Fire Services ILA Discussion

City Council Study Session

January 14, 2014
Reminder of Better Cost Equity

- Phasing of Calls for Service over two years and Sharing of Move-up Station Costs
  - 1st Year Savings $352,000
  - 2nd and subsequent years’ Savings $412,000

- $2.8 million total cost savings over agreement term
Updates

- EF&R Board Voted to Accept Suggested Language Changes to the Return of Property section and referred to attorneys to wordsmith.
  - Return of property at end of term - not one year from notice
- Partner Governing Boards are voting to accept this clarifying language
- EF&R Board embraced “operating committee” with expertise from staff. But not incorporated into ILA.
  - Working on details and looking at other committees
Clarification from last week

- New ILA doesn’t decrease levels of service
  - Station 81 designation as move-up station only reflects current operating guidelines in place
  - Move-up Stations receive funding credit to reflect operations

- The proposed legal structure for consideration at a later date is “non-profit”
Calendar Highlights

- November 12, 2013
  - City Council accepted funding model changes and directed work on ILA provisions

- December 12, 2013
  - Funding Model Exhibit A Changes approved by EF&R Board of Directors
  - Equipment Funding Exhibit B changes approved by EF&R Board
  - Interlocal Agreement approved by EF&R Board in concept (contingent on attorneys’ review)

- January 7, 2014
  - Study Session-Discussions of Negotiated Revisions to ILA

- January 14, 2014
  - Follow-up Study Session-Discussions of ILA

- January 21, 2014
  - Council Consideration of Resolution to accept ILA
Status of Partner’s ILA Passage

- District 10
  - Passed Previously, slated to re-approve tomorrow
- District 38
  - Unsure of Status
- City of North Bend
  - Council - Passed Jan 7, slated to reapprove
- City of Issaquah
  - Services & Safety Committee – discussed Jan 7
  - Council – Voting January 21st
ILA Review

- ILA is intended to set the operating guidelines
- Won’t cover every scenario and shouldn’t
- A seven year agreement will need adjustments over time to maintain effectiveness of the partnership
- Doesn’t cover all administrative processes and procedures
Newly Submitted Questions

- If a new station is needed to provide coverage to the area who will be responsible for funding the capital expenses for its construction?
- If additional major equipment (e.g. pumpers, ladder trucks, aerial trucks, aid cars) is needed for a new station because of a change in the nature of the types of structures in the coverage area (e.g. a need for aerials created by increased numbers of high-rise buildings) who will pay for the up-front capital cost?
Questions Continued

- If an existing station needs to be expanded in terms of size to accommodate additional staffing (i.e. over our current three person crew model) who will pay for it? The benefitting Member? The entire partnership?
- How will the funding model accommodate different (either larger or smaller) crew staffing either on a 24/7 basis or on a differential shift basis (e.g. day vs night)?
Questions Continued

- As existing equipment is rolled over and the old vehicles are surplused, what happens to the receipts from the sale? Is it applied to the purchase of the replacement vehicle if titled to the Member?
- Does the sale revenue plus the accumulated depreciation funding for the item replaced from the Equipment Replacement Fund fully cover the new piece titled to a Member?
- What happens to any leftover funds?
Questions Continued

- Are Members who benefit more than others from the Volunteer FF program being asked to assume anything more than a pro rata share of the expenses for the volunteers and the volunteer facility?
- Does the addition of a new Member(s) provide an opportunity to opt out of the Agency? Would the adoption of a new organizational form such as a non-profit corporation structure or a not-for-profit?
Questions Continued

- Why was the $50,000 trigger on expenditures removed? I do not believe the remaining language is sufficiently tight.

- Changes to the funding formula require a unanimous vote (one of the few situations). Does this mean that a Member seeking to address a significant funding inequity can be blocked from addressing the situation by a single dissenting Member?
Questions Continued

- In Section 5 on page 4 there is language that talks about a “benchmark” to evaluate cost-effectiveness in establishing a budget for EFR. What is this benchmark and has it ever been used?
- Will Sammamish retain full ownership of and maintenance responsibility for our three fire stations or will this be transferred to EFR?
- Paragraph 16.3 relative to the return of fire-fighting equipment (and other assets) gives EFR one year after notification of withdrawal for the return of member property. This needs to be changed.
Additional Questions – Cont’d

• Discuss the options for providing service in the regional model versus the contract model?
• Station 81 - Given that it is on top of the Seattle Fault, has or can it been retrofit to withstand an earthquake?
• Longer term, should Station 81 be relocated away from the fault? Who makes that decision and who pays for the new station?
• How does EF&R plan to serve the SW portion of our community when Snake Hill and other area streets are closed due to snow or fallen trees and Station 81 is out of service due to move-ups or Brownouts?
Additional Questions – Cont’d

- How does EF&R plan to serve the SW portion of our community - the most difficult area to serve today - when Snake Hill is closed for reconstruction?
- Will the Redmond Fire Dept. continue to provide auto aid to the NW portion of our community?
- I don't see any reference in the ILA to community disaster planning or training. Given the high probability of significant earthquake damage due to the location of the Seattle Fault, how can we create a more robust disaster preparation and response plan? How do we step up the training of volunteers?
As EF&R is treated as a partnership, do they follow the GAAP or Tax accounting policies?

Do we have a recent financial statement that summarizes our % ownership in EF&R - in total plus Real Property/Equipment and cash?

In the past 5 years, our costs have increased by 4.4%, 1.1%, .076%, 3.4% and 6.5%. Do we have projections regarding future increases? How does EF&R plan to moderate this past couple of year's increases?
Additional Questions – Cont’d

- When Klahanie annexes to a city, how will EF&R make up the loss of revenue?
- If EF&R recommends moving stations to better serve the region, who pays for the cost of that new station?
- New (not Replacement) Equipment - who determines when new equipment is needed to serve the region and who pays for the cost of additional new equipment? For example, additional equipment needed to serve the additional growth coming to Issaquah.
Additional Questions – Cont’d

- As I understand it, when a piece of equipment titled to one member is replaced, it may be sold or traded in and any additional cost over the trade-in value or proceeds is paid from that entity's share of the equipment replacement fund. What if there isn't enough money in their bucket? Does it come from the other partner's buckets or do they have to kick in additional funds?
- EF&R is a multimillion dollar agency and each partner carries a significant ownership interest. Who audits the books and the associated equipment and capital schedules?
Additional Questions – Cont’d

- Why aren't schedules B & C in a database rather than an excel spreadsheet?
- I was pleased to see the more accurate interest rate in the equipment fund. But that interest should be credited to the partners as earned based on the current ownership interest versus annually.
Next Steps

- Council Consideration of ILA on January 21\textsuperscript{th}.

Recommendation:

- Consider approval of ILA subject to approval by all partners by end of January.
- If all partners fail to approve ILA, Sammamish gives legal notice of withdrawal with intent to reverse notice upon all partners approval in February.
  - (EF&R ILA is the City’s largest single operating cost and final ILA agreement by all partners is a prudent business decision.)