

QUESTIONS FOR BOTH CHIEFS:

1. What will happen to the credit from the North King County Training Consortium?
 - ▶ There is a \$38,400 credit from the Consortium to the NFD for facility space. That would continue to be paid to the NFD as the owner of the building.
2. Do we have a say in the span of control for BCs between 5-10 stations?
 - ▶ That is an operational and level of service decision that NFD would have a say in. For SFD we would be very unlikely to exceed 5 stations. Proper span of control in the industry is typically 3-7 with 5 as an optimal number.
3. How can NSFD change the level of service?
 - ▶ Throughout the year and as part of the Fall retreat there would be meetings and potential discussions on changes in levels of service.

QUESTIONS FOR BOTH CHIEFS:

4. Over the past 3-5 years, what has been your escalator cost for operations, equipment, and capital facilities?
 - ▶ Operational salary adjustments have been:
 - ▶ 2021 – 0%, flat
 - ▶ 2020 – 3.3%
 - ▶ 2019 – 3.3%
 - ▶ 2018 – 4%
 - ▶ 2017 – 3%
 - ▶ For other costs we forecast 3% inflators. It is not feasible to look at a year to year escalator due to the varying needs that influence annual budgets. We can provide the actual percentage increases, but not an escalator that would indicate specific cost adjustments.
 - ▶ Below is a table showing our budgeted to actual, non-ALS, expenses for the previous four years.

EXPENDITURES				
Budget Year	Budgeted Expenses	Actual Expenditures	Difference	Percentage (%) of Expenses
2017	\$ 16,035,688	\$ 15,993,317	\$ (42,371)	99.74%
2018	\$ 17,428,914	\$ 17,302,223	\$ (126,691)	99.27%
2019	\$ 20,234,225	\$ 20,269,268	\$ 35,043	100.17%
2020	\$ 20,918,443	\$ 20,549,331	\$ (369,112)	98.24%

QUESTIONS FOR BOTH CHIEFS:

5. Can we retain maintenance services with NUD?
 - ▶ Potentially, but we advise against it. Services are better with SFD. Our costs are about \$40k plus parts and supplies. Costs with NUD are \$66k.
6. What were the financial assumptions and how are they accounted for.
 - ▶ All are listed on pages 31 and 32.
 - ▶ We considered the current NFD operations and that portion of the overall organization. We then calculated and used that percentage for cost forecasting. Below are summaries of those calculations.
 - ▶ Personnel related cost apportioning is 26% (46 NFD personnel, 128 SFD personnel).
 - ▶ Operating related cost apportioning is 42% (\$1.658 million NFD, \$2.335 million SFD).
 - ▶ Apparatus and equipment related cost apportioning is 40% (4 staffed NFD apparatus, 6 SFD apparatus).

Q&A

(continued)

REVENUES		
Property Tax & FBC	2021 Estimate	
Property Tax Levy	\$ 10,222,679	Levy Rate of \$.856
Excise Tax	\$ -	
<i>1% Adjs. and Appeals</i>	<i>\$ (102,227)</i>	1% uncollected taxes
Fire Benefit Charge	\$ 6,633,993	\$.55 Rate
<i>Adjs. and Appeals</i>	<i>\$ -</i>	Adj: FBC Appeals
Total Property Taxes and FBC	\$ 16,754,445	

