



King County Fire District 27 – Fall City



City of Snoqualmie Fire Department

FIRE SERVICES

CONSOLIDATION EXPLORATION

SCOPING REPORT

March

2018

Fire Services Consolidation Exploration

March 31, 2018

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EXECUTIVE SUMMARY

The City of Snoqualmie Fire Department (Snoqualmie Fire) and King County Fire Protection #27 – Fall City (Fall City Fire) are located in eastern King County, Washington, approximately 20 miles east of Seattle.

Fall City Fire serves approximately 7,200 residents from their single fire station, located at 4301 334th PL SE. The department is staffed with a combination of fulltime firefighters and volunteer firefighters, and include a Fire Chief, Administrative Assistant, 1 Captain, 2 Lieutenants, 7 Firefighters and 16 Volunteer Firefighters. The assessed valuation of the district is \$1.2 billion and their combined tax rate is \$1.743401 per \$1,000 of assessed valuation. In 2017, they responded to 874 incidents.

Snoqualmie Fire serves approximately 13,000 residents from their single fire station, located at 37600 SE Snoqualmie Parkway. The department is staffed with a combination of fulltime firefighters and volunteer EMS (Emergency Medical Services) responders and firefighters. Their staffing includes a Fire Chief, a Training, Health & Safety Captain, Administrative Assistant II, 3 Lieutenants, 9 Firefighters and 17 volunteer / part-paid Firefighters or EMS responders. The assessed valuation for the City is \$3 billion and their equivalent and combined tax rate for fire services is \$1.05121 per \$1,000 assessed valuation. In 2017, they responded to 1,209 incidents.

Both agencies have similar organizational cultures and values, approaches to fire protection and positive approval ratings from the residents they serve. In 2013, both agencies approved an interlocal agreement that allowed the exchange of response-staff and equipment when in the interest of both parties. In late 2017, both agencies met to discuss evaluating what options exist between the departments to realize more efficiencies and improve the effectiveness of the services they provide. The Mayor for the City of Snoqualmie and the Fire District Commissioners directed the staff to develop a scope of what possible merging-options exist between the agencies, and to draft the following report in an effort to better understand those options.

This report highlights the following options:

- Option 1- Functional Consolidation of a Major Division (Training)
- Option 2- Shared Administrations
- Option 3- Merged Agency under an Interlocal Agreement
- Option 4- Voter Approved Merged Agency

The forecasted budget for all these options range from each agency sharing a portion of \$142,706 (Option 1) through \$5,213,467 (Options 3 and 4). This document also highlights and forecasts revenue for the agencies, and provides details related to taxing and fee options with a voter approved methodology.

This document is intended to provide a framework of the options, and allow for more detail to be provided at the request of either agency. It is also intended to provide a neutral, non-biased informational outline of the four options.

SECTION I: INTRODUCTION

In early 2013, an agreement was signed under the authority of the Interlocal Cooperation Act, Chapter 39.34, between the City of Snoqualmie; King County Fire Protection District 27 (Fall City), and King County Fire Protection District 45 (Duvall). The agreement was drafted after lengthy discussions regarding the three agencies working jointly and cooperatively in the future. This agreement was purposely constructed in a broad manner to facilitate cooperative operation and/or consolidation of a variety of fire service related services. Soon after the agreement was signed, the agencies began a Shared Staffing program which allows each agency the ability to utilize personnel from either of the other agencies to fill vacancies. There have been ongoing discussions involving cooperative efforts in a variety of other areas including sharing of reserve apparatus, training, special operations and administrative personnel. Due to the close proximity, alignment of work shifts, similarity in operations, culture and values, a unique opportunity may exist with the City of Snoqualmie and Fall City to blend the two agencies. At this same time, Fall City is also evaluating a potential merger into Fire District 10, which has been a partner in Eastside Fire & Rescue since its formation in 1999.

A meeting was held on December 15, 2017 which included Commissioner Hollis and Fire Chief Connor from Fall City, and the City of Snoqualmie Mayor Larson, City Administrator Larson, and Fire Chief Correia. At the meeting the Fire Chiefs were directed to prepare a scoping document to outline a process to identify and evaluate potential areas of cooperation. The scoping document was completed and reviewed and the Fire Chiefs were directed to prepare this report outlining available options and the respective costs, benefits and challenges.

1.1 City of Snoqualmie Background Information

The City of Snoqualmie Fire Department operates from a single fire station located at 37600 SE Snoqualmie Parkway. The station is known as Station 281. Station 281 serves an area of approximately 6.5 square miles within the boundaries of the City, and is the closest station to, and responds to a much larger area outside of the City. The population within the City is approximately 13,000. There were 7,723 registered voters at the time of the November 2017 general election. The 2017 Assessed Valuation of the City is \$3,066,431,480. The levy rate for the entire City is \$2.54820/\$1,000 AV and there is an \$0.08121/\$1,000 AV levy for an outstanding LTGO Bond for Station Construction. The equivalent levy rate for fire protection services is \$1.05121/\$1,000 AV. Station 281 employs 15 full time employees, including a Fire Chief and Administrative Assistant II, and 17 volunteer / part paid employees. There is one Engine and one Aid Unit in service which are cross staffed. Station 281 also houses one reserve Engine, one reserve Aid Car, two staff vehicles, one boat, and one emergency management amateur radio command unit. In 2017, the department responded to a total of 1,209 alarms

1.2 King County Fire District 27 Background Information

King County Fire District 27 operates from a single fire station located at 4301 334th PL SE. The station is known as Station 271. Station 271 serves an area of approximately 22.5 square miles within the boundaries of the District and is the closest station to and responds to a large area outside of the District. The population within the District is approximately 7,200. There were 3,812 registered voters at the time of the November 2017 general election. The 2017 Assessed Valuation of the District is \$1,216,937,163. The regular levy rate for the District is \$1.27009/\$1,000 AV, there is also an excess levy in place through 2020 with a levy rate of \$0.39306/\$1,000 AV and there is an additional levy of \$0.07087/\$1,000 AV through 2021 for an outstanding LTGO Bond for Station Construction. The combined levy rate for fire protection services is \$1.73401/\$1,000 AV. Station 271 employs 12 full time employees, including a Fire

Chief and Administrative Assistant, and 16 volunteer / part paid employees. There is one Engine, one Aid Unit, one Water Tender, one Boat, and one Brush Truck in service which are cross staffed. Station 271 also houses one reserve Engine, one reserve Aid Car, one staff vehicle, and one other vehicle. In 2017, the department responded to a total of 874 alarms.

