

**CENCAL Fire and EMS Authority
Board of Directors**

REGULAR MEETING
June 8, 2026
4:00 p.m. OPEN SESSION
Stockton City Hall
425 N. El Dorado Street
Stockton, California 95202

1. MEETING COMMENCEMENT

- 1.1. Call the Meeting to Order
- 1.2. Roll Call
- 1.3. Pledge of Allegiance

2. PUBLIC COMMENT

The public is invited to speak on any matter not appearing on the agenda, and within the subject matter jurisdiction of the Authority. Comments should be limited to three minutes. Please state your name and address for the record.

3. CONSENT AGENDA

- 3.1. **MEETING MINUTES FOR APRIL 13, 2026 REGULAR MEETING**
- 3.2. **MEETING MINUTES FOR APRIL 30, 2026 SPECIAL MEETING**

4. REGULAR AGENDA

- 4.1. **FISCAL YEAR 2025 – 2026 THIRD QUARTER BUDGET STATUS UPDATE**
- 4.2. **FEDERAL MEDICAID PROPOSED RULEMAKING AND PUBLIC PROVIDER GROUND EMERGENCY MEDICAL TRANSPORTATION (PP-GEMT) PROGRAM UPDATE**
- 4.3. **AUTHORIZE BY RESOLUTION THE FISCAL YEAR 2026 – 2027 BUDGET**

5. ANNOUNCEMENTS

- 5.1. **Fire Chief Comments**
- 5.2. **Future Agenda Items**
- 5.3. **Board of Directors Comments**

6. ADJOURNMENT

Americans With Disabilities Act - The CENCAL Fire and EMS Authority (“Authority”), in complying with the Americans with Disabilities Act (“ADA”), requests individuals who require special accommodations to access, attend and/or participate in Authority Board meetings due to a disability, to please contact the Authority’s Administrator’s office, (209) 831-6737, at least one business day prior to the scheduled Authority Board meeting to ensure that we may assist you.

Addressing the Board on Items on the Agenda - The Brown Act provides that every regular meeting shall provide an opportunity for the public to address the Authority on any item within its jurisdiction before or during the Authority’s consideration of the item, provided no action shall be taken on any item not on the agenda.

Consent Calendar - All items listed on the Consent Calendar are considered routine and/or consistent with previous Authority direction. A motion and roll call vote may enact the entire Consent Calendar. No separate discussion of Consent Calendar items will occur unless members of the Authority Board, Authority staff or the public request discussion on a specific item at the beginning of the meeting

Addressing the Board on Items not on the Agenda – The Brown Act prohibits discussion or action on items not on the posted agenda. Members of the public addressing the Council should state their names and addresses for the record, and for contact information.

Staff reports or other written materials relating to each item of business referred to on this agenda are on file in the Administrator’s Office at the South San Joaquin County Fire Authority, located at 835 N. Central Avenue, City of Tracy, CA. A public counter copy is available for public inspection and reproduction during normal business hours at the Administrator’s Office. Related materials submitted after distribution of the agenda packet are available in the Administrator’s Office during normal business hours. If you have questions regarding any agenda item, please contact the Administrator. Any writings or documents regarding any item on this agenda, not exempt from public disclosure, provided to a majority of the Authority Board and distributed subsequent to distribution of the agenda packet will be made available for public inspection in the Administrator’s Office during normal business hours.

Note: This agenda was prepared and posted pursuant to Government Code Section 54954.2. This agenda is subject to amendment up to 72 hours prior to the date and time set for the meeting. Please refer to the agenda posted at the Administrator’s Office and Stations listed below for any revisions or call the Administrator’s Office at (209) 831-6737 for more information.

I hereby certify that this agenda in its entirety was posted on June 4, 2026 at the South San Joaquin County Fire Authority Administration offices, Lodi Fire Department Administration Offices, Stockton Fire Administration Offices, Stockton City Hall, and online at www.cencalfire.org.

Nicole Boswell

Nicole Boswell, Clerk of the Board

Item 3.1

CENCAL Fire and EMS Authority Board of Directors

REGULAR BOARD MEETING MINUTES April 13, 2026

1. MEETING COMMENCEMENT

- 1.1. The Board of Directors convened in Open Session at 4:00 P.M. on March 9, 2026 in-person at Stockton City Hall – Council Chambers, 425 N. El Dorado Street, Stockton, CA 95202.
- 1.2. Roll Call found Jeff Ramsey (Chairperson), Mikey Hothi (Vice-Chairperson), and Michelle Padilla (Alternate for Christina Fugazi) present.
- 1.3. Pledge of Allegiance

2. PUBLIC COMMENT

Chairperson Ramsey opened the floor for Public Comment. There was no comment from the public.

3. CONSENT AGENDA

3.1. MEETING MINUTES FOR MARCH 9, 2026 REGULAR MEETING

There were no questions or comments from the public, Board or staff.

ACTION: Motion was made by Director Padilla and seconded by Director Hothi to accept Item 3.1. Said motion carried a unanimous 3 – 0 vote (Ayes: Ramsey, Hothi and Padilla) in favor; passed and so ordered.

4. REGULAR AGENDA

4.1. AUTHORIZE BY RESOLUTION THE EXECUTION OF AN AGREEMENT WITH THE CITY OF STOCKTON FOR EMERGENCY AMBULANCE DISPATCH SERVICES

Stockton Fire Chief, Bryan Carr introduced the staff report and provided an overview and history of the item. He reviewed improvements that were made regarding dispatch to provide services for the County. He pointed out that there has been an amendment to the agreement with the removal of Exhibit B that was initially published. Chief Carr reviewed the term of the contract and rate structure. He reviewed the purpose of Exhibit B and explained why it has been removed from the agreement for approval at this time.

Ramsey commented and thanked Stockton for the heavy lift and work involved with getting dispatch up and running.

There were no additional questions or comments from the Board, and no questions or comments from the public or staff.

ACTION: Motion was made by Director Padilla and seconded by Director Hothi to approve a resolution authorizing the execution of the agreement with the City of Stockton for

Emergency Ambulance Dispatch Services. Clerk of the Board conducted a Roll Call Vote: Ramsey: Aye, Hothi: Aye, Padilla: Aye. Said motion carried a unanimous 3 – 0 vote in favor; passed and so ordered.

4.2. AUTHORIZE BY RESOLUTION THE ADOPTION OF AMBULANCE BILLING POLICIES TO ESTABLISH COMPREHENSIVE FRAMEWORK FOR BILLING OPERATIONS IN CONNECTION WITH THE PROVISION OF EMERGENCY AMBULANCE SERVICES

Deputy Chief of South San Joaquin County Fire Authority, Brian Bagley presented the staff report and provided history and an overview of the item. He advised the Board that the proposed policies are meant to provide direction to EMS | MC on how to apply billing practices on behalf of CENCAL to support cost recovery efforts. He advised the Board of an amendment to a sentence in Policy 108.

Director Hothi asked about our billing rates in comparison to neighboring agencies. Chief Bagley responded that LEMSA establishes rates. Discussion ensued amongst the Board and Chief Officers regarding rates and differences between counties.

Further discussion ensued amongst the Board and staff regarding billing practices for private pay vs insurance, rates, and the Board's ability to apply Compassionate Care (Policy 104).

There were no questions or comments from the public.

ACTION: Motion was made by Director Hothi and seconded by Director Padilla to adopt a resolution adopting ambulance billing policies to establish comprehensive framework for billing operations in connection with the provision of emergency ambulance services. Said motion carried a unanimous 3 – 0 vote (Ayes: Ramsey, Hothi, and Padilla) in favor; passed and so ordered.

