staffed medic unit would be designated last out supporting greater availability of Engine 64. This step invests additional resources, expands services delivery and balances the fiscal uncertainties in the near term.

BACKGROUND

During the Fiscal Year 2025 Budget Hearings, the Finance Committee requested the Palo Alto Fire Department to return with options to increase fire and EMS resources to meet service needs. Staff presented data on three staffing options to Finance Committee on November 19, 2024¹. During that meeting, the Finance Committee reviewed the options and requested additional data and additional staffing options to achieve the staffing of Engine 64 and a peak-hour ambulance.

As a reminder, a full background can be found in the prior Committee discussions. This ongoing discussion of resources and service delivery stems from a number of factors including, call volume, call types (a preponderance being medical in nature), response times, Unit Hour Utilization (UHU), and reliance on mutual aid resources, e.g. county ambulance. Discussions have focused on options for additional investments that would provide additional resources, specifically medical resources, seeking to reduce the City's reliance of County mutual aid and prioritizing an engine at Fire Station 4. The most efficient and greatest improvement overall to the fire and ambulance system, specifically the addition of an engine, a 12-hour peak ambulance (8–m - 8pm), and delivery of ambulance services with a single-role staffing model have been discussed. Single-role staffing is a service delivery that draws on models implemented by other city fire departments in California and utilizes single-role civilian EMTs and paramedics for ambulance staffing. This new service delivery would seek to create a more flexible staffing structure that will allow for faster and more cost-efficient expansion of EMS services.

It is prudent to add resources incrementally towards the long-term vision of a single-role ambulance service delivery model, as the City works through administrative and operational logistics in the creation of a new division. As part of the mid-year budget actions, Council approved Fire Station 4 staffing of Engine 64 and Medic 64 in a cross-staffed model with the addition of the equivalent of three daily staffing. On April 1, 2025² the Fire Department (Department) returned to the Finance Committee with additional data requested, and three additional options for staffing Fire Station 4 and a peak hour ambulance for 12-hour daily. The

¹ <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=14506>

² <https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=16017>

Committee “directed staff to provide options towards having an engine at Fire Station 4, conversion to single-role, and options on how and when to transition given the financial considerations and in recognition of the upcoming budget process and long-range financial forecast.”

ANALYSIS

Emergency response service demand and calls for service have increased over the last three years. Most emergent calls for service are medical in nature (63% of calls). The Department’s current deployment has prioritized ambulance services through three (3) full-time ambulances that respond to medical emergencies for patient treatment and transport. Two of the three ambulances share a fire station with a fire engine (Fire Stations 1 and 2), and Fire Station 4 is transitioning to be cross-staffed with an ambulance and an engine on May 5, 2025.

Based on the Finance Committee’s direction in April, taking into consideration the desire for an engine at Fire Station 4, movement towards a single-role service delivery model, and managing financial considerations, staff recommend consideration of adding a 12-hour ambulance.

The following outlines the timeline and cost estimates associated with this option. The timeline assumes a July 1 start and reflects what a 12-month and pro-rated estimate would be for the initial year.

Addition of a 12-Hour Peak Ambulance

An initial investment towards a 12-hour peak ambulance operated as a single-role apparatus will take time to implement, will provide a modest pilot that can be scaled up if it is successful once implemented. By expanding resources to support EMS, this will assist in UHU and the availability, more specifically, of the cross-staffed unit at Fire Station 4. This step includes an assumption that firefighter overtime from existing staff could be used to bring the new 12-Hour ambulance into operation in advance of the implementation date of the single-role apparatus. Staff estimate an implementation for a 12-hour single-role ambulance as of April in the implementing fiscal year at the earliest with the below steps needed to achieve this.

Table 1. Timeline for Single-Role Implementation

Fiscal Year 1st Quarter (July-September)

- Continue meet & confer with IAFF for single-role staffing model; with a goal to conclude by the end of the quarter
- Submit new job description(s) to CalPERS for review and designation of pension status
- Work on single-role program development (within existing staffing)

Note: During this quarter, subject to the Council adoption of the FY 2026 Proposed Operating Budget, the Fire Department would begin a process for captain promotions to transition the cross staffing at Fire Station 4 from overtime to full time staffing. This step seeks to manage overtime usage in the system and staff fatigue.