REVENUE CATEGORY	2021 Estimate	Overall Percentage
Net Property Taxes and FBC (above)	\$ 16,754,445	75.74%
ALS Overhead	\$ 350,000	1.58%
BLS Allocation- KCEMS (no MIH)	\$ 810,356	3.66%
BLS Transports	\$ 800,000	3.62%
FMO Operational Permits	\$ 60,000	0.27%
FMO Plans Review	\$ 150,000	0.68%
Fire Service Contracts	\$ 927,379	4.19%
<i>WA DOT</i>	\$ -	
<i>Dep of Health (DOH)</i>	\$ 38,800	
<i>Town of Woodway</i>	\$ 518,129	this # minus 10% for ALS services to Woodway
<i>DSHS (Fircrest)</i>	\$ 94,100	
<i>Paramount Petroleum-Snohomish</i>	\$ 13,350	
<i>Shoreline CC</i>	\$ 92,500	
<i>Metro Transit & Metro Water</i>	\$ 101,750	
<i>Ronald Wastewater</i>	\$ 3,750	
<i>Shoreline School</i>	\$ 10,000	
<i>SPU (hydrants)</i>	\$ 55,000	
Deployments	\$ 20,000	0.09%
EMTG Fire Academy	\$ -	0.00%
GEMT (increased transport fees & true up)	\$ 2,100,000	9.49%
CPR/Other	\$ 15,000	0.07%
Investment Interest (KC Treasury)	\$ 110,000	0.50%
Misc. Revenues *	\$ 25,000	0.11%
Total Other Revenues	\$ 5,367,735	
TOTAL- Revenue	\$ 22,122,180	100.00%

*Misc Revenues: Zone 1, Agency Training refunds, RWW fuel, registration fees charged for classes offered by SFD, Other Misc revenues

EXPENSES		
EXPENSES CATEGORY	2021 Estimate	Overall Percentage
Salary & Benefits	\$ 17,299,159	78.20%
Maintenance & Operations	\$ 2,335,389	10.56%
Inter-Governmental	\$ -	0.00%
Fund Transfers OUT (Res, Ben, Cap)	\$ 2,487,326	11.24%
TOTAL- Budget	\$ 22,121,874	100%

QUESTIONS FOR SHORELINE:

- Can we see the Shoreline budget without ALS?
 - ▶ Yes, here is a summary of 2021.
 - ▶ Expense budget can be sent if you wish, it is 1,300 lines.

Q&A (continued)

QUESTIONS FOR SHORELINE:

2. BLS Transport- Can we choose not to charge?

- ▶ Possibly, but it would be complicated and legally challenging. We have to be consistent across our operational model or we risk being in violation of the law.
- ▶ Again, BLS transport is not a financial decision, it is a level of service decision. However, if NFD didn't want to transport patients then the peak-hour aid car would not be needed either, creating more savings.

3. What is your labor contract for 2022?

- ▶ I will share the salary adjustments with you in executive session as it has been temporarily agreed to and not ratified as yet.

4. Can you explain the COLA for personnel costs tables on page 23?

- ▶ COLA's are typically tied to CPI and usually are CPI-U or a little higher. The CPI for next year is 5.5%.
- ▶ If NFD was to stand-alone and negotiate a contract it potentially could be a 5.5% raise for 2022. So, in this spreadsheet I put 5.5% in for 2022 and then 3% thereafter.
- ▶ For SFD I put the actual TA'd salary amount for 2022. For 2023 I also used a 3% inflator, but there are additional savings in operations from the full valued savings of the BC's. There is also an increase in shared personnel costs with the ending of the interim Division Chief of NFD operations. For 2024 and beyond straight 3% inflator.
- ▶ Overtime costs increase at 3%.
- ▶ Transport fee revenue increases at a higher rate due to a 3% increase in transports each year and 3% increase in the fee charged.

Q&A (continued)

QUESTIONS FOR SHORELINE :

5. Is the LEOFF 1 liability negotiable?
 - ▶ Yes, but the scope of work asked for it to be transferred or not. I proposed taking on the liability because there will not be any staff at NFD to manage the work. SFD will not be the employer of record and therefore not be able to manage certain aspects of the benefits. We proposed a transfer of the reserves with the assumption that the current NFD reserves were the proper amount of funding for the liability.

6. Can we keep our operating reserves? Why do we need to transfer it? Can you explain the “unplanned loss of revenue”?
 - ▶ We maintain a reserve for unplanned loss of revenue or other catastrophic, unexpected costs, we call it “Operational Reserve”. NFD, I believe, calls this reserve the “Unplanned Loss of Revenue” and sets aside 25% of the annual operating budget. If we bring over an increase in operational costs of about \$8.7 million then the approximately 20% that we have set aside will go down substantially as a percentage of our operating budget. Thus, increasing our risk. However, we also believe that by joining with the NFD we will lower our overall risk and may not need to maintain a 20% reserve. Therefore, we are asking for 15% of the operating budget impact to be transferred. There remains very little need for NFD to continue having this fund after the transfer of liabilities to SFD. We can identify the amount transferred along with other assets, so that if there was a separation back to NFD being a stand-alone agency, that the money could be transferred back.
 - ▶ The NFD could retain all of these funds as long as there was specific language in the contract that allowed for the SFD to request these funds in the very unlikely event that they were needed.