5. ANNOUNCEMENTS

5.1. Fire Chief Comments

Lodi Fire Chief, Ken Johnson provided the Board with an update regarding the bond requirement and staffs efforts in acquiring the bond. South San Joaquin County Fire Authority Fire Chief, Randall Bradley added that staff is working and exploring all options. Discussion ensued.

Chief Johnson provided an update on ambulance branding and deployment of CENCAL-branded ambulances.

5.2. Future Agenda Items

No future agenda items were requested by the Board or staff.

5.3. Board of Directors Comments

Director Hothi advised that he will be out of the country until May 5th. Discussion ensued amongst the Board and staff regarding the next meeting and alternate options if Director Hothi is unavailable.

Chief Johnson introduced Kyle and Scott from AMR's leadership team.

6. ADJOURNMENT: 4:18 PM

ACTION: Motion was made by Director Hothi and seconded by Director Padilla to adjourn. Said motion carried a unanimous 3 – 0 vote (Ayes: Ramsey, Hothi and Padilla) in favor; passed and so ordered.

The above agenda for the Regular Meeting was posted on April 10, 2026 at the South San Joaquin County Fire Authority's Administration Building, Lodi Fire Department Administration Offices, Stockton Fire Administration Offices, Stockton City Hall, and online at ww.cencalfire.org.

ATTEST:

APPROVED:

Nicole Boswell
Clerk of the Board

Jeff Ramsey
Chairperson of the Board

Item 3.2

CENCAL Fire and EMS Authority Board of Directors

SPECIAL BOARD MEETING MINUTES April 30, 2026

1. MEETING COMMENCEMENT

- 1.1. The Board of Directors convened in Open Session at 11:20 A.M. on April 30, 2026 in-person at Stockton City Hall – Council Chambers, 425 N. El Dorado Street, Stockton, CA 95202.
- 1.2. Roll Call found Jeff Ramsey (Chairperson), Christina Fugazi (Director), and Lisa Craig-Hensley (Alternate for Mikey Hothi) present.
- 1.3. Pledge of Allegiance

2. PUBLIC COMMENT

Chairperson Ramsey opened the floor for Public Comment. There was no comment from the public.

3. REGULAR AGENDA

3.1. APPROVAL OF FIRST AMENDMENT TO AGREEMENT WITH COUNTY OF SAN JOAQUIN FOR EMERGENCY AMBULANCE AND DISPATCH SERVICES – PERFORMANCE SECURITY NOTIFICATION

Lodi Fire Chief, Ken Johnson introduced the staff report and provided an overview and history of the item. He advised the Board of staff's efforts in obtaining a bond and the roadblocks encountered preventing the bond to be issued – with the main issued being that there is not established financial history for CENCAL as a stand-alone agency. He added that this amendment is the remedy for the bond requirement and reviewed the terms with the Board.

Discussion ensued amongst the Board and staff regarding future potential to obtain bond, other options and calculation on quarterly expenses.

There were no additional questions or comments from the Board, and no questions or comments from the public or staff.

ACTION: Motion was made by Director Fugazi and seconded by Director Craig-Hensley to approve the first amendment to the agreement with the County of San Joaquin for Emergency Ambulance and Dispatch services. Clerk of the Board conducted a Roll Call Vote: Ramsey: Aye, Craig-Hensley: Aye, Fugazi: Aye. Said motion carried a unanimous 3 – 0 vote in favor; passed and so ordered.

4. ANNOUNCEMENTS

4.1. Fire Chief Comments

Lodi Fire Chief, Ken Johnson notified the Board the CENCAL will be officially launching tomorrow morning (May 1st) at 8 am. He expressed his pride and sense of

accomplishment and provided an update on the EMS system, collaboration and county-wide dispatch coordination. He thanked AMR, Jared Bagwell, Chief Bradley and Chief Carr.

Stockton Fire Chief, Bryan Carr expressed his excitement and advised the Board that Stockton hopes to invite everyone to an open house at the Dispatch Center during the week of May 11th. He added that CENCAL'S jurisdiction includes smaller communities and that CENCAL has received interest from other agencies to join in the future.

4.2. Future Agenda Items

Chairperson Ramsey requested a Budget Workshop at the future meeting.

4.3. Board of Directors Comments

There were no reports or comments from the Board.

5. ADJOURNMENT: 11:37 AM

ACTION: Motion was made by Director Fugazi and seconded by Director Craig-Hensley to adjourn. Said motion carried a unanimous 3 – 0 vote (Ayes: Ramsey, Craig-Hensley, and Fugazi) in favor; passed and so ordered.

The above agenda for the Regular Meeting was posted on April 29, 2026 at the South San Joaquin County Fire Authority's Administration Building, Lodi Fire Department Administration Offices, Stockton Fire Administration Offices, Stockton City Hall, and online at ww.cencalfire.org.

ATTEST:

APPROVED:

Nicole Boswell
Clerk of the Board

Jeff Ramsey
Chairperson of the Board

CENCAL Fire and EMS Authority

835 Central Avenue, Tracy, CA 95376 | Tel: (209)831-6702 Fax: (209)831-6732

STAFF REPORT

TO: Board of Directors **MEETING DATE:** June 8, 2026

PREPARED BY: John Driscoll, Fire Services Administrator
REVIEWED BY: Randall Bradley, Fire Chief
Bryan Carr, Fire Chief
Ken Johnson, Fire Chief

ITEM: FISCAL YEAR 2025-26 THIRD QUARTER BUDGET STATUS UPDATE

RECOMMENDATION

Staff recommends that the Board of Directors accept the fiscal year 2025-26 third quarter budget status update.

BACKGROUND

To support ongoing fiscal oversight, the CENCAL Fire and EMS Authority (CENCAL) Board of Directors (Board) receives periodic budget status reports throughout the fiscal year. This report summarizes unaudited financial activity through March 31, 2026, and compares year-to-date revenues and expenditures to the adopted budget. Because the fiscal year remains open, the financial information presented is preliminary and subject to change as transactions are finalized, reconciliations are completed, and year-end closing entries are recorded.

DISCUSSION

REVENUE OVERVIEW

As of March 31, 2026, CENCAL had not yet commenced ambulance transport operations. Accordingly, no ambulance transport or dispatch service revenues were recognized during the reporting period. CENCAL did receive \$1.5 million in startup funding from the City of Stockton.

Year-end revenue projections have been revised to reflect a reduction of approximately \$2.1 million in anticipated ambulance transport revenue. The reduction is primarily attributable to delays in the Medi-Cal provider enrollment process, which is required before CENCAL may bill and receive reimbursement for Medi-Cal transports. Based on current timelines, Medi-Cal transport revenue is not expected to be received within CENCAL's FY 2025-26 fiscal year or 90-day accrual period and has therefore been deferred to FY 2026-27.

Year-end projections have also been revised to remove budgeted ambulance dispatch revenue associated with Manteca District Ambulance, Ripon Consolidated Fire District, and Escalon Community Ambulance. The revenue was originally projected based on these agencies transitioning to the Stockton Regional Dispatch Center during FY 2025-26. However, implementation was delayed to allow for a coordinated transition of all Joint Radio Users Group (JRUG) agencies to the Stockton Regional Dispatch Center, which is now anticipated to occur in July 2026.

EXPENDITURE OVERVIEW

As of March 31, 2026, CENCAL had incurred limited expenditures as the organization remained in its startup and implementation phase. Expenditures during the reporting period consisted of approximately \$5,000 for insurance coverage and approximately \$55,000 for reimbursement of pre-operational costs incurred by the South San Joaquin County Fire Authority.

