

# **WASHOE COUNTY AUDIT COMMITTEE**

## **MEETING MINUTES**

**Friday, February 27, 2015**

**9:30 a.m.**

**Commission Caucus Room**

Committee Attendees: Dave Stark, Keith Romwall, Elaine Alexander, Marsha Berkgigler,  
and John Slaughter

Other Attendees: Alison Gordon, Al Rogers,

### CALL TO ORDER

The meeting was called to order at 9:30 a.m. and Alison Gordon performed the roll call – those listed above were present.

### AGENDA

Mr. Romwall moved to approve the agenda as presented. Ms. Berkgigler seconded the motion, which carried unanimously.

### PUBLIC COMMENT

Cathy Brandhorst spoke about items of interest to herself.

### MINUTES

Mr. Romwall moved to approve the minutes as presented. Ms. Berkgigler seconded the motion, which carried unanimously.

### BUDGET UPDATE

Mr. Rogers stated he provided the economic update to the Committee in December. He said they would be doing it again at the end of March or early April on their regular schedule and eventually, they were hoping to go to a monthly update. He reported they were fully staffed in the budget division at this time. Last night was the deadline for departments to get in their fiscal 2016 budget requests, so between now and next Friday, the Analysts would be going through them. For the first time in the budget process for Washoe County, they were going to take a different approach with the departments in terms of how they gathered their information and how they would bring it forward to the County Manager for recommendation to the Commissioners. The week of March 9<sup>th</sup>, they would be meeting as a budget committee and senior management with each one of the departments to hear their proposals. In the past, the budgets had always been brought forward by the individual fiscal analysts, but this year they were going to, by

committee, hear those informally. He said they had some preliminary requests from departments, and with the exception of a few, some departments coming in with “above-base” requests. Even though they were optimistic going into next year with revenue projections, they would be looking at somewhere between a 2.7 percent to 3 percent growth in tax revenue. He thought the departments were happy with having the open dialogue about what their needs were and how those would tie in with the strategic plan. He said they had a great strategic planning meeting in January, with the Commissioners, Department Heads and Division Directors. He reported the tentative budget would go in on time or before April 15th and June 2nd was the deadline for the final budget. Again, that was contingent upon the Legislature regarding proposed changes to the reporting requirements.

Ms. Berkbigler stated it was early, but she wondered if he had heard anything from the County’s legislative team or from NACO about things they were certain would come through that could impact the County. Mr. Slaughter stated there were two that may impact the County. He said there was one related to Court Reporters and what they were paid, which was going to increase about \$200,000 to \$300,000 annually. He noted there was a bill that dealt with pre-sentence investigation where someone was declared guilty. The pre-sentence investigation was used by the State Prison to classify the individual; previously that was entirely borne by the State. Several sessions ago, they put 70 percent of that on to the County, which was big, but there was legislation this session to put 30 percent on the County and 70 percent on the State.

Ms. Alexander asked if any one department would come in and ask for a huge increase. Mr. Rogers stated no, but at the Board retreat in January they asked the departments to come forward with two or three of their top priorities that might affect service levels. He said some of them were minor and nothing dramatic.

Ms. Berkbigler stated the Commissioners held a joint meeting with the Library Board and they presented a budget that was minimally higher than above-base to increase services.

Ms. Alexander asked how many Department Heads they were planning on meeting with. Mr. Rogers said there were 24 and they were scheduled the full week of March 9<sup>th</sup>. He noted they would spend more time with the larger departments, others would be shorter.

Mr. Stark wondered if there were any anticipated changes in revenue levels. Mr. Rogers stated property tax was following the abatement at 3 percent. He said the C-Tax was up almost 9 percent and they budgeted that at 5 to 5.5 percent. He said it was a big part of the budget; however, it was not at the level such as property tax. Ms. Berkbigler stated those taxes were sent to the State who then disbursed to the counties according to population.

## AUDIT REPORT

Ms. Gordon stated on September 23, 2014 the Board of Fire Commissioners asked her to perform an analysis in coordination with Scott Main, LSM Government Financial Management, who also helped with the County’s Cost Allocation Plan. She said they worked to determine the costs incurred by the Truckee Meadows Fire Protect District (TMFPD) to respond on medical

calls. She said they were also asked to include a review of the emergency medical services (EMS) that REMSA provided to the citizens in Wadsworth.

