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TOWER AREA AMBULANCE SERVICE

Analysis: Township's concern over transfers justified

by MARSHALL HELMBERGER
Managing Editor

TOWER — The three ambulances maintained by the Tower Area Ambulance Service spend much more time on the road than they used to, and that's raised questions with area townships who help pay for replacing those ambulances.

The switch by the Tower Area Ambulance Service from

Data show transfers may lose money for TAAS

its paid-per-call staffing model to a 24-hour paid on-call service has nearly tripled the TAAS payroll since 2017 and the service has turned to non-emergency inter-hospital transfers as a means of generating additional revenue to help pay for it.

While those transfers generate substantially more revenue

than standard emergency calls, they also come with substantial additional costs, for which TAAS Director Steve Altenburg has not always clearly accounted.

That's been a sticking point with township officials in the TAAS service territory, who have been arguing for more than a year that they need a better

accounting of how the increase in the number of non-emergency transfers is affecting the longevity of the service's ambulances and TAAS's profitability.

And they have been unwilling to agree to the city of Tower's request, as recommended by Altenburg, to increase their contributions to the ambulance

replacement fund until they have a better sense of the financial costs, and potential financial benefits, of the increase in transfers.

Based on the city's records, TAAS ambulances drove 34,740 miles on non-emergency transfers in 2019, or an average of 11,580 miles per ambulance. That accounted for nearly two-

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Warmth doesn't slow mushers

One of the fastest WolfTrack Classic sled dog races in years

by KEITH VANDERVORT
Ely Editor

ELY — Despite predictions that the weekend's warm temperatures could cause a slow track this year, the 12th annual WolfTrack Classic sled dog race, held here last Sunday, was one of the fastest in recent years.

Race Director Ellen Cashman said the first racers in this year were some 45 minutes faster than in many recent years. Temperatures burst past the freezing mark early in the day, and as sun from a cloudless sky bathed the starting line, mushers traded heavy parkas for lighter wear as they made their way down the Taconite Trail. Race conditions were quite the opposite of the 2019 race when teams endured sub-zero temperatures and strong winds.

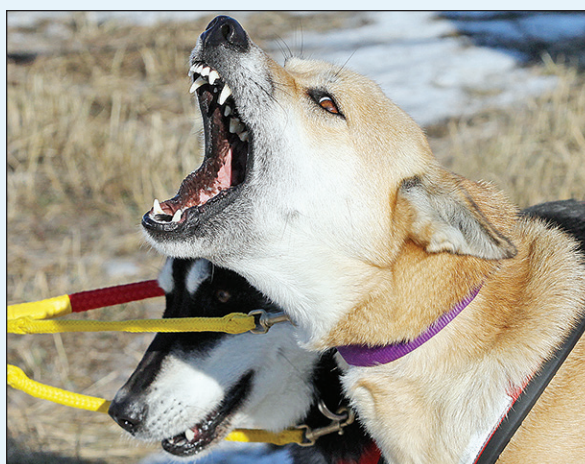
Close to 40 teams were expected to race, but a last-minute bout of canine flu kept many teams in their kennels. Just eight

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2020 WOLFTRACK CLASSIC



Michael Bestgen, above, was the winner in the 50-mile eight-dog WolfTrack Classic sled dog race last Sunday with a time of 4:36:26, one of the fastest times in many years. A couple of sled dogs, right, displayed their impatience in waiting around for their turn to race.
photos by K. Vandervort



ELECTION 2020

State voters head to polls on Tuesday

First presidential primary in decades

by MARSHALL HELMBERGER
Managing Editor

REGIONAL — Minnesotans will have their say on the U.S. presidential nominating contests in both the Democratic and Republican parties on Tuesday, when Minnesota holds its first presidential primary in nearly thirty years.

Anyone registered to vote in Minnesota will be able to take part in the primary at their usual polling location between the hours of 7 a.m.- 8 p.m., although a few smaller polling locations may not open until 10 a.m. If you're 18 years of age or older, and are not registered to vote, you can register at your polling location with sufficient proof of residency, or another voter can vouch for your residency.

Voters, unlike in past years, will need to select either the DFL or the Republican ballot, a declaration that has raised concerns with some Minnesotans, where voters have not traditionally been required to declare for one party or another. A voter's choice of party ballot will be recorded and a list of who voted in the presidential primary and their party selection will be made available to the chairs of each major political party. How a voter actually voted on their ballot will remain a secret.

Those unhappy with the voting process can weigh in on the issue with complaint forms that should be available at polling locations.

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SULFIDE MINING

Poll: Fewer than one in four Minnesotans support mining near BWCAW

by MARSHALL HELMBERGER
Managing Editor

REGIONAL — A wide-ranging *Star Tribune*/Minnesota Public Radio political survey has found that fewer than one-in-four Minnesotans

supports new mining near the Boundary Waters Canoe Area Wilderness.

By contrast, six-in-ten Minnesotans told pollsters that they opposed proposed mines near the state's premier canoe country and two-thirds said that

when it comes to mining they believe protecting the environment should be a higher priority than creating jobs. Only 19 percent of those polled thought that creating jobs should be the higher priority.