1.3 Combined Agency Profile

This section of the report explains the independent profiles of Fall City and City of Snoqualmie fire departments. , the agency population, assessed value, service area, incident volume and budget would combine to the following profile:

	POP	AV (Billions)	AREA (Sq. Mi.)	INCIDENT VOLUME	BUDGET (Millions)
Snoqualmie	13,000	\$3.066	6.5	1,209	\$2.900
KCPFD 27 (Fall City)	7,200	\$1.216	22.5	874	\$2.183
COMBINED	20,200	4.282	28.5	2,083	\$5.083

The staffing profile for the combined agency would be the following:

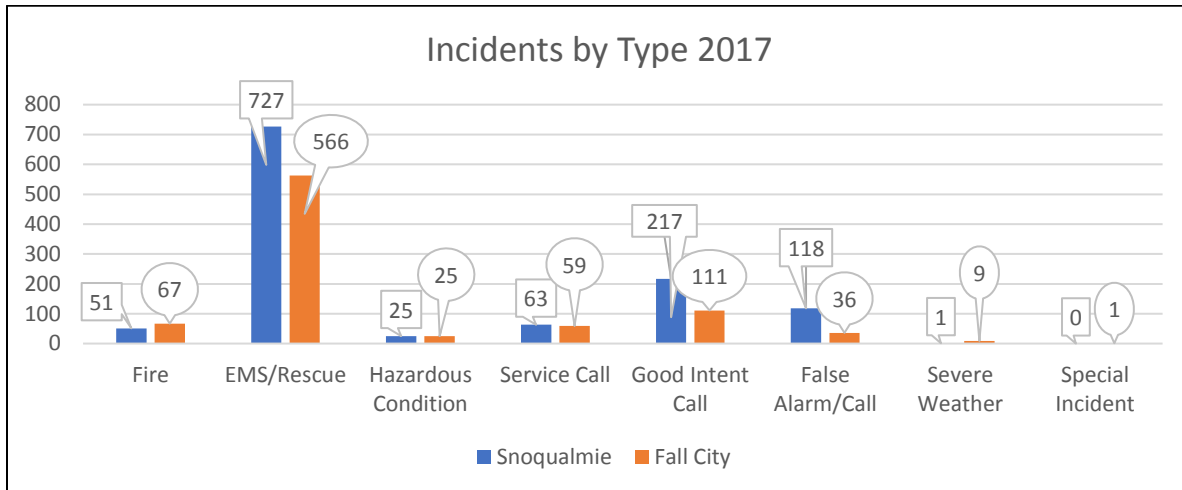
	Pt. Paid / Vol. FF or EMS	IAFF FIREFIGHTERS	LIEUTENANTS	CAPTAINS	COMMAND STAFF (CHIEF OFF.)	FIRE CHIEF	ADMIN. SUPPORT
Snoqualmie	17	9	3	1	0	1	1
KCPFD 27 (Fall City)	11 (+5)	7	2	1	0	1	1
Combined	28-33	16	5	2	0	2	2

The following table explains each agency's rolling stock, and fire station count. The first table shows primary response resources, and the second chart displays additional rolling (and floating) stock owned by the agencies:

	ENGINE	AID	STAFF VEH.	STATIONS
Snoqualmie	2	2	2	1
KCFD 27 (Fall City)	2	2	1	1
Combined	4	4	3	2

	OTHER	Other Vehicle Types		
Snoqualmie	1 (SECAST)			Boat
KCFD 27 (Fall City)	1	Tender	Utility	Boat
Combined	2	1 Tender	1 Utility	2 Boats

The following chart displays incidents by incident-type for 2017:



The following table displays the data-table from the above chart:

INCIDENT TYPE	SNOQUALMIE		FALL CITY	
Fire	51	4.2%	67	7.7%
EMS/Rescue	727	60.5%	566	64.6%
Hazardous Condition	25	2.1%	25	2.9%
Service Call	63	5.2%	59	6.8%
Good Intent Call	217	18.1%	111	12.7%
False Alarm/Call	118	9.8%	36	4.1%
Severe Weather	1	0.1%	9	1.0%
Special Incident	0	0.0%	1	0.1%
	1202	100.0%	874	100.0%

SECTION II: PARTNERSHIP OPTIONS

2.1 Option 1 – Functional Consolidation of a Major Divisions (Operations, Training etc.)

2.1.1 Description

Option 1 consolidates the training functions of both agencies into a single combined training division. Currently both agencies have an individual person who is responsible for coordinating training. In Snoqualmie, the individual assigned as training officer works a unique hybrid shift schedule which helps to facilitate coordination and delivery of training to both career and volunteer personnel. In Fall City, the individual assigned as training officer works on a shift with primary response duties and coordinates training as time allows and rarely delivers training except on their assigned work shift. In both departments the shift supervisors are largely responsible for coordination and delivery of training on their respective shifts.

It is assumed that if the training functions of both agencies were to be combined into one division, one individual at the rank of either Lieutenant or Captain would be appointed as the Training Officer and their primary, or sole focus, would be training coordination, delivery, lesson

plan development and record keeping. The cost for this option ranges from \$142,706 to \$156,525 annually depending on rank, employer, and other factors.

Depending on the exact nature of the sharing-relationship the cost of this option can be apportioned between the agencies in a variety of different ways. The simplest arrangement may be a 50% / 50% split of the actual cost, and an equal split of the number of hours. This arrangement sounds simple on the surface, but would likely involve negotiation and adjustment based on each agencies access and use of the employee. For instance, depending on which station the employee is actually assigned to work at, there would likely be some benefit derived from the ability of the employee to respond as additional support on emergency calls. The apportionment of each agencies cost could be more complex and include a formula based on factors such as, the number of employees, assessed valuation, calls for service, training subject matter, etc.

2.1.2 *Benefits*

The following are some of the benefits that could be realized through functional consolidation of the Training Division:

- Employer and Employee Benefits:
 - o Dedicated person (specialist) in training
 - o Potential promotional opportunity
 - o Reduced risk through better trained staff
 - o Cost savings / cost avoidance of FTE
 - o More efficient use of staff
 - o Less duplication of effort
 - o More consistency in training
 - o Higher standard of training
 - o More flexible training delivery options
 - o Single FTE could assume other logical duties (Safety, Volunteer Coordinator, etc.)
 - o Professional development opportunity for staff (enhanced if rotation of personnel is employed)
 - o Does not change comparable agencies which drives labor costs
 - o Retains individual agency identity
 - o Better representation at County level
 - o Working more closely together (MCO)
- Customer Centric Benefits
 - o Improve Washington Surveying & Rating Bureau (WSRB) score in this area
 - o Responders with higher skill levels
 - o Additional responder when the training officer is on duty

2.1.3 *Challenges*

The following are some of the challenges that could be realized through functional consolidation of the Training Division:

- Employer and Employee Challenges
 - o Shared Employee Challenges (who hires, evaluates, directs, etc.)
 - o Assuring that deliverables are fair and equitable for both agencies
 - o Cost sharing formula likely to be complex to be fair and equitable

- Policy and procedure differences will create challenges for the training officer, or they would need to be aligned
- Evaluation of duties to affirm the training program is commensurate with duties
- Two different training RMS systems
- Equipment, vehicle (if assigned), etc. (who is responsible)
- SCBA differences
- Promotional process / negotiations, pay & benefits
- Two Fire Chief's and agency expectations for the employee
- Volunteer program difference and who handles (delivers) training
- Two separate IT networks and systems
- Customer Centric Challenges
 - None noted

2.1.4 Summary

Sharing a training officer between two agencies is the least complex of the options listed in this report. This choice would allow both agencies to improve the training program within the agencies, creates an opportunity for employees to specialize as a training officer, and improve levels of service to the communities that are served. Sharing an employee is also an opportunity to create a closer working relationship between the two agencies while enhancing the provided service. The efficiencies and removal of duplicated-work is a logical investment that pays dividends in the services provided. It would also create a wonderful first-step when evaluating the other options listed later in this document.

2.2 Option 2 – Shared Administration

2.2.1 Description

Option 2 evaluates merging both fire administrations into a single management team leading and overseeing the independent fire departments. To accomplish this goal, an interlocal cooperative agreement (ILA) would be crafted that would outline the scope of services, services to be provided, term, cost of the agreement, lead agency, and other expectations of this formal relationship. Pursuant to Chapter 39.34 of the Revised Code of Washington (RCW), (fire) districts and cities are authorized to cooperate with each other to provide high quality services. This statute would allow for both the City of Snoqualmie and Fall City to function as independent agencies while sharing the Administration if both parties agree to do so. The terms of the cooperative effort would be dictated in the agreement, and the cost sharing formula would be decided through the crafting of the document.

This option is not a very popular choice amongst fire agencies and no other agencies in the region could be found with this type of relationship. The closest similar relationship found locally occurred in 2013 when the Bellevue Fire Department entered into an interlocal agreement with the Woodinville Fire District to provide an interim fire chief. One of Bellevue's deputy fire chiefs assumed the role of interim fire chief for the District for a short period of time. Similarly, Eastside Fire and Rescue, loaned King County Fire District 25 (Skyway) an officer to function as interim fire chief for a short period of time.

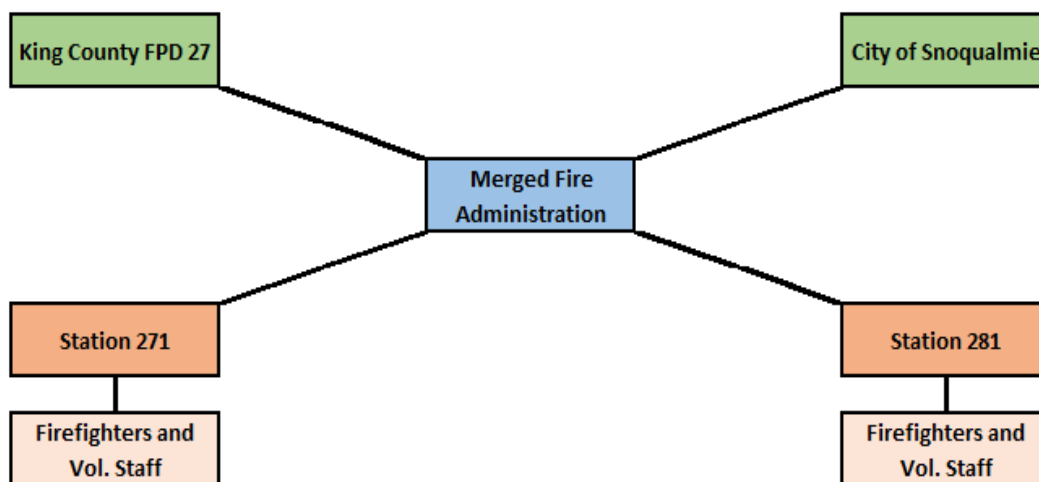
The reason this option may not be popular is because of the challenges that are faced with this model. The complexity of managing two separate bargaining units, volunteer groups, and finances, while leading two governing bodies is much greater than the other less complex relationships. This option may be a logical choice if the agencies were planning on a more

comprehensive relationship like found in Options 3 and 4 in the future. This type of arrangement would be useful in bringing the agencies into closer alignment with each other, or to build an interlocal agreement as discussed in Option 3, or to plan for a voter-approved method of merging found in Option 4. During this transition phase labor agreements, operational guidelines, budget and policies could be drafted to prepared for the next step in the two-agencies relationship.

2.2.2 Assumptions

- Minimum staffing levels for both fire stations would remain at the same levels that exist today.
- Volunteer staff would operate as additional staff above minimum levels in either fire station as they do today.
- The administration would be staffed with two (2) administrative support staff personnel, one (1) training officer, one (1) deputy chief and one (1) fire chief.
- The operating budget would be based on the costs of the above staffing model and shared in a way agreed upon by the governing bodies.
- No assumptions have been made regarding the lead agency (employer), governance / oversight model, funding formula / cost sharing and alternative revenue opportunities

For planning and cost purposes, the following table of organization was used for Option 3:



2.2.3 Funding and Budget

Budget forecast is based on the above with the predicted cost of the merged administrations.

Both agencies would retain existing budgets that would be managed by the single-fire-administration. The administration model would include a fire chief (1), deputy chief (1), training officer (1), administrative assistant II (1) and administrative assistant (1). The cost of the merged administration and its forecast is built from the table of organization list above. The costs (wages and benefits) for this organizational structure is as follows:

	2019	2020	2021	2022
Merged Administration	\$741,335	\$763,575	\$786,482	\$810,076

Funding for this model is derived from the two existing taxing jurisdictions funds. The independent agency's operating under this model would identify a lead agency who acts as the employer and handles the finances, payroll and other general services for the Administration. One agency would pay the other agency for these service as outlined in the terms of the interlocal agreement. Both agencies would already have funds in their existing budgets for fire administration services. These funds could be used to pay for these liabilities.

As mentioned earlier in this report, there is flexibility with the interlocal agreement form of consolidation which could impact the cost for service. As examples, encumbrance as lead agency would be explored, evaluated and negotiated to determine the final cost to the other agency.