Year-end expenditure projections have been revised downward by approximately \$1.4 million. The largest adjustment relates to the Local Emergency Medical Services Agency (LEMSA) agreement with San Joaquin County. At the time the budget was adopted, the agreement had not yet been finalized and the full annual contract amount was included in the FY 2025-26 budget. Following execution of the agreement, expenditure projections were revised to reflect only those costs attributable to FY 2025-26. In addition, the agreement provides a 90-day grace period before system performance penalties may be assessed, further reducing projected expenditures during the current fiscal year. Combined, these adjustments reduced projected LEMSA-related expenditures by approximately \$1.1 million.

Projected expenditures associated with the performance bond requirement have also been reduced. On April 30, 2026, the Board approved Amendment No. 1 to the agreement with San Joaquin County, which authorized CENCAL to establish a self-funded performance security in lieu of obtaining a commercial performance bond. As a result, the first required deposit of \$375,000 will occur in FY 2026-27. The amendment also modified insurance requirements, increasing projected insurance costs by approximately \$30,000. Staff anticipates utilizing existing contingency appropriations to absorb the additional cost.

Personnel expenditure projections have also been reduced. The FY 2025-26 budget assumed costs associated with administrative oversight and support of CENCAL operations. However, as organizational roles, responsibilities, and operating procedures continued to evolve during the startup period, participating agencies absorbed these activities within existing resources. Accordingly, no administrative staffing costs are currently projected for FY 2025-26.

Year-end projections have also been revised to remove approximately \$24,500 in budgeted ambulance dispatch expenditures associated with Manteca District Ambulance, Ripon Consolidated Fire District, and Escalon Community Ambulance. The reduction reflects the delayed transition of Joint Radio Users Group (JRUG) agencies to the Stockton Regional Dispatch Center.

Finally, projected billing expenditures have been reduced by approximately \$133,000. The reduction is attributable to updated revenue and billing assumptions. As discussed previously, projected Medi-Cal reimbursement revenue has been reduced for FY 2025-26 due to delays in the provider enrollment process. Because billing fees are based on net collections, lower projected collections result in lower projected billing expenditures. In addition, billing expenditures were originally estimated using a rate of 3.99 percent of net collections. Subsequent review of the billing agreement confirmed the applicable rate is 2.99 percent of net collections, further reducing projected billing expenditures.

FISCAL IMPACT

This report provides the first budget status update for the CENCAL Fire and EMS Authority and includes a review of unaudited revenues and expenditures through March 31, 2026. Based on current projections, revenues are expected to exceed expenditures by approximately \$5.7 million at fiscal year-end.

ATTACHMENTS

1. FY 2025-26 Third Quarter Budget Status Report
2. FY 2025-26 Third Quarter Budget Status Presentation

Attachment 1

	Approved Budget	Year to Date Activity Thru 3/31/2026	Year End Projected as of 6/30/2026	Projection vs. Approved Budget	Variance from Budget
Estimated Revenues					
Ambulance Services	7,057,375	-	4,970,694	(2,086,681)	
Dispatch Services	40,500	-	-	(40,500)	
Total Estimated Revenue	7,097,875	-	4,970,694	(2,127,181)	-30%
Other Financing Sources					
Partner Agency Loan Proceeds	2,300,000	-	439,963	(1,860,037)	
Transfers In	-	1,515,700	1,860,037	1,860,037	
Total Other Financing Sources	2,300,000	1,515,700	2,300,000	-	0%
Total Estimated Resources	9,397,875	1,515,700	7,270,694	(2,127,181)	-23%
Estimated Expenditures					
Contracted Services					
LEMSA Contract	1,207,661	-	201,277	(1,006,384)	
LEMSA Compliance	83,333	-	-	(83,333)	
Dispatch Services	880,622	-	856,111	(24,510)	
Personnel Support	119,058	-	-	(119,058)	
Insurance/Risk Management	4,000	5,375	35,345	31,345	
Performance Bond Premium	34,000	-	-	(34,000)	
Billing & Collections Expense (2.99%)	281,589	-	148,624	(132,966)	
Audit Services	-	-	-	-	
Total Contracted Services	2,610,263	5,375	1,241,357	(1,368,906)	-52%
Other Operating Costs					
Operating Contingency	300,000	-	270,000	(30,000)	
Formation Cost Reimbursement	54,537	54,537	54,537	-	
Total Other Operating Costs	354,537	54,537	324,537	(30,000)	-8%
Total Estimated Expenditures	2,964,800	59,912	1,565,894	(1,398,906)	-47%
Estimated Resources in Excess of Appropriations:	6,433,075	1,455,788	5,704,800	(728,275)	-11%



3rd Quarter Budget Status Update

June 8, 2026



Revenues & Other Funding Sources

As of March 31, 2026

- Ambulance Services: \$0
- Dispatch Services: \$0
- Loan Proceeds: \$0
- Transfers from Members: \$1.5 million
- **Total = \$1.5 million**




Year End Projection

- Ambulance Services: \$4.97 million
- Dispatch Services: \$0
- Loan Proceeds: \$440,000
- Transfers from Members: \$1.86 million
- **Total = \$7.27 million (\$23% reduction)**

Note: Figures are rounded and presented as approximate values.



Revenues & Other Funding Sources – Year End Projection Variances

	<p>Ambulance Services</p> <ul style="list-style-type: none"> • \$2.1 million decrease • Medi-Cal application approval process • Incorporated 2025 transport data into estimate
	<p>Dispatch Services</p> <ul style="list-style-type: none"> • \$40,500 decrease • JRUG (MDA, Ripon, & Escalon) delayed
	<p>Member Agency Contributions</p> <ul style="list-style-type: none"> • Lodi – Rec. April 2026 • SSJCA – Rec. April 2026

Note: Figures are rounded and presented as approximate values.



Expenditures & Other Operating Costs

As of March 31, 2026

- Insurance: \$5,000
- Formation Cost Reimbursement: \$55,000
- **Total = \$60,000**

Year End Projection

- LEMSA Contract: \$201,000
- Dispatch Services: \$856,000
- Insurance: \$35,000
- Billing & Collections: \$149,000
- Operating Contingency: \$270,000
- Formation Cost Reimbursement: \$55,000
- **Total = \$1.57 million (47% reduction)**

Note: Figures are rounded and presented as approximate values.



Expenditures & Other Operating Costs – Year End Projection Variances

LEMMA Contract & Compliance

- \$1.1 million decrease
- Final Contract approved after FY25-26 budget adoption
- Majority of the expense will be in FY26-27

Miscellaneous Items

- \$310,000 decrease for Dispatch, Personnel, Bond, & Billing

Contingency

- \$30,000 was moved from Operating Contingency to Contracted Services to cover an increase in Insurance costs

Note: Figures are rounded and presented as approximate values.