Q&A (continued)

QUESTIONS FOR SHORELINE :

7. What is your administrative overhead?
 - ▶ We are not charging administrative overhead, but charging for a portion of shared personnel costs where the work is currently NFD centric.
8. Page 32- Explain how you arrived at 40% and is it negotiable? What are other options?
 - ▶ We looked at staffed fire/EMS response apparatus in the new organization, which 4 out of 10 are NFD, results in 40%. Most equipment costs are tied to these apparatus as well, even more so on fire engines and the ladder truck. We could look at just the fire engines/truck, which would be 2 out of 5, which is still 40%.
 - ▶ This could be negotiable if there was a more appropriate apportioning mechanism.
9. Page 30 can you explain the apparatus replacement fund?
 - ▶ There is a fund with annual contributions from both the NFD and SFD. This fund is established to complete all future apparatus purchases. The NFD has set aside \$522,604 to address this need and an additional \$256,000 in annual contribution. Our plan is to transfer the \$522 thousand to SFD to increase the fund to an appropriate level to account for the liability of an increased number of apparatus. The annual NFD contribution can also be lowered to \$220 thousand due to economies of scale.
 - ▶ The current assets of the NFD would be inventoried at the time of the contract and if there is a separation in the future, then the same number of assets would be returned along with a percentage of any increase assets that occur after the contract.

Q&A (continued)

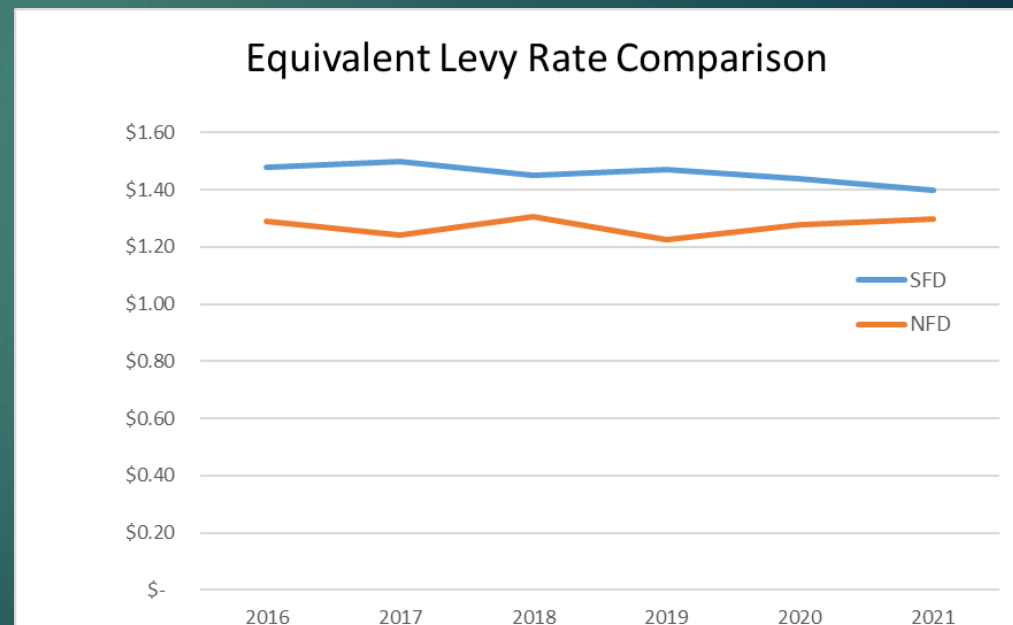
QUESTIONS FOR SHORELINE :