2.2.4 Benefits

The following are some of the challenges that could be realized through a merged organization under an ILA:

- Employer and Employee Benefits:
 - o Cost savings and cost avoidance for both agencies
 - Removed duplicated position from both agencies
 - o Improved service delivery model
 - o More efficient use of staff and volunteers
 - o Improved training model and standard
 - o More diverse professional development opportunities
 - Diverse opportunities for succession planning
 - Expanded training and program management opportunities
 - o Larger organization allows staff to work with more diverse workforce
 - o Eliminates fire chief search if agencies retain existing executive staff
 - o Expanded opportunities for career and volunteer staff
 - o More flexible training opportunities such as multi-company drills
 - o Eliminate some reserve apparatus that is currently duplicated
 - o Retains individual agency branding on apparatus and stations
- Customer Centric Benefits:
 - o Retains community-focused fire service model
 - o Retains individual agency identity
 - o Higher levels of service
 - o Removes duplication of positions found in independent agencies
 - o Additional responders to assist in effective force assembly on significant incidents
 - o Improves WSRB score for each agency

2.2.5 Challenges

The following are some of the challenges that could be realized through a merged organization under an ILA:

- Employer and Employee Challenges
 - o Perceived imbalance and difference when the organization is developed (e.g. headquarters location, where apparatus is housed, lead agency, etc.)
 - o Identifying agency headquarters, and addressing how to staff the second administrative offices

- Single administration managing two collective labor agreements, policy manuals, accounts receivables, accounts payables, payroll, and other similar business activities
- Affirming fair and equitable funding model from two different taxing landscapes
- Lead agency and perception of secondary (less valued) agency
- Challenges with promoting staff into the shared administration from two separate bargaining units
- Apparatus and equipment differences
- Customer Centric Challenges:
 - Move of local fire administration to another agency and or location (accessibility to administration staff)
 - Citizens may not buy into, or not understand creation of a combined administration

2.2.6 Summary

The merged administration under an ILA is not a popular option for local fire service agencies, but may be valuable as a temporary and transitional fire service model. The flexibility in the agreement allows for a system that can meet the needs of each individual agency and community utilizing this model. The stakeholders would see a more efficient use of staff and resources, cost savings and avoid additional costs if each agency were to stand alone. But this model would create some challenges for the group administering both agencies. Managing two labor agreements, policies, payroll and other business practices would be more complex than a single agency. If this option were to be chosen, it is recommended that it be used as a transitional phase to merge agencies into one agency found in option 3 or 4.

2.3 Option 3 – Merged Organization (Interlocal Agreement)

2.3.1 Description

Option 3 evaluates merging both fire agencies under an interlocal cooperative agreement. Pursuant to Chapter 39.34 of the Revised Code of Washington (RCW), (fire) districts and cities are authorized to cooperate with each other to provide high quality services. This statute would allow for both the City of Snoqualmie and King County FPD 27 to function as one agency if both parties agree to do so. The terms of the cooperative effort would be dictated in the agreement. Terms could include levels of service, finance model used to fund merged-organization, governance/oversite of the organization and length of the agreement.

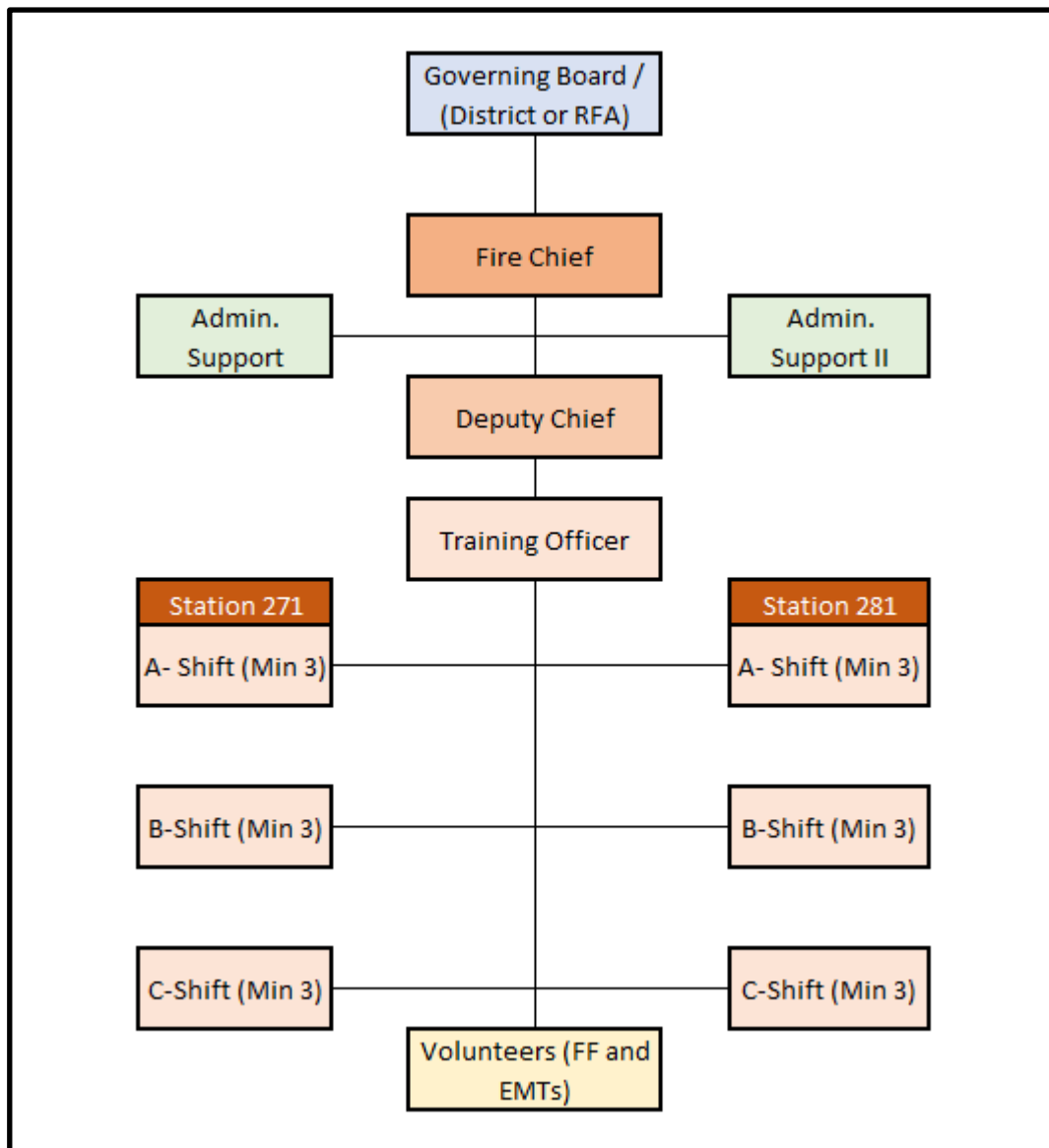
This type of relationship has gained popularity with some agencies as either a permanent or intermediary step to full-consolidation because of the flexibility in crafting the different elements of the organization. More specifically, the partnership could exist where one agency contracts with the other for services – to a jointly governed agency functioning as one. Examples of this model can be found with the City of Redmond and King County Fire District 34, City of Bothell and Snohomish County Fire District 10, and City of Black Diamond and King County Fire District 44.