Opposition to mining near

the BWCAW was consistent across the state and across most demographic groups. The survey found that, by a 57-26 margin, even residents of northern Minnesota opposed the prospect of mining near the wilderness.

Only self-identified

Republicans expressed support for mining near the wilderness, albeit by a narrow 39-37 percent margin. DFLers opposed mining near the BWCAW by an 80-11 percent margin, while indepen-

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thirds of the miles driven by TAAS ambulances last year, and that’s fueled the argument by area townships that the transfers are hastening the need for ambulance replacement. To account for that, township officials have argued that the TAAS should be transferring a portion of the proceeds from their transfers to the ambulance replacement fund. At this point, the townships and the city have yet to agree on how much money that might entail, although an earlier contract proposal by the TAAS, which was rejected by the townships, would have transferred \$18.75 per transfer into the ambulance replacement account. That proposal would have added \$2,475 to the replacement account in 2019.

Calculating the actual cost per mile

So how much do all those miles on the ambulances actually cost? That’s the question the *Timberjay* sought to answer through a review of city ambulance expenditures and other data. While there are multiple ways to assess the cost of operations of an ambulance, the method we selected looked at TAAS expenses related to ambulance operations and divided those costs by the number of miles driven to determine a cost per mile.

When it comes to ambulance operations, the largest single expense, which has never been properly accounted-for by TAAS, is depreciation. For those not familiar with accounting, depreciation is the calculated cost, typically done annually, of the declining value of a major asset. Depreciation can be easy to overlook, because it doesn’t necessarily affect an operation’s cash flow from year-to-year, except when you need to replace the asset.

In the case of ambulances, which are now costing TAAS about \$220,000 per unit, calculating straight depreciation is relatively straightforward. Assume you start with an ambulance worth \$220,000. Eight years later, after driving it an average of just over 18,000 miles per year, what remains is an eight-year-old ambulance, with approximately 145,000 miles on it. At best, that asset is worth \$10,000, leaving the total depreciation at \$210,000. Divide that into the number of miles driven by the rig, and it comes to a depreciation cost of \$1.46 per mile.

This depreciation estimate is actually substantially lower than other area ambulance officials have determined. An analysis by Jim Gray, who oversees the financial accounting for the Orr Area Ambulance Service, set the cost of depreciation for Orr’s ambulance much higher, at \$2.86 per mile. Gray reached that estimate by assuming full depreciation at seven years and 70,000 miles.

While depreciation is one of the largest single costs of operating an ambulance, fuel, repairs and maintenance, and insurance also add to the total cost per mile. The *Timberjay*’s analysis took

Ambulance financials

Ambulance costs/mile

Depreciation	\$1.46*
Fuel	\$0.26
Maint/Repairs	\$0.30
Insurance	\$0.06
Total cost/mile	\$2.08

Ambulance staff costs/mile

EMTs and EMRs	\$2.87
FICA expense	\$0.22
Unemployment	\$0.07
Meals	\$0.11
Total staff cost/mile	\$3.27

Total cost/mile \$5.35
including EMT staff and ambulance operations

911 calls vs. transfers

911 Calls (2018 data)

Avg. miles per run:	65
Cost of operation:	\$348 (miles x cost/mile)
Medical supplies	\$86
Avg. collected	\$609
Avg. net revenue:	\$175

Transfers (2018 data)

Avg. miles per run:	313
Cost of operation:	\$1,674 (miles x cost/mile)
Medical supplies	\$0
Avg. collected	\$1,468
Avg. net revenue:	(-\$206)

* Based on straight depreciation of an ambulance costing \$220,000. Depreciation calculation assumes 18,000 miles per year for eight years, totaling 144,000 miles and a final asset value equal to \$10,000. This provides a total asset depreciation of \$210,000 divided by 144,000 miles equaling a straight depreciation cost of \$1.46 per mile.

the cost of each type of expense, based on 2019 actual TAAS expenditures, and divided the cost by the number of total miles to determine the cost per mile. Based on that analysis (see chart), the basic cost to operate a TAAS ambulance is \$2.08 per mile, not including staffing.

A typical emergency call might average 65 miles, or cost the TAAS \$135 to operate its ambulance, based on the estimated cost per mile of \$2.08. But the typical transfer averages about 315 miles, costing the TAAS more than \$650 just for ambulance operation.

Staffing costs have jumped sharply

Determining staffing costs for each mile of operation can be done in several ways, but the most straightforward is dividing the total cost of ambulance staff by the number of miles. For the TAAS, the shift to a paid on-call staffing model has nearly tripled the ambulance staff costs for the service, from \$54,100 in 2017, to nearly \$158,000 in 2019. While those staff members are driving more miles and generating more revenue than at any time in the past, it’s also clear that those additional revenues have failed to keep pace with TAAS’s rising costs.

On a per-mile basis, the basic cost of TAAS ambulance staffing (this does not include administrative staff) comes to \$2.87 per mile. Social Security and Medicare taxes add 22 cents per mile, while unemployment costs add another 18 cents, for a total of \$3.27 per mile.