Ms. Gordon stated they found various emergency response entities provided EMS services within the County. First there was REMSA, which held the exclusive right to provide ambulance service within the County, with the exception of Gerlach and the North Lake Tahoe Fire Protection District (NLTFPD). Second, there was the County and various non-county emergency response entities, and those included but were not limited to the TMFPD, certain district and county volunteer fire stations, the Storey County Fire Protection District, the North Lyon County Fire Protection District (NLCFPD) and the Pyramid Lake Fire EMS Tribal District (PLFTD). She said during Fiscal Year 2014, she found that the TMFPD responded to 6,257 emergency medical service calls, which equated to about 82 percent of their total call volume. To estimate their 2014 costs on a per medical call response basis, she reviewed the County's financial system and used the cost of direct emergency operations as well as administrative overhead. She estimated the cost to the TMFPD for each medical call response at about \$2,582.

Ms. Gordon said in addition she found that during the period of January 1, through June 30, 2014, the District assisted REMSA in the transportation of patients 56 times by sending a firefighter in the ambulance with the patient. That cost about \$7,300 for those times. She said that amount included both salaries and benefits of the paramedic participating in the transports as well as the staff costs and costs of the responding fire station, which would be out of service because one of their firefighters was in the ambulance. She noted the average staff time spent during transport was 45 minutes at a cost of \$129, with actual transport times occurring between 10 minutes and up to two hours and 40 minutes.

Ms. Gordon said as far as emergency medical services to the Wadsworth residents, those services fell within REMSA's franchise operational area. On June 22, 1994 the County District Board of Health (BOH) met and approved REMSA maintaining a ground ambulance unit in Wadsworth. At that time, they approved they could increase their bills by 5.3 percent or \$27, which was what REMSA estimated they would need to provide ambulance service in Wadsworth. She said the increase was to cover the costs of placing and staffing an advance life support unit in Wadsworth. She said REMSA's documentation showed the additional funding was needed to pay for the ambulance medical and communication equipment in Wadsworth, which would result in REMSA incurring long-term costs and justified the \$27 increase to their bills. Both the District and REMSA staff reported that they did have a mobile home placed next to the District's Wadsworth's Fire Station, which also included an ambulance. She received various explanations as to why REMSA was not at that location, but for some reason the arrangement did not continue. Currently, REMSA and their staff were located at the Big Bend RV Park in Wadsworth, but REMSA did not continuously station an ambulance there as demonstrated by their response numbers. She requested that REMSA provide data showing the number of ground responses in Wadsworth in FY 2014, but according to REMSA's CEO, that information was not available.

Ms. Alexander asked Ms. Gordon to clarify there was not always an ambulance in Wadsworth. Ms. Gordon stated it was not always stationed in Wadsworth, nor was it always at the RV Park.

Ms. Gordon stated the BOH records indicated that REMSA had three ground responses in Wadsworth during FY 2014. For the first four months of FY 2015, REMSA's management reported their staff responded 19 times, with nine ground transports. She said the number of REMSA responses had resulted in other fire entities with fire apparatus or ambulance ALS personnel responding to EMS calls in Wadsworth. She said those included TMFPD Station 17 in Spanish Springs and Station 37 in Hidden Valley. Both of those stations were at least 30 miles away from Wadsworth. She noted there were other non-Washoe County entities which were strategically closer and responded when available; NLCFPD and PLFTD, both of which had ambulance services. She said that during FY 2014 the two TMFPD stations responded 112 times. The NLCFPD responded 32 times and the PLFTD responded 71 times during the period of March 2014 through June 2014, when services first became available.

Ms. Gordon stated that over the first four months of FY 2015 the same non-REMSA entities responded a total of 101 times in the Wadsworth area, compared to REMSA's 19 times. She said that since May of 1994, REMSA had been collecting the additional \$27 increase adjusted annually for the Consumer Price Index (CPI) in its County customer billing. Because actual data was limited or unavailable, she performed an analysis and prepared a very conservative estimate of REMSA's Wadsworth revenues and expenditures, included amounts for uncollectable accounts over the last 20 years. She pointed out that Mr. Stark provided assistance to her on the analysis, and she was grateful. Each of those amounts was adjusted for CPI to staff and ambulance in Wadsworth. She said the analysis showed, over the 20 years, REMSA collected an estimated \$6.1 million more in revenue than expenses.