10. Page 30 do we need to maintain our own server session? Can we pay the cost for updating our system if under \$100K?
 - ▶ No, you do not need to upgrade your entire server system. Our proposal is for the NFD system to be connected to the SFD system. However, there is still a need for some smaller servers, new phone system, door security system, etc. It is unknown what the costs will be needed in 2022, the \$100k is just an estimate only based off of what has been budgeted and a very high level look at the needs in the NFD. This could be significantly reduced if the monies budgeted in 2021 are actually used prior to the end of the year.
11. Does your proposal provide admin and IT support for the NFD Board?
 - ▶ Yes
12. Why do we need to transfer our reserves? Is this negotiable?
 - ▶ The transfer of funds corresponds to the transfer of liabilities. Some of this could be negotiable depending on discussions. The LEOFF I, operating reserves, and apparatus replacement fund have been previously discussed.
 - ▶ The transfer for accrued benefits that was identified is not the full value of the benefits as projected for the end of the year, but a portion that we felt was appropriate. If you wish to decrease the amount of this transfer then we could do so, if there was an agreement for the NFD to cover all separation cash outs for the next two years, or something else that we negotiated.

QUESTIONS FOR SHORELINE :

13. There is an error in chart on page 36. Our AV number for 2021 is not a -0.22%.
- ▶ We were using the data provided by NFD staff. However, we requested confirmation of the data and we received an updated AV number that is even a little less than what was put in our proposal. Instead of \$8,707,216,466 it is \$8,703,816,682, which is a .26% drop in AV. I have updated the table and chart, which are below:

NFD			
Year	Assessed Valuation	AV % Change	Equivalent Rate
2016	\$ 6,054,273,196	9.37%	\$ 1.29
2017	\$ 6,515,548,648	7.62%	\$ 1.24
2018	\$ 7,161,521,894	9.91%	\$ 1.31
2019	\$ 8,085,320,023	12.90%	\$ 1.22
2020	\$ 8,726,665,321	7.93%	\$ 1.28
2021	\$ 8,703,816,682	-0.26%	\$ 1.30



Q&A (continued)

10

QUESTIONS FOR SHORELINE :

14. How would public records requests be handled?
 - ▶ SFD is assuming that work load.
15. Page 32 What control would we have over the budgeted costs?
 - ▶ The NFD will have a say in level of services changes, capital facility and fixture expenditures, and input on the operating budget. Our annual budget would be developed and becomes the cost to the NFD for the following year.
16. Page 32 what are the detail breakdown of costs in the \$8,925,377 subcategories that make up this amount.
 - ▶ Salary and benefits: \$7,568,068
 - ▶ Administration - \$578,005
 - ▶ Training - \$208,372
 - ▶ Community Risk Reduction - \$173,028
 - ▶ Operations - \$6,107,427
 - ▶ BC attrition savings – (\$216,412)
 - ▶ Shared Personnel costs - \$266,817
 - ▶ Overtime - \$596,009
 - ▶ Transport revenue – (\$245,178)
 - ▶ General expenses (from line item budget): \$1,137,309
 - ▶ Capital apparatus annual contribution: \$220,000
 - ▶ Capital Equipment: TBD (likely around \$50,000)

QUESTIONS FOR SHORELINE :

17. What would happen if the contract were terminated? How would we get our employees back?
 - ▶ Would be difficult and would need to be negotiated. Either original NFD personnel or bidding process with Firefighters, Driver/Engineers, and promoted Officers.
18. What happens to the equipment that is purchased during the term of the contract?
 - ▶ Accounted for at the initiation of the contract and would then be separated back out upon separation. Any increases in inventory would also be separated out as a percentage of the contribution. Needs to be put into the ILA.
19. What would happen if the contract were terminated?
 - ▶ We are preparing for success. It is very difficult to prepare all language necessary for separating back out all assets, etc. However, we are committed to treating NFD as a partner and would separate out as appropriate. Likely aligned with the contribution percentage. We value this relationship and do not anticipate that a separation would be needed, but if it is then we would collaborate on a fair process.