	Approved Budget	Year to Date Activity Thru 3/31/2026	Year End Projected as of 6/30/2026	Projection vs. Approved Budget	Variance from Budget
Estimated Revenues					
Ambulance Services	7,057,375	-	4,970,694	(2,086,681)	
Dispatch Services	40,500	-	-	(40,500)	
Total Estimated Revenue	7,097,875	-	4,970,694	(2,127,181)	-30%
Other Financing Sources					
Partner Agency Loan Proceeds	2,300,000	-	439,963	(1,860,037)	
Transfers In	-	1,515,700	1,860,037	1,860,037	
Total Other Financing Sources	2,300,000	1,515,700	2,300,000	-	0%
Total Estimated Resources	9,397,875	1,515,700	7,270,694	(2,127,181)	-23%
Estimated Expenditures					
Contracted Services					
LEMMA Contract	1,207,661	-	201,277	(1,006,384)	
LEMMA Compliance	83,333	-	-	(83,333)	
Dispatch Services	880,622	-	856,111	(24,510)	
Personnel Support	119,058	-	-	(119,058)	
Insurance/Risk Management	4,000	5,375	35,345	31,345	
Performance Bond Premium	34,000	-	-	(34,000)	
Billing & Collections Expense (2.99%)	281,589	-	148,624	(132,966)	
Audit Services	-	-	-	-	
Total Contracted Services	2,610,263	5,375	1,241,357	(1,368,906)	-52%
Other Operating Costs					
Operating Contingency	300,000	-	270,000	(30,000)	
Formation Cost Reimbursement	54,537	54,537	54,537	-	
Total Other Operating Costs	354,537	54,537	324,537	(30,000)	-8%
Total Estimated Expenditures	2,964,800	59,912	1,565,894	(1,398,906)	-47%
Estimated Resources in Excess of Appropriations:	6,433,075	1,455,788	5,704,800	(728,275)	-11%

CENCAL Fire and EMS Authority

835 Central Avenue, Tracy, CA 95376 | Tel: (209)831-6702 Fax: (209)831-6732

STAFF REPORT

TO: Board of Directors **MEETING DATE:** June 8, 2026

PREPARED BY: Randall Bradley, Fire Chief
REVIEWED BY: Randall Bradley, Fire Chief
Bryan Carr, Fire Chief
Ken Johnson, Fire Chief

ITEM: FEDERAL MEDICAID PROPOSED RULEMAKING AND PUBLIC PROVIDER GROUND EMERGENCY MEDICAL TRANSPORTATION (PP-GEMT) PROGRAM UPDATE

RECOMMENDATION

Staff recommends that the Board of Directors receive an informational report regarding proposed federal Medicaid reimbursement regulations, the Public Provider Ground Emergency Medical Transport (PP-GEMT) Program, and potential future impacts to ambulance service reimbursement.

BACKGROUND

On May 20, 2026, the Centers for Medicare & Medicaid Services (CMS) published a Notice of Proposed Rulemaking (CMS-2449-P) proposing significant changes to Medicaid supplemental payment programs. The proposal was developed in response to provisions contained in the Working Families Tax Cut Act of 2025 and a Presidential Memorandum directing CMS to reduce fraud, waste, and abuse in Medicaid reimbursement programs.

The proposed rule would establish payment limits tied to Medicare reimbursement levels for certain Medicaid supplemental payment programs and ultimately extend those limitations to all State Directed Payment (SDP) programs beginning January 1, 2029. CMS has stated that the objective is to increase transparency, improve program integrity, and align Medicaid payments more closely with Medicare reimbursement methodologies.

While the proposed rule is not yet final and may undergo substantial modification during the federal rulemaking process, it has generated significant discussion among healthcare providers, ambulance agencies, hospitals, state Medicaid agencies, and public-sector healthcare organizations throughout the country.

DISCUSSION

PP-GEMT PROGRAM OVERVIEW

The Public Provider Ground Emergency Medical Transportation (PP-GEMT) program is a supplemental Medicaid reimbursement program available to eligible governmental ambulance providers. The program recognizes that the actual cost of providing emergency medical transportation services often exceeds standard Medi-Cal reimbursement rates.

Under PP-GEMT, eligible public agencies submit cost reports documenting the actual costs of providing ambulance services to Medi-Cal beneficiaries. Subject to federal approval and funding mechanisms, participating agencies may receive supplemental reimbursement intended to partially offset the difference between actual costs and standard Medi-Cal payments.

A key component of the PP-GEMT program is the annual State Plan Amendment (SPA) process. A SPA is the formal mechanism by which California proposes changes to reimbursement methodologies and payment calculations for federal CMS review and approval. The SPA establishes the reimbursement framework used to calculate supplemental PP-GEMT payments.

2025 STATE PLAN AMENDMENT (SPA) STATUS

CENCAL's original long-range financial projections incorporated the proposed 2025 PP-GEMT SPA methodology. Based on information available at the time, the proposed 2025 SPA would increase estimated PP-GEMT revenue within the CENCAL service area by approximately \$10 million annually compared to the currently approved 2024 SPA methodology.

As of the date of this report, the 2025 SPA has not yet received federal approval.

Accordingly, staff is utilizing the currently approved 2024 SPA methodology for budgeting and financial planning purposes until formal action is taken by CMS. This approach reflects prudent and conservative budgeting practices and avoids reliance on revenues that have not yet been approved.

Based upon discussions with industry partners and available information, staff remains cautiously optimistic that the proposed 2025 SPA will ultimately receive federal approval. However, the timing and final form of any federal approval remain uncertain. Therefore, the potential additional revenue associated with the proposed 2025 SPA is not being incorporated into current budget assumptions until formal approval is received.

POTENTIAL IMPACT OF THE PROPOSED FEDERAL RULE

Although the PP-GEMT program is distinct from many of the State Directed Payment programs specifically addressed in the proposed rule, the proposal has raised concerns regarding the future direction of supplemental Medicaid reimbursement programs nationwide.

The proposed rule would establish Medicare-based payment limits for certain supplemental Medicaid payment programs and extend those limitations to all State Directed Payment programs beginning January 1, 2029. Healthcare policy analysts have noted that the proposal could place significant downward pressure on supplemental Medicaid funding mechanisms that currently support hospitals, ambulance providers, public healthcare systems, academic medical centers, and other governmental healthcare providers throughout the United States.

At this time, it remains unclear how the final rule, if adopted, could affect future PP-GEMT reimbursement methodologies, supplemental payment calculations, intergovernmental transfer (IGT) programs, or state funding strategies. Additional federal guidance, stakeholder comments, and future rulemaking activities are expected before any final implementation occurs.

CENCAL CONSIDERATIONS

Supplemental reimbursement programs play an increasingly important role in supporting emergency medical services and healthcare delivery throughout the nation. These programs help offset the substantial costs associated with maintaining ambulance response systems, staffing emergency medical personnel, purchasing equipment, and meeting increasing service demands.

Should future federal actions significantly reduce supplemental reimbursement opportunities, public healthcare providers nationwide could face increased financial challenges in maintaining existing service levels, expanding system capacity, implementing service enhancements, and addressing increasing healthcare costs.

While it is too early to determine the ultimate impact of the proposed rule, staff believes it is important that the Board remain informed regarding developments that could affect long-term EMS funding and financial planning.

FISCAL IMPACT

There is no immediate fiscal impact associated with this informational report.

For budgeting purposes, staff is utilizing the currently approved 2024 PP-GEMT SPA methodology. Potential revenues associated with the proposed 2025 SPA, estimated at approximately \$10 million annually above current projections, are not included in current budget assumptions pending federal approval.

The long-term fiscal impacts associated with CMS Proposed Rule CMS-2449-P remain unknown and will depend upon the content of any final federal rule, future federal guidance, state implementation decisions, and the continued evolution of supplemental Medicaid reimbursement programs.

SUMMARY OF KEY POINTS

- CMS has issued a proposed rule that could affect Medicaid supplemental payment programs nationwide.
- The proposed rule is not final and most significant provisions would not take effect until 2029.
- The potential impact on California's PP-GEMT program and other supplemental reimbursement programs remains uncertain and will depend on future federal rulemaking and implementation decisions.
- Staff is utilizing the currently approved 2024 State Plan Amendment (SPA) methodology for budgeting purposes until the proposed 2025 SPA receives federal approval.
- The proposed 2025 SPA could increase estimated PP-GEMT revenue within the CENCAL service area by approximately \$10 million annually compared to the current methodology; however, those revenues are not included in current budget assumptions.
- Supplemental reimbursement programs play a significant role in supporting ambulance and healthcare systems nationwide. Future changes to these programs could affect public healthcare providers across the country.
- Staff will continue monitoring developments and provide updates to the Board as additional information becomes available.