Ms. Alexander asked if Ms. Gordon figured out in her analysis how much we paid REMSA for three ground responses for year-end 2014. Ms. Gordon stated she did not. Mr. Slaughter explained for a ground ambulance, the average bill was \$700 to \$1,200. Ms. Gordon stated REMSA's revenues and expenses pertaining to the additional funding received for Wadsworth was not tracked separately in their financial statements but were included in their patient revenue and expense portion of their financial statements. Therefore, any excess revenue collected from the Wadsworth funding would have subsidized the cost of providing service in areas outside Wadsworth, or increased their fund balances. She said it was a very conservative estimate, because in her analysis she assumed REMSA was providing those services all along.

Ms. Gordon concluded by stating she did a review to determine whether REMSA was providing any reimbursement to the County for other non-County providers of EMS services. During August of 2013, TMFPD, Reno Fire Department and the Sparks Fire Department entered into an agreement with REMSA whereby for three months REMSA would reimburse the costs of certain medical supplies used by the participating agencies. The District reported once the agreement expired, they entered into a verbal agreement with REMSA to continue the program. So far, REMSA had only reimbursed the District \$852 of the \$15,421 owed through November 2014.

Ms. Alexander asked whose fault that was and if REMSA was billed for that money. Ms. Gordon responded TMFPD had submitted numerous billings and REMSA responded that the bills were not prepared in the fashion they preferred. TMFPD then prepared the bills according to their specifications and resubmitted them, but REMSA still would not accept the billings. She said in December, the request by REMSA was just onerous to the District. She noted that REMSA was

not providing reimbursement to the other non-County entities who were also providing EMS services for their supplies.

Ms. Gordon stated her report was given to the BCC a couple of weeks ago and the Fire Board decided to take no action at that time. REMSA would be coming in front of the Commissioners on March 24<sup>th</sup> to respond to the issues.

Mr. Stark said he thought it was a reasonable approach to the facts that she had at the beginning and the end. He said it would be interesting to see the data they were planning on providing to the Commissioners.

Ms. Berkgigler stated she thought it was important to point out that not only was Ms. Gordon unable to get information from REMSA, but that she was also not provided information from the Health District. Mr. Romwall asked if the REMSA contract had an audit clause. He was told there was and Ms. Berkgigler stated, however she did not know what the new REMSA contract looked like. She said the REMSA contract that was provided by the BOH, prior to the one they had now, had an evergreen clause in it and it could not be terminated without the approval of REMSA. She noted they agreed to back off on the evergreen clause. She reported it was a 17-year contract, because REMSA had to find funding because they only received minimal funding from the government. They have to have a solid contract up front to pay for the equipment.

Mr. Slaughter stated two documents currently governed the REMSA Franchise Agreement. One was the Interlocal Agreement that basically formed the BOH and gave them authority over the Franchise Agreement; and the other was the actual Franchise Agreement. He said in both of those documents was an EMS Oversight Board, which consisted of the two City Managers, the County Manager and two hospital representatives. He said there were also clauses that related to reporting from REMSA to the BOH, which they did monthly. He said he did not know if the detail of that report provided any insight into the information Ms. Gordon looked at.

Mr. Romwall asked if REMSA had an annual audit. Ms. Gordon said she had it and used it to help her compute a percentage for the uncollectable accounts. She reiterated it was strictly financial and Mr. Romwall said then there was nothing in the audit to indicate whether they were in compliance with the Franchise Agreement.

Ms. Alexander asked if anyone had authority to drive changes at this time. Ms. Berkgigler stated technically the BOH, who were appointed by the different entities; county commissioner, city councilman from both Reno and Sparks, and four at-large members, three who were appointed by the County and the two cities and the fourth at-large member by the BOH. Mr. Romwall asked who the BOH reported to. Mr. Slaughter said there was no one but the citizenry. He said one of the most recent appointments, was Fire Chief Mike Brown, who knew EMS inside and out, a restaurant industry representative and two physicians rounded out the at-large members.

Ms. Alexander asked Ms. Gordon if she presented her audit to the BOH. Ms. Gordon stated she had not and did not plan to. She was tasked by the Fire Board to do the audit and that was who she reported to. Mr. Romwall said the County representative from the BOH could submit the audit report. Mr. Slaughter said on March 24<sup>th</sup>, there may be an opportunity for the request to

submit the report to the BOH and everyone concurred the report should be submitted to the BOH.