2.3.2 Assumptions

- Minimum staffing levels for each fire stations would be at one (1) fire officer and two (2) firefighters twenty-four (24) hours a day, seven (7) days a week.
- Volunteer staff would operate as additional staff above minimum levels in either fire station, staff additional apparatus as needed, and work side-by-side with career staff fully integrated into the fire company.

- Total fire department staff (FTE) within the organization would include one (1) fire chief, one (1) deputy chief, one (1) training officer, two (2) administrative support staff personnel, six (6) company officers, and fifteen (15) firefighters. An additional thirty-five (35) volunteer EMTs or firefighter/EMTs would enhance the levels of service.
- Wages for full time staff is based off agencies of similar size (assessed value and population).
- The operating budget is forecasted using a merged budget approach, based off wages from similar sized agencies, and;
- No assumptions have been made regarding the lead agency (employer), governance model, funding formula/cost sharing and alternative revenue opportunities.

For planning and cost purposes, the following table of organization was used for Option 3:



Budget forecast is based on the above, and the predicted cost of the merged agency. This section of the report is broken into three main categories: revenue, expenditures and funding.

2.3.3.1 Revenue - Revenue options for a merged ILA model would be realized by each agency contributing a pro rata share of the budget costs of the merged organization. The budget share could range from one agency paying the other to provide service (a “contract for service model”) to a single agency with a shared governance functioning as a standalone agency. Because of the range of options that exist and the varying degree of funding options that exist with each option, it would not be prudent to evaluate those options in this report. More detail can be provided if the agencies wish to explore this option.

2.3.3.2 Expenditures - The budget for this option was developed by evaluating each agency’s independent expenses, aligning them into similar categories and forecasting an expenditure amount. Special attention was given to the salaries and benefits element as the goal was to create realistic costs basis for the combined agency. The firefighters and fire officers are represented by the International Association of Firefighters, and subject to binding arbitration pursuant to Chapter 41.56 of the RCW. State and case law requires agencies to use comparable agencies of similar size when establishing collective labor agreements. Historically, both agencies have had similar comparable agencies, but merging the departments could add or take away from the list of agencies. An environmental scan was performed of similar sized agencies, analysis was performed to realize a forecastable wage that could be used to drive the budget costs. The increase in wages for this predicted shift was estimated at 2% and was added in 2019. Additionally, a 3% increase was added each year as a very liberal planning increase. It’s important to note that all wages and benefits are subject to the collective labor agreement negotiations process and the percentages are only used for planning purposes.

The following displays the six (6) year expenditure forecast:

	2019	2020	2021	2022	2023	2024
Est. Budget Expenditures	\$5,213,467	\$5,369,871	\$5,530,967	\$5,696,896	\$5,867,803	\$6,043,837

For comparative analysis, both agency budgets were combined to determine a total cost. The following chart displays this comparison:

	2019	2020	2021	2022	2023	2024
Snoqualmie Fire	\$3,072,215	\$3,164,381	\$3,259,313	\$3,357,092	\$3,457,805	\$3,561,539
Fall City Fire	\$2,249,263	\$2,316,741	\$2,386,243	\$2,457,830	\$2,531,565	\$2,607,512
TOTAL	\$5,321,478	\$5,481,122	\$5,645,556	\$5,814,922	\$5,989,370	\$6,169,051

Based off the information above, the following chart displays the cost differences between forecasted expenditure for an interlocal formed fire department, and the combined cost of the City and Fire District budget. To keep the comparative analysis similar to each other (i.e. apples to apples comparison) the data below uses the same inflator used in the budget expenditure numbers in the above charts. The following shows the difference in costs between Option 3 and the forecasted total combined agency costs:

Difference	(\$108,011)	(\$111,252)	(\$114,589)	(\$118,027)	(\$121,568)	(\$125,215)
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The forecasted cost savings using this model totals nearly \$700,000 in tax payer savings over a six-year period.

2.3.3.3 Funding - Funding for this model is derived by the existing taxing jurisdictions. Agencies operating under this model identify a lead agency who acts as the employer and handles the finances, payroll and other general services. The remaining agency(s) pay the other party on a schedule that is outlined in the interlocal agreement. Examples of this include Snohomish County Fire District 10 pays the City of Bothell two times per year; and the City of Black Diamond pays King County Fire District 44 two times per year to provide the services outlined in the agreement. The following displays a fiscal notation in the City of Black Diamond's annual budget related to fire service expenses:

Fire Department	2014 Actual Audited	2015 Actual	2016 Budget	Est Year End 2016	2017 Budget	Bdgt \$ Chg inc/(dec)	Bdgt % Chg inc/(dec)
Fire District 44 Services	449,912	460,710	495,011	495,011	514,825	19,814	4.0%
KC Fire Investigation	1,715	1,214	2,000	2,000	2,000	-	0%
Fire Annexation Study			25,000			(25,000)	-100%
Other Operating Costs	2,869	3,224	3,364	3,389	18,080	14,716	437.5%
Total Department	454,496	465,148	525,375	500,400	534,905	9,530	1.8%

As mentioned earlier in this report, there is flexibility with the interlocal agreement form of consolidation which could impact the cost for service. As examples, encumbrance as lead agency, ownership and maintenance of facilities, ownership and maintenance of apparatus, and reserve funding are areas that would be explored, evaluated, and negotiated to determine the final cost.