CONCLUSION

The CMS proposed rule represents a potentially significant federal policy development affecting Medicaid supplemental payment programs throughout the United States. While no immediate operational or financial impacts to CENCAL are anticipated, staff believes it is prudent to keep the Board informed regarding these developments and their possible long-term implications.

At the same time, staff remains cautiously optimistic that the proposed 2025 State Plan Amendment (SPA) will ultimately receive federal approval. However, until such approval occurs, staff believes it is appropriate to utilize the currently approved 2024 SPA methodology for

budgeting and financial planning purposes.

Staff will continue monitoring the federal rulemaking process, coordinating with industry partners and state stakeholders, and evaluating potential impacts to CENCAL's financial planning. Staff will provide updates to the Board as additional information becomes available.

ATTACHMENTS

None

CENCAL Fire and EMS Authority

835 Central Avenue, Tracy, CA 95376 | Tel: (209)831-6702 Fax: (209)831-6732

STAFF REPORT

TO: Board of Directors **MEETING DATE:** June 8, 2026

PREPARED BY: John Driscoll, Fire Services Administrator
REVIEWED BY: Randall Bradley, Fire Chief
Bryan Carr, Fire Chief
Ken Johnson, Fire Chief

ITEM: AUTHORIZE BY RESOLUTION THE FISCAL YEAR 2026 – 2027 BUDGET

RECOMMENDATION

Staff recommends that the Board of Directors adopt the Fiscal Year (FY) 2026-27 Budget and appropriate the expenditures identified therein. Staff further recommends that the Board authorize the Executive Director to take appropriate and necessary actions to carry out the purpose and intent of this item.

BACKGROUND

FY 2026-27 represents the first full year of operations for the CENCAL Fire and EMS Authority (Authority) following the commencement of ambulance transport services on May 1, 2026. The proposed budget serves as the Authority's financial plan for the fiscal year and establishes the resources necessary to support contracted ambulance services, ambulance dispatch operations, regulatory compliance, debt service obligations, administrative support, and other operational, contractual, and administrative requirements necessary to carry out the Authority's mission.

DISCUSSION

REVENUE OVERVIEW

The proposed FY 2026-27 Budget includes approximately \$72.0 million in revenues. Ambulance transport revenue is projected at approximately \$71.7 million, while ambulance dispatch revenue is projected at approximately \$243,000.

Revenue projections are based on approximately 64,000 annual ambulance transports and assume a payer mix of approximately 46 percent Medicare, 35 percent Medi-Cal, 10 percent commercial insurance, and 9 percent private pay. Transport volume and payer mix assumptions are generally based on historical system activity; however, Medi-Cal revenue has been projected separately to reflect CENCAL's anticipated reimbursement structure as a public provider participating in the PP-GEMT program.

Medi-Cal revenue projections incorporate anticipated reimbursement available through the Public Provider Ground Emergency Medical Transportation (PP-GEMT) program. Due to ongoing federal review of Medicaid supplemental payment programs and uncertainty associated with CMS Proposed Rule CMS-2449-P, staff has conservatively budgeted PP-GEMT revenue using the currently approved calendar year 2024 add-on amounts. The proposed budget assumes these reimbursement levels remain in effect throughout FY 2026-27.

California has submitted State Plan Amendments (SPA) 25-0002 and SPA 25-0030 seeking approval of increased PP-GEMT reimbursement amounts. If approved, the revised reimbursement levels are anticipated to be applied retroactively to January 1, 2025. Depending on final approved rates and actual Medi-Cal transport volume, retroactive approval could result in approximately \$10 million in additional revenue to the Authority. Because the timing and outcome of federal approval remain uncertain, no additional revenue associated with the pending State Plan Amendments has been included in the proposed budget.

EXPENDITURE OVERVIEW

The proposed FY 2026-27 Budget includes approximately \$65.2 million in expenditures.

Ambulance service expenditures are budgeted at approximately \$39.6 million and assume 4,250 ambulance unit hours per week. The budget reflects the four-month billing deferral contained within the ambulance service agreement. As a result, FY 2026-27 ambulance service expenditures do not reflect a full year of service costs.

Dispatch service expenditures are budgeted at approximately \$5.1 million and reflect CENCAL's allocated share of Stockton Regional Dispatch Center costs based on projected ambulance dispatch call volume. The budget also includes the cost of ambulance dispatch services provided to Manteca District Ambulance, Ripon Consolidated Fire District, and Escalon Community Ambulance through the Authority's agreement with the Stockton Fire Department.

Debt service expenditures are budgeted at approximately \$8.0 million and include scheduled payments associated with the ambulance service agreement's deferred billing provisions and member-agency startup financing.

The proposed budget also reflects updated assumptions regarding member-agency startup financing. The FY 2025-26 Budget assumed all startup advances would accrue interest at 4.35 percent annually and be repaid by June 30, 2030. Subsequent review determined that financing approved by the Cities of Stockton and Lodi is non-interest bearing and is scheduled to be repaid by June 30, 2030, while financing approved by the South San Joaquin County Fire Authority accrues interest and is scheduled to be repaid by June 30, 2027. Debt service projections have been revised accordingly.

Intergovernmental Transfer (IGT) expenditures are budgeted at approximately \$6.3 million. IGTs provide the non-federal share of funding for the PP-GEMT program and are invoiced quarterly by the California Department of Health Care Services (DHCS). To preserve operating cash flow, staff does not anticipate participating in the first quarterly IGT remittance. The second anticipated IGT payment, estimated at approximately \$1.5 million, is based on information provided by DHCS in March 2026 and remains subject to revision. DHCS is currently collecting data necessary to establish calendar year 2027 PP-GEMT rates and associated IGT amounts. Consistent with information provided by DHCS, the proposed budget assumes calendar year 2027 IGT obligations will be based on the currently approved 2024 PP-GEMT add-on amounts. Staff will return to the Board should additional appropriations become necessary to support future participation in the program.

Billing and collection expenditures are budgeted at approximately \$2.1 million and assume the current EMS|MC fee structure of 2.99 percent of net collections. Staff is currently evaluating alternative billing methodologies for Medicare and Medi-Cal accounts, including a per-claim fee structure, due to ongoing federal scrutiny of percentage-based compensation arrangements involving federal healthcare program reimbursements. Any resulting budgetary impacts will be presented to the Board through a future budget update, if necessary.

Performance security expenditures are budgeted at approximately \$1.5 million. In lieu of purchasing a commercial performance bond, San Joaquin County authorized CENCAL to establish a \$2.25 million self-funded performance security. The FY 2026-27 budget includes four quarterly deposits of \$375,000 each toward the required funding level.

Personnel support (\$808,000), LEMSA contract and compliance costs (\$1.7 million), insurance and audit services (\$87,000), and operating contingency (\$300,000) total approximately \$2.8 million.

FISCAL IMPACT

Approval of the FY 2026-27 Budget authorizes approximately \$65.2 million in appropriations for Authority operations. Based on current assumptions, FY 2026-27 revenues are projected at approximately \$72.0 million, resulting in projected revenues exceeding expenditures by approximately \$6.8 million.

