



CITY MANAGER'S OFFICE MEMORANDUM

TO: Jim Scholl, City Manager

FROM: Mark Z. Finigan, Assistant City Manager

DATE: March 6, 2012

SUBJECT: LifeStar Response of Alabama d/b/a Care Ambulance
Request for Performance Bond Reduction

ACTION STATEMENT:

Respectfully request City Commission approve the LifeStar Response of Alabama d/b/a Care Ambulance request to reduce the required performance bond amount from \$1,000,000 to \$500,000.

BACKGROUND:

City Commission selected via Resolution 10-340 the LifeStar Response Corporation as the exclusive 911 emergency transport provider. A copy of the Agreement with LifeStar is attached. April 1, 2012 marks the one year date for the transition from AMR to LifeStar Response of Alabama d/b/a Care Ambulance as the City's exclusive 911 emergency transport provider. Provided for your review is a report submitted by LifeStar Response of Alabama d/b/a Care Ambulance summarizing their first year of operations. LifeStar's first year performance, ranging from the very objective and performance driven requirements of the Agreement to the feedback City Management has received from both the Fire Department leadership and the public in general, could be characterized as excellent.

With two (2) years remaining on a three year (3) agreement, LifeStar has requested a reduction from \$1,000,000 to \$500,000 in the amount of performance bond coverage they must carry for the balance of the agreement term. A copy of the request is attached. As you may recall, the requirement for a surety/performance bond was of major importance to the City Commission and the citizens of Key West. Working under an agreement for two plus decades which called for a sizeable subsidy, it became imperative (for good reason) the Commission protected itself from a new 911 transport provider who may have underestimated the challenges of the Key West market – both

financially and operationally. The surety/performance bond would be the legal instrument allowing the City to recover costs incurred to mobilize another provider as well as any other financial damages the City could demonstrate. Based on the last 12 months it appears that LifeStar did not underestimate the market and any financial relief gained by a performance bond reduction will only help to strengthen LifeStar's ability to provide a no subsidy 911 emergency transport service to the Key West community.

RECOMMENDATION:

Approve the LifeStar Response of Alabama d/b/a Care Ambulance request to reduce the required performance bond amount from \$1,000,000 to \$500,000.