Mr. Slaughter stated when Ms. Gordon submitted her report to REMSA, they said they would put together a response. Ms. Berkgigler stated she was looking forward to the report to see how they would justify the differences. She said their perspective of their services in Wadsworth was going to be significantly different from the County's perspective. She said that was why the Fire Board did not take any action because they felt it was their duty to, if they were going to look at this from a fair perspective, ask REMSA to come forward and make a presentation. She said at that point in time they would be within their rights to agree, disagree or ask them to fix it. She thought that would determine what to do next when going to the BOH.

Mr. Slaughter briefly discussed some pending legislation, problems in Clark County and the history of REMSA. Ms. Gordon said the sad part about this was it was the citizens in Wadsworth who were taking the hit. She said it was reported to her a week or so ago that someone in Wadsworth had a heart attack and it took REMSA 35 minutes to show up, which told her the ambulance was not in Wadsworth. Mr. Slaughter said this impacted not only the citizens in Wadsworth, but all citizens when a call was happening in Wadsworth and the County would not be short an ambulance.

Ms. Gordon stated that NLCFPD was interested, for a fraction of the cost, to provide this service as well as the PLFRTD, because those were their citizens. Ms. Berkgigler stated one of the other things important to point out was that REMSA had ambulances which were staffed on a daily basis. She admitted she had been a supporter of REMSA and a public/private partnership, but she did not support when the private portion of the partnership was not able to justify their numbers. She asked REMSA several times how many ambulances were on the streets during a 24-hour period and she was told on average it was seven. For the entire greater Reno area, that was a very small number and one of the problems they dealt with in the South Valleys and the Mt. Rose Highway areas, was they had patients where the firefighters stayed with them and stabilized them and REMSA did not send an ambulance because they did not have one available. She said they actually had a case where a man had a heart attack, they got him stabilized and REMSA had no ambulance, so they sent care-flight. She said care-flight cost \$7,000 for that patient and the family said no. She said the firefighters were left with a situation where they had to take the IV out and then take the risk the patient would die and then what was the liability to the County. She said there were a lot of those kinds of things going on and somehow we had to work through that. She said if there was an accident on the Mt. Rose Highway, there would be an ambulance at a ski resort in the winter time, but in the summer time it sat at the base of the hill, and if there was a second accident, who was responsible for transporting that second patient.

Mr. Romwall stated the bottom line was if they had a Franchise Agreement to provide the service, then they had to provide the service. Ms. Gordon stated that was the problem the residents of Wadsworth were having because REMSA wanted to start sending care-flight and people could not afford it. Ms. Berkgigler stated she was concerned about Wadsworth, but also Mt. Rose Highway. She said NLTFPD had a map when they were formed that went to the base of Mt. Rose Highway; however, the BOH took it upon themselves to say that Mt. Rose Highway would be serviced by REMSA. She said this was a government structured fire department, but

another government department ignored that map. She said in her opinion that was inappropriate, not only for them to do that, but she thought it was unfair to the citizenry who lived along that highway or drove to Incline Village on that road. NLTFPD had a station right at the top and could easily get to someone, whereas REMSA would have to try to get up from the bottom. She said the worse part was that the NLTFPD could stabilize the patient and stay with them, but they could not transport them. They had to wait for REMSA to get there and she had real concerns about that. She said the Commissioners were also very concerned.

Ms. Alexander stated it was nice to hear the Commissioners were looking forward on the issue. All the members concurred that Ms. Gordon did a very good job on the audit report.

#### CHANGE TO THREE-YEAR AUDIT SCHEDULE

Ms. Gordon stated the Board of County Commissioners (BCC) in January requested she do an audit of the Sheriff's Office Crime Lab, which was not originally on her schedule. The reason was the County had an agreement with the City of Reno to provide full forensic services and Reno would provide dispatch services. She explained it was not necessarily just a crime lab audit; it would be an audit of the dispatch services, too. She stated the new District Attorney (DA) asked her to come back to conduct another audit for compliance. She said another issue for the DA's Office was their own indirect cost rate, which meant they could be pulling in extra money for some of their programs for victims. She said Scott Main, LSM Government Financial Management, would assist if necessary. She noted the crime lab audit was next on her immediate schedule.

#### CALENDARING NEXT MEETING

Ms. Gordon explained the Committee would meet again in June and she would check for availability.

#### AUDIT COMMITTEE MEMBER COMMENTS

Ms. Gordon passed out the finalized annual financial report.

#### PUBLIC COMMENT

There was no response to the call for public comment.

#### ADJOURNMENT

Mr. Romwall moved to adjourn, seconded by Ms. Berkbigler, which motion carried unanimously.