ATTACHMENTS

1. Resolution adopting the Fiscal Year 2026-27 Budget and appropriating funds for Authority operations
2. FY 2026-2027 Budget Presentation

EXHIBITS

- A. FY 2026-2027 Budget

RESOLUTION NO. 2026-12

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CENCAL FIRE AND EMS AUTHORITY
ADOPTING THE FISCAL YEAR 2026-27 BUDGET AND APPROPRIATING FUNDS FOR
AUTHORITY OPERATIONS**

WHEREAS, the CENCAL Fire and EMS Authority (“CENCAL”) has prepared its Fiscal Year 2026–27 Budget to support ambulance transport services, ambulance dispatch services, regulatory compliance, debt service obligations, administrative support, and other operational requirements necessary to carry out CENCAL’s mission; and

WHEREAS, the Fiscal Year 2026–27 Budget identifies estimated revenues of approximately \$71,712,073 from ambulance transport services and \$242,778 from ambulance dispatch services, for total estimated revenues of approximately \$71,954,851; and

WHEREAS, the Fiscal Year 2026–27 Budget includes appropriations totaling approximately \$65,181,307 to support ambulance transport operations, dispatch services, debt service obligations, Intergovernmental Transfer (IGT) payments, performance security requirements, billing and collection services, regulatory compliance, administrative support, and other operational expenses; and

WHEREAS, the Fiscal Year 2026–27 Budget reflects current operational assumptions, contractual obligations, reimbursement estimates, and financing arrangements approved by CENCAL and its member agencies; and

WHEREAS, adoption of the Fiscal Year 2026–27 Budget provides the legal spending authority required for the Authority’s operations during Fiscal Year 2026–27.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the CENCAL Fire and EMS Authority does hereby:

1. Adopt the Fiscal Year 2026-27 Budget, attached hereto as Exhibit A and incorporated herein by reference.
2. Appropriates funds in accordance with the Fiscal Year 2026-27 Budget for the purpose of carrying out Authority operations during Fiscal Year 2026-27.
3. Authorizes the Executive Director to take all actions necessary and appropriate to carry out the purpose and intent of the Fiscal Year 2026-27 Budget and this Resolution.

IT IS HEREBY CERTIFIED that the above and foregoing resolution was passed and adopted by the Board of Directors of the CENCAL Fire and EMS Authority at its regular meeting held on the 8th day of June 2026, by the following vote:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ATTEST:

APPROVED:

Nicole Boswell, Clerk of the Board

Jeff Ramsey, Chairperson of the Board



FY 2026-27 Budget

June 8, 2026



Revenues & Other Funding Sources

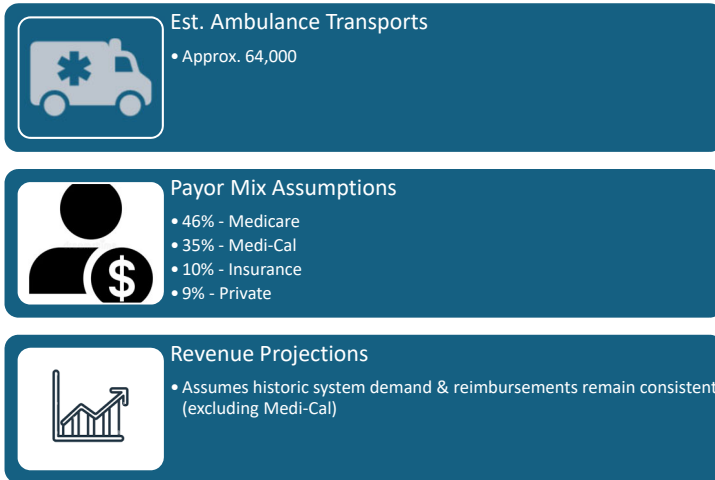
FY 2026-27 Estimates

- Ambulance Services: \$71.7 million
- Dispatch Services: \$243,000
- **Total = \$72 million**

Note: Figures are rounded and presented as approximate values.



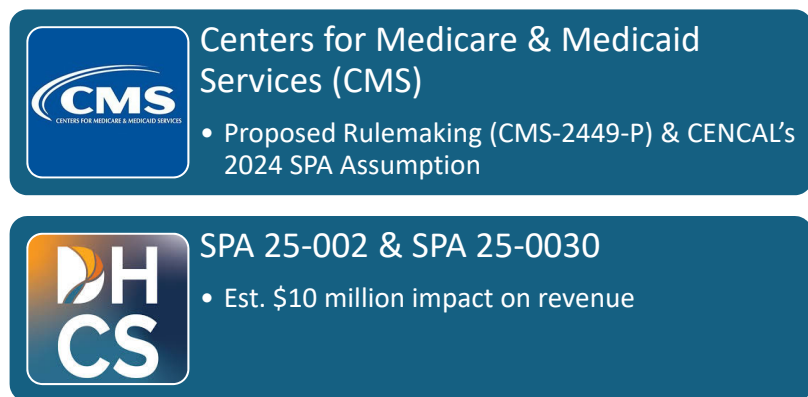
Revenues & Other Funding Sources – Ambulance Transport Assumptions




Note: Figures are rounded and presented as approximate values.



Revenues & Other Funding Sources – Discussion Items



Note: Figures are rounded and presented as approximate values.




Expenditures & Other Operating Costs


FY 2026-27 Estimates

- Ambulance Services: \$39.6 million
- LEMSA Contract: \$1.2 million
- Dispatch Services: \$5.1 million
- Personnel Support: \$800,000
- Performance Bond: \$1.5 million
- Billing & Collections: \$2.1 million
- IGT: \$6.3 million
- Debt Service: \$8 million
- Other Items: \$800,000
- **Total = \$65.2 million**

Note: Figures are rounded and presented as approximate values.




Expenditures & Other Operating Costs – Year End Projection Variances




Ambulance Services

- Assumes 4,250 unit hours per week
- Includes 2 months of deferred billing



Billing Expense

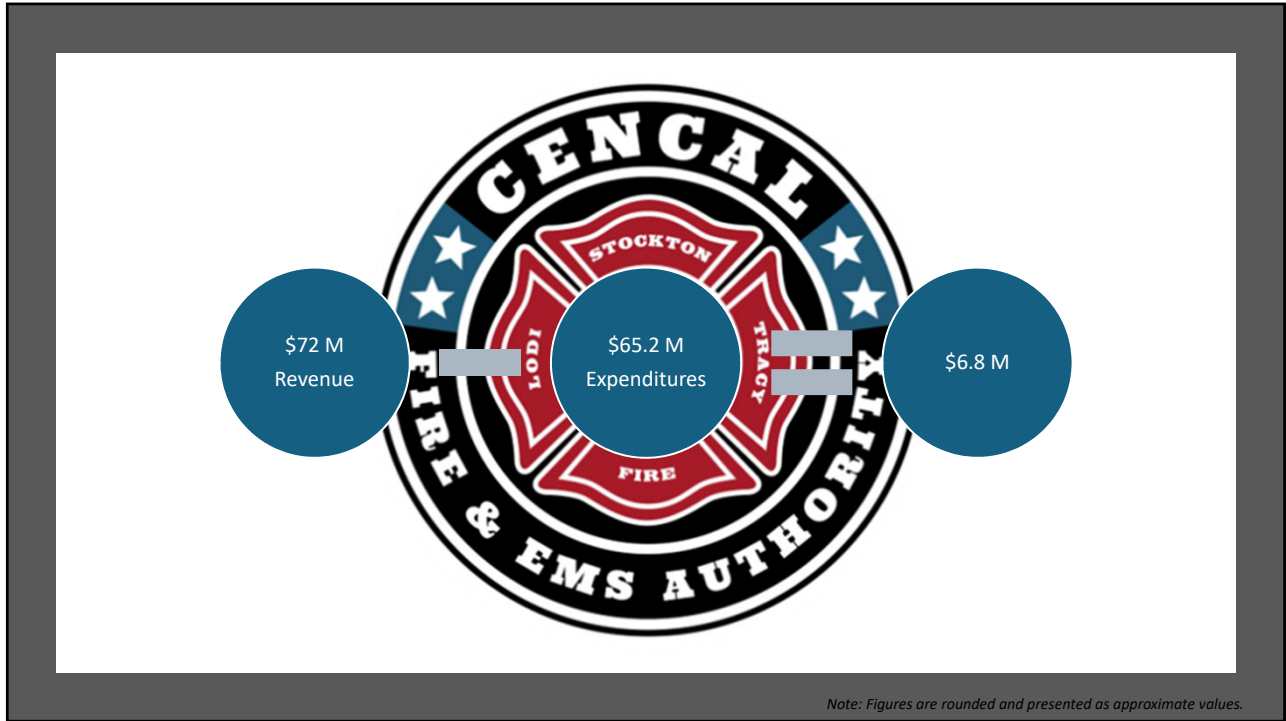
- Currently 2.99% of net transport revenue
- Alternative fee structure under consideration for government payors