2.3.4 Benefits

The following are some of the challenges that could be realized through a merged organization under an ILA:

- Employer and Employee Benefits:
 - o Cost savings and cost avoidance for both agencies
 - o Improved service delivery model
 - o More efficient use of staff and volunteers
 - o Improved training model and standard
 - o More diverse professional development opportunities
 - o Larger organization allows staff to work with different demographics
 - o Expanded opportunities for career and volunteer staff
 - o More flexible training opportunities such as multi-company drills
 - o Could eliminate some reserve apparatus that is currently duplicated
 - o Retains individual agency branding on apparatus and stations
- Flexibility exists in the finance, governance and other related elements of the interlocal agreement (realized through crafting and negotiations of the agreement)
- Can be dissolved if one or both parties agree to withdraw (termination clause can dictate the terms and allows an agency to become a stand-alone agency again)
- Customer Centric Benefits:
 - o Cost savings and cost avoidance to the tax payer

- Retains community-focused, fire service model
- Larger population of volunteer responders creates opportunities to staff additional apparatus
- Improves WSRB score for each agency
- Additional day time responders for emergency incidents
- More effective and efficient use of staff translating to higher trained responders

2.3.5 Challenges

The following are some of the challenges that could be realized through a merged organization under an ILA:

- Employer and Employee Challenges:
 - Perceived imbalance and difference when the organization is developed (e.g. headquarters location, where apparatus is housed, lead agency, etc.)
 - Employees needing to learn a new response area
 - Affirming deliverables and cost sharing models are fair and equitable
 - Apparatus and equipment differences
 - Can be dissolved if one or both parties agree to withdraw (termination of the agreement terms could address this challenge)
 - Looming deadline when agreement nears its end
 - If governance is not shared, reporting to two governing bodies may create additional work or challenges
 - If governance is shared, the oversight and shared-management would be different than the status quo and could create some challenges
 - May require an agency (or both) to perform a levy-lid-lift/maintenance and operations levy if expenditures outpace revenue
 - May require retention of an employee until attrition resizes to the model
- Customer Centric Challenges:
 - Citizens may not buy into this form of government
 - Citizens may be concerned about changes in administrations
 - Move of local fire administration to another agency and or location (accessibility to administration staff)

2.3.6 Summary

The merged agency under an ILA has been used very successfully by many other local agencies as either a temporary or transitional fire service model. The flexibility in the agreement allows for a system that can meet the needs of each individual agency and community. Utilizing this model, the agencies would see a more efficient use of staff and resources, substantial cost savings and avoid additional costs than if each agency were to stand alone. This model also increases levels of service to the community, creates opportunities for staff and volunteers, creates operations efficiencies that could not be realized as standalone agencies, and retains the community service focus currently existing in both departments.

2.4 Option 4 – Voter Approved Merged Organization

2.4.1 Description

Option 4 evaluates merging both fire agencies into one agency under a voter-approved methodology. Chapter 52.26 of the RCW allows for the creation of regional fire protection service authorities (RFA). Additionally, chapter 52.04 of the RCW allows a city to annex into fire protection districts when the legislative authority of the city finds it is in the public's interest to do

so. Both options require voter approval, but differences could exist in architecture of the agency. More specifically, if the City were to propose merging (annexing) its fire services into a fire district, the City would assume the taxing rate, governance structure (city would not assume representation on the Governing Board), and established policies and procedures existing within the District. During this dissolution, agreements would be put in place to transfer assets, personnel and liabilities to the fire district. If the fire district and City were to merge into a RFA, a new governmental agency would be formed built from a plan that was established between the two agencies. Inside the plan, a model of taxation and or fee, governance, policies procedures, and other related business would be crafted. This plan would be voted on by the residents of the jurisdictions. If approved, both agencies would be served by the RFA and the fire district could be dissolved if the governing authority sees this as a benefit to their community.

The RFA relationship has gained popularity with some agencies as either a permanent means of consolidation because of the flexibility in crafting the different elements of the organization within the RFA plan. A few examples of this model can be found:

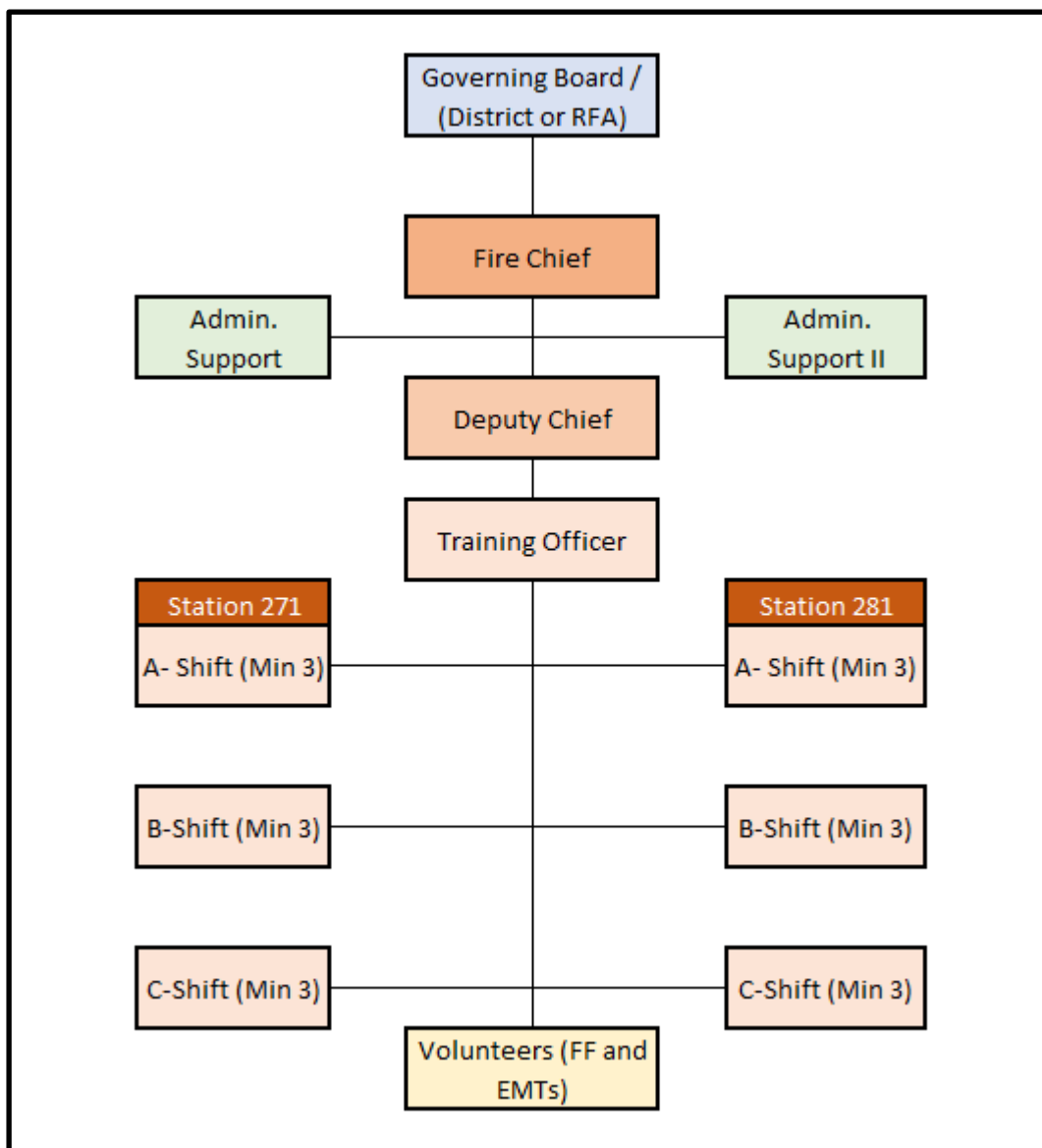
- Puget Sound Regional Fire Authority- City of Kent, King County FPD 37, and SeaTac
- Renton Regional Fire Authority- City of Renton and King County FPD 25
- North County Regional Fire Authority- Snohomish County FPD 14 and 18
- South Snohomish County Fire and Rescue- City of Lynnwood and Snohomish County FPD 1

This report is not intended to be a comprehensive evaluation of both options, rather a high-level look at what options exist between the agencies. Because many similarities exist for both options, the remaining sections will highlight these as a single option. RFA or annexation specific items will be identified when appropriate.