Fiscal Year 2nd Quarter (October-December)
<ul style="list-style-type: none"> ▪ Implement a 12-hour peak ambulance with firefighter overtime (This can only be implemented after Fire Station 8 closes i.e. when fire season has ended.) ▪ CalPERS review and ruling for new job description(s) <ul style="list-style-type: none"> ➤ This is a key step. Currently all cost models assume a lower cost civilian benefit structure; should a different determination be made, staff would return to the City Council to revisit further investments. ▪ Further develop and finalize single role program: Hire administrative and management positions to accelerate establishment of program start up including training and onboarding for a single-role team; finalize single role program (scheduling, policies, and procedures, etc.) ▪ Begin hiring opportunity for single-role positions by end of quarter <p><i>Note: A process for captain promotions would expect to be concluded during this quarter, ending the overtime needed to cross-staff the ambulance and engine at Fire Station 4, allowing capacity for the new 12-hour peak ambulance overtime shifts to begin.</i></p>
Fiscal Year 3rd Quarter (January-March)
<ul style="list-style-type: none"> ▪ Recruitment, onboarding, and training of first staff for single role staffing. ▪ Tentative soft implementation of first single-role 12-hour peak ambulance in service
Fiscal Year 4th Quarter (April to June)
<ul style="list-style-type: none"> ▪ One single-role 12hour peak ambulance in service.

The costs for the addition of one single-role 12-hour peak ambulance are outlined below. These figures are in Fiscal Year 2026 dollars. The table includes the initial year costs and the estimated ongoing annual cost to illustrate the full financial impact. The City Council could choose to not implement the 12-hour peak ambulance on overtime as early as October and wait until the single-role 12-hour peak ambulance program and staffing are ready; this would delay the ability to expand resource availability in the system to assist in making the cross-staff unit at Fire Station 4 more available until the new peak ambulance was placed in service.

Table 2. Add Single-Role 12 Hour Peak Ambulance & Cross-Staff Engine 64			
Item	Timeframe	Initial Year	Ongoing
12 HR Peak Ambulance on Firefighter Overtime (this unit would sunset after single-role implementation)	October-March	\$0.3M	\$0
Single-Role Administrative Positions (estimated 2.0 FTE)	November-June	\$0.2M	\$0.4M
Single-role EMT and Medic Positions (estimated at equivalent of 5.0 FTE)	February-June	\$0.3M	\$0.7M
12-hour Peak Ambulance Supplies & Training	July-June	\$0.1M	\$0.1M
TOTAL		\$0.9M	\$1.2M

Next Steps

If the budget allows, staff recommends taking this realistic next step to test a new service delivery model with added resources and time to address current and future service demands. This strategy allows our team to evaluate and adjust the model before making additional investments. For example, if the pilot proves successful, the 12-hour peak ambulance could be transitioned to a 24/7 ambulance, relieving the cross staffing at Fire Station 4, and through attrition, further transition to a long term, more sustainable, service delivery model.

Alternatives

Staff recognizes the Committee's desire to consider placing an engine at Fire Station 4 full time and seeks a scenario that allows for movement toward this while balancing fiscal needs. Though not recommended, below are a few alternatives to the staff recommendation the Committee council consider:

- At no additional cost, the Committee could provide direction to stop cross-staffing the engine and medic unit at Fire Station 4 while the 12-Hour peak ambulance is in service. This would provide a dedicated engine from 8am-8pm at Fire Station 4, however, this would not increase system resources during the day and would not assist in managing the call volume and reliance on mutual aid from the county for EMS transports.
- With the addition of a fire captain position at Fire Station 4 as part of the Fiscal Year 2026 proposed budget, the Department can make Engine 64 full-time by adding one full-time single-role ambulance at Fire Station 4 instead of a 12 HR Peak Unit. This would add 9 FTE (compared to the recommended 7 FTE), and cost \$1.5 million in ongoing annual costs.
- To address both the system capacity needs and the desire for a full-time engine at Fire Station 4, the Committee could recommend adding both a full-time ambulance and a 12-hour peak ambulance in the single-role model. Once implemented, this would add 14 FTE, and cost \$2.2 million in ongoing annual costs, approximately half of that in the implementing year.

Resource Impact

Options for investment have ranged from \$1 million to over \$4 million during the discussions for expansion of fire and ambulance services. The FY 2026 proposed budget reflects a \$1 million investment to solidify the FY 2025 mid-year budget action to cross-staff Engine 64 and Medic 64 (Fire Station 4 resources). If recommended, the incremental step would cost an additional \$1.2 million ongoing, up to \$0.9 million in the initial year; an investment of an additional \$2.2 million in fire services between FY 2025 and FY 2026.

Municipal Fee Study: A citywide municipal fee study was presented to the Finance Committee on April 29, 2025. In that study the consulting firm Matrix recommended increases to the base ambulance transports fees and the adoption of a new first responder fee. These fee changes would go into effect on July 1, 2025 and can be quickly implemented by the Fire Department's

ambulance billing vendor. Matrix estimates \$0.4 million of annual revenue from the \$497 first responder fee. The first responder fee will only be collected from commercial insurance companies. Should the increase in ambulance transport fees be approved, additional revenues may be generated, however, additional revenue will be dependent on the type of insurance patients carry. The analysis by Matrix was based on the city's payer mix and is estimated to generate \$0.7 million in additional revenue from the base transport fee increases. As noted at the April meeting, additional revenues from fee increases were not included in the FY 2026 proposed budget and will be included as a recommended adjustment between the FY 2026 proposed and FY 2026 adopted budgets.

APPROVED BY:

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