Intergovernmental Transfer (IGT)

- 1st installment = nonparticipating
- 2nd installment based on March 17 DHCS quote
- 3rd & 4th installment assumes 38% of 2024 PP-GEMT Add-on

Note: Figures are rounded and presented as approximate values.



QUESTIONS?



CENCAL FIRE & EMS AUTHORITY

Fiscal Year 2026–27 Proposed Budget

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CENCAL FIRE & EMS AUTHORITY
BOARD OF DIRECTORS, EXECUTIVE TEAM, & LEADERSHIP TEAM
Fiscal Year 2026–27

Board of Directors

Jeff Ramsey

Chair – Appointing Authority: South San Joaquin County Fire Authority

Mikey Hothi

Vice Chair – Appointing Authority: City of Lodi, Council Member

Christina Fugazi

Director – Appointing Authority: City of Stockton, Mayor

Executive Team

Randall Bradley

Fire Chief, South San Joaquin County Fire Authority

Ken Johnson

Fire Chief, City of Lodi

Bryan Carr

Fire Chief, City of Stockton

Leadership Team

Lenard Gutierrez

*CECNAL Executive Director
Division Chief, City of Stockton*

Jonathan Mendoza

*CENCAL Zone Y Administrator
EMS Manager, South San Joaquin County Fire Authority*

EXECUTIVE DIRECTOR BUDGET MESSAGE

June 8, 2026

Members of the CENCAL Fire & EMS Authority Board:

I am pleased to present the Fiscal Year 2026-27 Budget for the CENCAL Fire & EMS Authority (Authority). This budget represents the Authority's first full year of operations following the commencement of ambulance transport services on May 1, 2026, and serves as the financial framework for delivering emergency medical transportation services throughout the Authority's service area.

The FY 2026-27 Budget reflects the continued commitment of the Authority and its member agencies to provide high-quality, fiscally responsible emergency medical services while maintaining accountability, transparency, and long-term financial sustainability. As the Authority transitions from organizational formation to full operational implementation, this budget provides the resources necessary to support service delivery, fulfill contractual obligations, and meet the needs of the communities we serve.

The development of this budget reflects the collaborative efforts of the Authority's member agencies, Board of Directors, partner organizations, and staff. Their continued support and commitment have been instrumental in establishing a strong foundation for the Authority's long-term success.

On behalf of the Authority, I would like to thank the Board of Directors for its leadership and continued support. I look forward to working together as we continue building a regional emergency medical services system that delivers exceptional service, maintains fiscal responsibility, and meets the evolving needs of the community.

Lenard Gutierrez,
Executive Director
CENCAL Fire & EMS Authority

CENCAL BUDGET OVERVIEW

Purpose and Context

The CENCAL Fire & EMS Authority (Authority) is responsible for administering ambulance transport services within San Joaquin County's Exclusive Operating Areas (EOAs) designated as Zones X and Y and overseeing countywide ambulance dispatch services under the regulatory oversight of the San Joaquin County Emergency Medical Services Agency (SJCEMSA).

The FY 2026-27 Budget represents the Authority's first full year of operations following the commencement of ambulance transport services on May 1, 2026. The budget serves as the Authority's annual financial plan and establishes the resources necessary to support service delivery, meet contractual and regulatory obligations, and maintain long-term fiscal sustainability.

Fiscal Administration and Oversight

The City of Stockton serves as Treasurer of the Authority and administers the Authority's financial transactions through separate accounts maintained within Stockton's financial management system. This approach allows the Authority to utilize established financial controls and reporting systems while maintaining clear accountability and segregation of Authority funds.

Budget Assumptions

The FY 2026-27 Budget is based on approximately 64,000 annual ambulance transports and reflects projected revenues of approximately \$72.0 million and expenditures of approximately \$65.2 million. Revenue projections are based on current transport volume assumptions, payer mix estimates, reimbursement information, and other available financial data. Expenditure projections reflect contracted ambulance services, dispatch operations, debt service obligations, regulatory compliance requirements, administrative support, and other operational costs.

The budget also incorporates several assumptions that remain subject to future state and federal action, including reimbursement levels associated with the Public Provider Ground Emergency Medical Transportation (PP-GEMT) program and related Intergovernmental Transfer (IGT) obligations. Staff will continue to monitor these developments and provide updates to the Board as additional information becomes available.

Financial Outlook

Based on current assumptions, FY 2026-27 revenues are projected to exceed expenditures by approximately \$6.8 million. As the Authority completes its first full year of operations, staff will continue to evaluate operational performance, reimbursement trends, debt obligations, and other needs to support the Authority's long-term financial stability and service objectives.

SUMMARY OF ESTIMATED REVENUES AND EXPENDITURES

Estimated Revenues

Ambulance Services	\$71,712,073
Dispatch Services	\$242,778
Total Estimated Revenue	\$71,954,851

Total Estimated Resources **\$71,954,851**

Estimated Expenditures

Contracted Services	
Ambulance Services	\$39,571,279
LEMSA Contract	\$1,213,699
LEMSA Compliance	\$439,900
Dispatch Services	\$5,122,631
Personnel Support	\$808,210
Insurance/Risk Management	\$37,112
Performance Bond Premium	\$1,500,000
Billing & Collections Expense (2.99%)	\$2,144,191
Audit Services	\$50,000
Total Contracted Services	\$2,603,802

Other Operating Costs

Intergovernmental Transfer	\$5,962,841
Operating Contingency	\$300,000
Formation Cost Reimbursement	-
Total Other Operating Costs	\$354,538

Debit Service

Principal	\$6,451,862
Interest	\$1,582,581
Total Debt Service	\$8,034,443

Capital Outlay

-

Other Financing Uses

Transfers Out	-
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Total Estimated Expenditures **\$65,181,307**

Estimated Resources in Excess of Appropriations: **\$6,773,545**

Budget Notes:

Ambulance Service Billing Deferral: Pursuant to the ambulance services agreement, billing for the first four months of ambulance service is deferred. As a result, FY 2026-27 ambulance service expenditures do not reflect a full year of service costs. Repayment of the deferred amounts begins during FY 2026-27 and will continue over multiple fiscal years in accordance with the terms of the agreement. Accordingly, debt service expenditures in FY 2026-27 are primarily attributable to repayment obligations associated with the ambulance service agreement's deferred billing provisions.