Combine that with the \$2.08 cost of basic ambulance operation and it equals a cost per mile of \$5.35.

tion that transfers would allow the TAAS to cover the cost of its shift to paid on-call, were overly optimistic.

Using the per-mile basis for assessing costs, the average transfer would cost the TAAS \$1,674 (313 miles x \$5.35/mile) to accept, while generating an average payment of \$1,468, according to city records. That suggests the TAAS is losing money, perhaps significant amounts, on some of its transfers.

It could be argued that TAAS’s staffing costs would exist whether or not it accepts a transfer, but that’s only true with paid on-call staffing. Prior to the shift to paid on-call, TAAS operated on a modified volunteer model, where staff were paid only when they responded to emergency calls— or accepted transfers, which are optional for ambulance services in Minnesota. That was a far more efficient staffing model, at least financially, and it helped keep TAAS operations in the black. Prior to the shift to paid on-call, TAAS regularly generated annual surpluses of \$100,000-\$115,000. That’s if annual ambulance replacement contributions from the townships (which are not operational revenues) are added to the revenue total. Since then, TAAS surpluses have all but disappeared.

An analysis produced by Breitung Supervisor Chuck Tekautz helps to clarify why transfers have failed to fill that financial gap. Tekautz, using 2018 data, compared the revenue generated per mile from non-emergency calls versus transfers. The 315 emergency runs that TAAS made in 2018 put 20,475 miles on TAAS ambulances and generated \$191,883, according to Tekautz. That equals revenue of \$9.37 per mile driven by a TAAS ambulance.

By contrast, while the average transfer generated a payment of \$1,468, they required putting far more miles (313 miles on average versus 65 miles) on TAAS ambulances than emergency calls. Transfers generated \$170,266 in revenue for the TAAS, which comes to just \$4.69 per mile driven.

That’s actually below the estimated cost of \$5.35 per mile to operate a TAAS ambulance, suggesting that, on average, transfers are not consistently generating profits for TAAS as director Altenburg has repeatedly claimed.

While Tekautz examined the issue from the perspective of revenue per mile, a similar con-

clusion is achieved when considering the costs of emergency runs versus transfers. If the average TAAS emergency run totaled 65 miles in 2018, it cost the service \$347.75 (65 x \$5.35 per mile). If the average emergency run generated \$609 in revenue, it left a “profit” margin of \$261.25 per call. By contrast, when assessed on a cost-per-mile basis, the \$1,674 cost of the average transfer would appear to exceed the revenue generated from it by just over \$200 per run.

To be fair, emergency responses do use the lion’s share of the TAAS medical supplies budget, and those costs do need to be added to the final tab. Based on 2019 city expenditure data, the TAAS spent approximately \$27,300 on medical supplies and oxygen for its ambulances. Assuming that 100 percent of those supplies were utilized on 911 calls, it would add an average cost of \$86 to an emergency run, which would lower the profitability of emergency calls from the

earlier estimate of \$261.25 per call to \$174.25.

“He [Altenburg] says the money is in the transfers, but the numbers say otherwise,” said Tekautz. “You’re losing money in my opinion.”

Tekautz also shares the concern expressed by many other township officials that the shift to additional transfers is putting too many unnecessary miles on TAAS ambulances, hastening the need for replacement. “The basic bottom line is if you just did emergency calls, you’d only be putting about 20,000 miles per year on your ambulances,” said Tekautz. “Now, with the transfers, we’re putting almost 60,000 miles a year on [the ambulance fleet]. That means rather than a six-year replacement turnaround on ambulances, you’re down to just two years.”

And at more than \$200,000 to replace an ambulance, that’s an expense that the TAAS is currently struggling to meet.

VOTE...Continued from page 1

Minnesota’s March 3 primary is part of what’s known as Super Tuesday, a day when a total of 14 states, including California and Texas, are scheduled to vote in the presidential nominating process. To find your polling place, go to <https://pollfinder.sos.state.mn.us>.

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dents opposed it 59-19 percent.

The latest survey results were similar to polling done in 2016 by the Campaign to Save the Boundary Waters, which has spearheaded opposition to the proposed Twin Metals copper-nickel mine near Ely. That poll had queried residents on their support or opposition to sulfide-based mining near the BWCAW and found similar levels of opposition to the idea at that time.

The latest poll asked Minnesotans about a wide range of other issues. Based on the results, Minnesotans:

➤ Support Gov. Tim Walz’s job performance by a 56-25 percent margin.

➤ Support the legalization of marijuana by a

51-37 percent margin.

➤ Give President Trump relatively low marks, with 44 percent approving of his job performance versus 52 percent who say they disapprove.

➤ Give Sen. Amy Klobuchar a slight edge over front-running Vermont Sen. Bernie Sanders in the state’s presidential primary, set for Tuesday, March 3. The poll found that Klobuchar, now in her third term as Minnesota’s U.S. Senator, had the backing of 29 percent of those surveyed compared to 23 percent for Sanders. Massachusetts Sen. Elizabeth Warren had the backing of 11 percent while former Vice President Joe Biden had support from eight percent

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