2.4.2 Assumptions

- Minimum staffing levels for both fire stations would be at one (1) officer and two (2) firefighters twenty-four (24) hours a day, seven (7) days a week.
- Volunteer staff would operate as additional staff above minimum levels in either fire station, or staff additional apparatus as needed.
- Total fire department staff (FTE) within the organization would include one (1) fire chief, one (1) deputy chief, one (1) training officer, two (2) administrative support staff personnel, six (6) company officers, and fifteen (15) firefighters. An additional thirty-five (35) volunteer EMTs or firefighter/EMTs would enhance the levels of service.
- Wages for full time staff is based off agencies of similar size (assessed value and population).
- The operating budget is forecasted using a merged budget approach based off wages from similar sized agencies, and;
- No assumptions have been made regarding whether annexation or RFA is preferred, governance model, funding options and alternative revenue opportunities.

For planning and cost purposes and like found in Option 3, the following table of organization was used for Option 4:



2.4.3 Budget

Budget forecast is based on the above predicted cost of the merged agency. This section of the report is broken into two main categories: expenditures and funding.

2.4.3.1 Expenditures - Like Option 3, the budget for this option was developed by evaluating each agency's independent expenses, aligning them into similar categories and forecasting an expenditure amount. Special attention was given to the salaries and benefits element as the goal was to create realistic costs basis for the combined agency. The firefighters and fire officers are represented by the International Association of Firefighters, and subject to binding arbitration pursuant to Chapter 41.56 of the RCW. State and case law requires agencies to use comparable agencies of similar size when establishing collective labor agreements. Historically, both agencies have had similar comparable agencies but merging the departments could add or take away from the list

of agencies. An environmental scan was performed of similar sized agencies, analysis was performed to realize a forecastable wage that could be used to drive the budget costs. The increase in wages for this predicted shift was estimated at 2% and was added in 2019. Additionally, a 3% increase was added each year as a very liberal planning increase.

The following displays the six (6) year forecast

	2019	2020	2021	2022	2023	2024
Est. Budget Expenditures	\$5,213,467	\$5,369,871	\$5,530,967	\$5,696,896	\$5,867,803	\$6,043,837

For comparative analysis, both agency budgets were forecasted for 2019, and combined to determine a total cost of merged agencies. The following chart displays this comparative analysis:

	2019	2020	2021	2022	2023	2024
City of Snoqualmie	\$3,072,215	\$3,164,381	\$3,259,313	\$3,357,092	\$3,457,805	\$3,561,539
Fall City Fire District	\$2,249,263	\$2,316,741	\$2,386,243	\$2,457,830	\$2,531,565	\$2,607,512
TOTAL COMBINED	\$5,321,478	\$5,481,122	\$5,645,556	\$5,814,922	\$5,989,370	\$6,169,051

The following chart displays the cost differences between forecasted expenditure for an interlocal formed fire department, and the combined cost of the City and Fire District budget. To keep the comparative analysis similar (i.e. apples to apples comparison), the analysis below uses the same inflator used in the budget expenditure:

Difference	(\$108,011)	(\$111,252)	(\$114,589)	(\$118,027)	(\$121,568)	(\$125,215)
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The forecasted cost savings using this model totals nearly \$700,000 in tax payer savings over a six-year period.

2.4.3.2 Funding Revenue options that exists for both fire-district-annexation and RFA come primarily from property taxes. Chapter 52.16 of the RCW allows for RFA and Fire Districts to levy up to \$1.50 per \$1,000 assessed valuation (AV). Additionally, chapter 52.18 of the RCW allows RFA and Fire Districts to charge a fee known as a fire benefit charge. This fee for fire services reduces the levy rate to \$1.00 per \$1,000 AV, but allows for a fee to be charged on real property. The fee is customarily based on risk with higher-risk-buildings (apartments, commercial buildings and even rural properties outside a municipal water system) paying a higher fee. The benefit charge requires a vote of the jurisdiction, is revalidated every six years, and is limited to 60% of the total operating budget for the organization. The benefit charge has gained popularity amongst fire districts because the rate can be adjusted by the commissioner boards allowing the agency to offset the 1% taxing increase limitation. More detail about the requirements of a fire benefit charge can be found in Chapter 52.18.010 of the RCW.

For this choice, additional revenue options included in the analysis are WA State DOH EMS Grant funding, King County EMS funds, EMS Transport Fees and the Department of Social and Health Services agreement for fire and EMS services to the Echo Glen

Children’s Center. These three revenue sources will offset the final levy rate by \$423,950 based on the following totals:

	Fall City FPD	Snoqualmie
KC EMS Funding	\$108,000	\$110,000
WA DOH Funding	\$1,350	\$1,350
DSHS Echo Glenn Funding	\$0	\$21,000
EMS Transport Fees (est.)	\$71,250*	\$111,000
TOTAL	\$180,600	\$243,350

Combined Total:	\$423,950
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**Fall City does not currently charge for transports, the amount is based on 150 transports (2017: 159 transports) at \$475 per transport revenue (2017 Sq. avg. per-transport-revenue).*

For this option, property taxes would be used to forecast the remaining funding. To determine this, the combined-agency’s borders would follow the outer most boundaries of a combined agency. To determine the millage rate and for forecasting purposes, the assessed value of the combined agency was used in comparison with the agencies operating budget while accounting for the additional revenue list above. The following charts display this forecast:

	Assessed Value
Fall City Fire District #27	\$1,216,937,163
City of Snoqualmie	\$3,066,431,480
COMBINED AV:	\$4,283,368,643

Operating Budget	\$5,213,467
Additional Revenue	(\$423,950)

Millage Rate \$1,000 / AV	\$1.1182
Additional Bonded Indebtedness	\$0.08 or \$0.07**