Member-Agency Startup Financing: The FY 2025-26 Budget stated that all member-agency startup advances would accrue interest at 4.35 percent annually and be repaid by June 30, 2030. Subsequent review determined that financing approved by the Cities of Stockton and Lodi is non-interest bearing and is scheduled to be repaid by June 30, 2030, while financing approved by the South San Joaquin County Fire Authority accrues interest and is scheduled to be repaid by June 30, 2027. The FY 2026-27 Budget reflects these revised financing terms within the debt service appropriation.

PP-GEMT Program Assumptions: Revenue and Intergovernmental Transfer (IGT) projections associated with the Public Provider Ground Emergency Medical Transportation (PP-GEMT) program are based on currently approved 2024 reimbursement levels and available guidance from the California Department of Health Care Services (DHCS). Future reimbursement rates and IGT obligations remain subject to change and may affect future budget projections.

REVENUE OVERVIEW

The FY 2026-27 Budget includes approximately \$72.0 million in projected revenues, consisting of ambulance transport revenue of \$71.7 million and ambulance dispatch revenue of \$243,000.

Revenue projections are based on approximately 64,000 ambulance transports and an assumed payor mix of 46 percent Medicare, 35 percent Medi-Cal, 10 percent commercial insurance, and 9 percent private pay. Transport volume and payor mix assumptions are based on historical system activity; however, Medi-Cal revenue projections have been developed separately to reflect CENCAL's anticipated reimbursement structure as a public provider.

Medi-Cal revenue estimates incorporate reimbursement available through the Public Provider Ground Emergency Medical Transportation (PP-GEMT) program. Due to ongoing state and federal review of Medicaid supplemental payment programs, the budget utilizes currently approved 2024 PP-GEMT reimbursement levels. No additional revenue associated with pending State Plan Amendments (SPA) 25-0002 or SPA 25-0030 has been included in the budget. If approved, these amendments could result in additional revenue beyond current projections.

Ambulance dispatch revenue reflects partial cost recovery associated with dispatch services provided to Manteca District Ambulance, Ripon Consolidated Fire District, and

Escalon Community Ambulance through the Authority's agreement with the Stockton Fire Department.

EXPENDITURE OVERVIEW

The FY 2026-27 Budget includes approximately \$65.2 million in appropriations to support ambulance transport operations, ambulance dispatch services, regulatory compliance, debt service obligations, and administrative support activities.

Ambulance service expenditures total approximately \$39.6 million and assume 4,250 ambulance unit hours per week. The ambulance service agreement includes a four-month billing deferral at the commencement of operations. Two months of the deferred period occurred during FY 2025-26, while the remaining two months occur during FY 2026-27. As a result, FY 2026-27 ambulance service expenditures do not reflect a full twelve months of service costs and should not be considered representative of future-year operating costs.

Dispatch service expenditures total approximately \$5.1 million and reflect CENCAL's allocated share of Stockton Regional Dispatch Center costs based on projected ambulance dispatch call volume. This amount also includes dispatch services provided to Manteca District Ambulance, Ripon Consolidated Fire District, and Escalon Community Ambulance through the Authority's dispatch services arrangement with the Stockton Fire Department.

Debt service appropriations total approximately \$8.0 million and are primarily attributable to repayment obligations associated with the ambulance service agreement's deferred billing provisions. Debt service projections also incorporate repayment of member-agency startup financing. Additional information regarding startup financing terms is provided in the Budget Notes section.

Intergovernmental Transfer (IGT) expenditures total approximately \$6.3 million and reflect estimated quarterly payments associated with participation in the Public Provider Ground Emergency Medical Transportation (PP-GEMT) program. To preserve operating cash flow during the Authority's first full year of operations, CENCAL does not anticipate participating in the first FY 2026-27 IGT invoice cycle. The second anticipated IGT payment, estimated at approximately \$1.5 million, is based on information provided by the California Department of Health Care Services (DHCS) in March 2026 and remains subject to revision. DHCS is currently collecting data necessary to establish calendar year 2027 PP-GEMT reimbursement rates and associated IGT amounts. Consistent with information provided by DHCS, the FY 2026-27 Budget assumes calendar year 2027 IGT obligations will be based on the currently approved 2024 PP-GEMT add-on amounts. Future IGT obligations remain subject to state and federal action and may affect future budget projections.

Billing and collection expenditures total approximately \$2.1 million and are based on the current EMS|MC fee structure of 2.99 percent of net collections. The Authority is

currently evaluating alternative compensation methodologies for Medicare and Medi-Cal accounts, including a per-claim fee structure, due to ongoing federal scrutiny of percentage-based compensation arrangements involving federal healthcare program reimbursements. Any future modification to the billing agreement may result in changes to future-year billing and collection expenditures.

Performance security expenditures total approximately \$1.5 million. In lieu of purchasing a commercial performance bond, San Joaquin County authorized the Authority to establish a \$2.25 million self-funded performance security program. The FY 2026-27 Budget includes four quarterly deposits of \$375,000 toward the required funding level, with the remaining funding scheduled for FY 2027-28.

LEMSA contract expenditures total approximately \$1.2 million and reflect the Authority's contractual obligation to fund San Joaquin County Emergency Medical Services Agency (SJCEMSA) monitoring and oversight activities for Zones X and Y. LEMSA compliance expenditures total approximately \$437,000 and represent estimated performance-based penalties assessed by SJCEMSA for failure to meet contractual response time and system performance requirements. The estimate is based on fees assessed within Zones X and Y during calendar year 2025, adjusted for inflation, and incorporates the contractual 90-day grace period during which no compliance penalties will be assessed as the Authority transitions into operations. Actual compliance costs will be dependent upon actual performance.

Insurance and audit services total approximately \$87,000 and support the Authority's risk management, financial reporting, and independent audit requirements. Operating contingency appropriations total approximately \$300,000 and provide flexibility to address unforeseen operational, administrative, regulatory, or contractual needs that may arise during the fiscal year.

Total estimated expenditures for FY 2026-27 are approximately \$65.2 million.

(Continued on Following Page)

BUDGET & FINANCIAL POLICIES

Policy Statement

The following Budget and Financial Policy discussion is provided for informational and planning purposes. While the Authority has transitioned to full operations, certain financial policies and governance practices continue to be evaluated and refined as operational and financial trends become established. Accordingly, the policies described herein reflect the Authority's current practices and intended direction and should not be construed as formally adopted Board policies unless specifically approved by resolution or other Board action.

Basis of Accounting

The Authority intends to follow the modified accrual basis of accounting for governmental funds, consistent with the accounting practices utilized by the City of Stockton. Under this basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related liability is incurred. Principal and interest on long-term obligations are recognized when due rather than when incurred.

Basis of Budgeting

The FY 2026-27 Budget has been prepared using the current financial resources measurement focus and the modified accrual basis of budgeting. Under this basis, revenues are recognized when they become measurable and available, and expenditures are budgeted in the period in which the related liability is incurred. Exceptions to this recognition include debt service and certain long-term obligations, which are budgeted when payment is due.

Balanced Budget

The Authority defines a balanced budget as one in which projected resources meet or exceed planned expenditures and commitments for the fiscal year. This principle supports fiscal stability, responsible financial management, and long-term sustainability.

Reserve Policy

The Authority has not yet adopted a formal reserve policy. As operational and financial trends become established, staff intends to evaluate reserve requirements and develop recommendations for Board consideration. Future discussions may include operating reserves, contingency reserves, liquidity targets, and other financial safeguards intended to support long-term fiscal stability and operational continuity.

Budget Process

The Authority's budget process includes preparation of an annual operating budget for review and adoption by the Board of Directors prior to the beginning of each fiscal year. The process includes the development of revenue and expenditure projections, evaluation of operational and financial priorities, presentation of a proposed budget, and adoption by resolution of the Board.