***Bonded indebtedness is retained by the taxpayer and remains the same cost as it does today until paid off.*

Using this model, it’s important to highlight the fire benefit charge as a funding option; fiscal impact to the City; and a final note of funding options that exist for option 4:

2.4.4 Fire Benefits Charge

As mentioned previously, the new agency could apply a fire benefit charge (FBC) that would fund up to 60% of the operating budget (\$3,128,080). If this action were to be applied, the millage rate could be dropped to fund the remaining 40% and could be as low as \$0.4869/\$1,000 AV with the remaining funding being derived from the benefit charge. The benefit charge would be established based on a risk-formula developed by the agency and

applied to real property. As an example, the following methodology (risk-formula) is from Central Pierce (County) Fire and Rescue's Voter-FAQ:

8. What is the formula for calculating FBC?

The formula takes into account the total square footage of the structure(s) on the property and the use of the structure(s). Certain discounts may also apply. It is derived from formulas developed by the National Fire Academy (NFA) and Insurance Services Office (ISO).

$$\sqrt{\text{squarefeet}} \times 18 \times [\text{use factor}] \times 0.4570620825 = \text{FBC}$$

- "Square feet" means total size of the structure(s) in square feet, including garages, carports and outbuildings.
- 18 is a coefficient value based on empirical tests by NFA and ISO.
- 0.4570620825 is the cost factor we use to estimate the current cost of fire suppression in any given structure.

"Use factors" vary by property classification such as residential or commercial. "Use factors" for the various occupancies are:

Mobile home	.33
Residential (single-family residence, duplex, single-story triplex, single-story fourplex, townhouse, or condominium)	.44
Multi-story triplex or fourplex (based on average sq ft per unit)	.45
Apartment building (5 units or more, based on average sq ft per unit)	.45
Commercial (121 to 1,500 sq ft)	1.00
Commercial (1,501 to 3,000 sq ft)	1.55
Commercial (3,001 to 12,000 sq ft)	1.75
Commercial (12,001 to 40,000 sq ft)	2.00
Commercial (40,001 to 70,000 sq ft)	2.50
Commercial (70,001 to 100,000 sq ft)	3.50
Commercial (100,001 to 200,000 sq ft)	4.50
Commercial (200,001 to 300,000 sq ft)	5.00
Commercial (300,001 to 400,000 sq ft)	6.00
Commercial (more than 400,000 sq ft)	7.00

Structures equipped with approved fire sprinklers are eligible for a discount of 20% on the Fire Benefit Charge.

The Fire Benefit Charge is not applied to properties with structures totaling 120 square feet or less.

9. If I qualify for a senior/disabled exemption on my taxes can my FBC reduced, too?

Yes, you would be eligible for the same discount rate you receive for regular property taxes. This information is obtained from, and maintained by Pierce County.

2.4.5 Fiscal Impacts to the City

Chapter 84.52 of the RCW authorizes cities (and towns) to collect a maximum of \$3.60 per \$1,000/AV. Cities that are serviced by a fire district and or a library district must subtract the amount levied by the special taxing districts from the city's-maximum-allowable levy. As an example, the City of Snoqualmie is served by the King County Library District (\$0.41 per \$1,000/AV) and if it were to approve annexation or regional fire authority (based on the formula above), the City's maximum allowable rate would be reduced from \$3.60 to \$2.30/\$1,000 AV

(\$3.60-\$1.12-\$0.41=\$2.07). Although the maximum levy rate is reduced to \$2.07 the City's operating budget would be relieved of the fire department portion lowering the city's current tax rate (\$2.54820) by the equivalent (estimated) tax rate for the fire department (\$0.97) to \$1.57820 well below the \$2.07 threshold. This impact to the City's tax rate could also be further reduced if the agencies were to utilize a fire benefits charge as a funding option (\$3.60-\$0.49-\$0.41=\$2.70).

2.4.6 Other Funding Options

One final option that should be explained is the choice of augmenting funding to a voter approved option. As mentioned earlier, the fire district may be dissolved if the governing authority sees this as a benefit to its organization. There is no timeframe associated with the dissolution of the fire district and some agencies chose not to immediately dissolve the District. The primary reason for not dissolving the District is to allow for the capturing of the tax dollars that are later transferred to the RFA until it has statutory authority to do so. In Southwest Snohomish County, their RFA joined Snohomish County Fire District #1 and the City of Lynnwood. This action was approved, but both agencies retained their EMS levies until the RFA was formed, and the voters approved the RFA's EMS levy. In conversation with their staff, its highly probable Fire District #1 will be dissolved once the EMS Levy is approved.

The information above is shared as the Fire District (and or the City) could contribute additional funds to the RFA for service levels above agreed to minimums. Some challenges do exist if the agencies were to consider this option. These challenges can be explained if the agencies see this option as a possible benefit to the formation of one agency.

2.4.6 Benefits

The following are some of the benefits that could be realized through a merged organization under an ILA:

- Employer and Employee:
 - o Cost savings and cost avoidance for both agencies
 - o Improved service delivery model
 - o More efficient use of staff and volunteers
 - o Improved training model and standard
 - o More diverse professional development opportunities
 - o Larger organization allows staff to work with different people
 - o Expanded opportunities for career and volunteer staff
 - o More flexible training opportunities such as multi-company drills
 - o Eliminate some reserve apparatus that is currently duplicated
 - o Retains individual agency branding on apparatus and stations
 - o Flexibility exists in the development of the plan:
 - o Taxation options (benefits charge)
 - o Governance model (Councilmembers and Commissioners on one Board)

- Customer Centric Benefits:
 - o Retains community-focused fire service model
 - o Higher levels of service
 - o Lower tax rate
 - o Improves WSRB score for each agency

2.4.7 Challenges

The following are some of the challenges that could be realized through a merged organization under an ILA:

- Employer and Employee Challenges
 - o Perceived imbalance and difference when the organization is developed (e.g. headquarters location, where apparatus is housed, lead agency, etc.)
 - o Employees needing to learn a new area
 - o Affirming fair and equitable funding model from two different taxing landscapes
 - o Citizens may not buy into, or not understand creation of a combined agency
 - o Apparatus and equipment differences
 - o Loss of individual identity to form the new agency
 - o Oversight and shared-management would be different than the status quo and could create some challenges as it evolves

2.4.8 Summary

Option 4 provides many options, benefits, challenges, and flexibility to the formation of a fire service agency. Although this option focuses on a voter approved methodology, more benefits exists for both parties under a regional fire authority model. This model has gained popularity over the past decade to bring agencies together because of the flexibility that exists when joining a city fire department and a fire district. More exploration into the voter approved option can be provided if both parties choose to pursue this option.

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